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RENESAS

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Renesas Electronics Reports Financial Results for the Third Quarter Ended December 31, 2010

Tokyo, Japan, January 28, 2011 — Renesas Electronics Corporation (TSE: 6723) today announced consolidated financial results for the three months and nine months ended December 31, 2010.

	Three months ended December 31, 2010		Nine months ended December 31, 2010	
	Billion Yen	%	Billion Yen	%
Net Sales	275.2	100.0	862.6	100.0
Sales from semiconductors	244.4		769.4	
Sales from others	30.7		93.2	
Operating income (loss)	3.4	1.2	4.1	0.5
Ordinary income (loss)	1.1	0.4	(6.7)	(0.8)
Net income (loss)	(17.6)	(6.4)	(58.8)	(6.8)
Capital expenditures	4.6		34.7	
Depreciation and others	30.8		90.7	
R&D expenses	50.0		158.2	
	Yen		Yen	
Exchange rate (USD)	83		88	
Exchange rate (Euro)	112		115	

	As of December 31, 2010
	Billion Yen
Total assets	1,151.3
Net assets	342.9
Equity ratio (%)	29.2
Interest-bearing debt	366.7

Note 1: All figures are rounded to the nearest 100 million yen.
Note 2: Consolidated financial results for the three months and the nine months ended December 31, 2010 have not been reviewed by the auditors. The figures are subject to change based on subsequent events or the auditors' review.
Renesas Electronics Corporation will promptly notify the correction by issuing a press release.
Note 3: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipments).
Note 4: Depreciation and others includes depreciation and amortization of intangible assets and amortization of long-term prepaid expenses in quarterly consolidated statement of cash flows.

Consolidated Financial Results for the Third Quarter Ended December 31, 2010

English translation from the original Japanese-language document

January 28, 2011

Company name	: **Renesas Electronics Corporation**
Stock exchanges on which the shares are listed	: Tokyo Stock Exchange, First Section
Code number	: 6723
URL	: http://www.renesas.com
Representative	: Yasushi Akao, President
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Filing date of Shihanki Hokokusho (scheduled)	: February 9, 2011

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the nine months ended December 31, 2010

1.1 Consolidated operating results

(% of change from corresponding period of the previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2010	862,633	---	4,137	---	(6,745)	---	(58,819)	---
Nine months ended December 31, 2009	339,218	---	(46,239)	---	(49,102)	---	(54,073)	---

	Net income (loss) per share basic	Net income (loss) per share diluted
	Yen	Yen
Nine months ended December 31, 2010	(141.01)	---
Nine months ended December 31, 2009	(437.85)	---

1.2 Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2010	1,151,285	342,872	29.2	805.53
March 31, 2010	459,928	136,338	28.8	1,070.90

Reference: Equity as of December 31, 2010: 336,006 million yen
Equity as of March 31, 2010: 132,254 million yen

Note: Equity is equal to “Net assets” excluding “Share subscription rights” and “Minority interests”

2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	---	0.00	---	0.00	0.00
Year ending March 31, 2011	---	0.00	---		
Year ending March 31, 2011 (forecast)				0.00	0.00

Note: Change in forecast of cash dividends since the most recently announced forecast: No

3. Forecast of consolidated results for the year ending March 31, 2011

(% of change from corresponding period of the previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ending March 31, 2011	1,150,000	--	7,000	--	(5,000)	--	(80,000)	--	(191.79)	--

Note: Change in forecast of consolidated results since the most recently announced forecast: Yes

4. Others

Note: Please refer to Appendix 2, “Others” on page 12.

4.1 Changes in significant consolidated subsidiaries for the three months ended December 31, 2010 (Changes in specified subsidiaries resulting in changes in scope of consolidation): No

New : ---

Excluded : ---

4.2 Adoption of simplified accounting methods and special accounting methods for quarterly reporting

(Adoption of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements): Yes

4.3 Changes in accounting principles, procedures, and presentations, etc.

(Changes of accounting policies for presenting the quarterly consolidated financial statements, described in “Changes in Basis of Presenting Quarterly Consolidated Financial Statements”)

1. Changes resulting from revisions in accounting principles, procedures and presentations, etc: Yes

2. Other changes: Yes

4.4 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)
   As of December 31, 2010: 417,124,490 shares
   As of March 31, 2010: 123,500,000 shares

2. Number of treasury stock
   As of December 31, 2010: 2,548 shares
   As of March 31, 2010: 2,448 shares

3. Average number of shares issued and outstanding
   For the nine months ended December 31, 2010: 417,121,942 shares
   For the nine months ended December 31, 2009: 123,497,686 shares

(Note) Information regarding the implementation of quarterly review procedures
These quarterly financial results are not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. These are under the review procedures for the quarterly financial report at the time of issuance of this report.

(Note) Explanation for forecasts and other
Renesas Electronics Corporation began its business operations from April 1, 2010, through the integration of NEC Electronics Corporation (TSE: 6723) and Renesas Technology Corp.

<u>Cautionary Statement</u>
The statements with respect to the financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.

[APPENDIX]

1. Third Quarter Consolidated Financial Results

1.1 Consolidated Operating Results

1.1.1 Overview of the Nine Months Ended December 31, 2010

	Nine months ended December 31, 2010	**(Reference) (Note1) Nine months ended December 31, 2009**
	Billion yen	Billion yen
Net sales	862.6	780.7
Sales from semiconductors	769.4	690.8
Sales from others	93.2	89.9
Operating income (loss)	4.1	(100.6)
Ordinary income (loss)	(6.7)	(109.1)
Net income (loss)	(58.8)	(120.2)
	Yen	Yen
Exchange rate (USD)	88	---
Exchange rate (EUR)	115	---

Note 1. Financial results for the nine months ended December 31, 2009 include respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of “Net sales” and “Sales from semiconductors” of former Renesas Technology Corp. are reclassified to be consistent with the sales amount of former NEC Electronics Corporation.

[Net sales]

Consolidated net sales for the nine months ended December 31, 2010 were 862.6 billion yen, an increase by 10.5 percent year on year. This increase was due to the continuous recovery trend in the overall semiconductor market, especially in the emerging countries that showed increase in demand. Sales from semiconductors were 769.4 billion yen, an increase by 11.4 percent year on year.

[Operating income (loss)]

Operating income for the nine months ended December 31, 2010 improved by 104.7 billion yen year on year to 4.1 billion yen, mainly owing to an increase in sales and reduction of fixed-costs.

[Ordinary income (loss)]

Ordinary loss for the nine months ended December 31, 2010 was 6.7 billion yen, due to non-operating loss of 10.9 billion yen from recording non-operating expenses of 13.5 billion yen including foreign exchange losses and interest expenses.

[Net income (loss)]

Net loss for the nine months ended December 31, 2010 was 58.8 billion yen. This loss was due to recording special losses, including impairment loss of 35.6 billion yen on long-term assets of Renesas Electronics Group (“the Group”) and business structure improvement expenses of 17.1 billion yen.

1.1.2 Summary of Consolidated Operating Results

Three Months Ended December 31, 2010

	Three months ended December 31, 2010	(Reference) (Note1) Three months ended December 31, 2009
	Billion yen	Billion yen
Net sales	275.2	280.4
Sales from semiconductors	244.4	247.7
Sales from others	30.7	32.7
Operating income (loss)	3.4	(12.7)
Ordinary income (loss)	1.1	(15.7)
Net income (loss)	(17.6)	(21.0)
	Yen	Yen
Exchange rate (USD)	83	---
Exchange rate (EUR)	112	---

Note 1. Financial results for the three months ended December 31, 2009 include respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of “Net sales” and “Sales from semiconductors” of former Renesas Technology Corp. are reclassified to be consistent with the sales amount of former NEC Electronics Corporation.

Due to improved consumer confidence and business sentiment resulting from the implementation of monetary maneuvers and financial measures in the developed countries during the three months ended December 31, 2010, concerns over economic slowdown especially in the developed countries during the three months ended September 30, 2010 were beginning to dissipate. However, although several economic indicators in Japan's domestic economy have shown positive values and the economy appeared to be bottoming out, the Japanese economy is still expected to require some time to achieve a full-scale recovery.

Amidst this economic condition, the semiconductor market in which the Group operates experienced a weak growth in the Japanese market, mainly due to the slowdown in the sales of automobiles and home appliances due to the termination of the government’s stimulus measures for automobiles and the cutback in “eco-points” system. On the other hand, semiconductor market outside Japan continued to show strong demand for overall electronic devices in the developing countries, despite the partial decrease in demands for PC-related markets and market of consumer electronics in the developed countries.

In addition, demands for some of the emerging electronic devices, such as smartphones, tablet PCs, and electric vehicles are expected to expand.

For these reasons, the Group forecasts the market condition to continue to show a moderate growth.

[Net sales]

Consolidated net sales for the three months ended December 31, 2010 were 275.2 billion yen, a decrease by 1.9 percent year on year. This was mainly due to the stronger yen.

[Sales from Semiconductors]

Sales from semiconductors for the three months ended December 31, 2010 were 244.4 billion yen, 1.3 percent decrease year on year.

The business segment of the Group is semiconductors other than general-purpose DRAM, comprising three product groups; “MCUs”, “Analog & Power Devices” and “SoC (System on Chip) solutions”, and “the other semiconductors” that fit to neither of above three product categories. Sales of respective product groups are as follows:

MCUs: 93.9 billion yen

MCUs mainly include automotive microcontrollers, microcontrollers for industrial systems, microcontrollers used in digital home appliances, white goods, and consumer electronics including game consoles, and microcontrollers for PC and PC peripherals such as hard disc drives.

Sales of MCUs for the three months ended December 31, 2010 were 93.9 billion yen, an increase from the corresponding period of the previous year. Sales of microcontrollers for industrial systems increased.

Analog and Power Devices: 73.0 billion yen

Analog and power devices consist mainly of power MOSFETs, mixed signal ICs, IGBTs (Insulated Gate Bipolar Transistors), diodes, small signal transistors, display driver ICs, compound semiconductor devices such as optical and microwave devices, employed in automobiles, industrial systems, PC and PC peripherals and consumer electronics.

Sales of analog and power devices for the three months ended December 31, 2010 were 73.0 billion yen, remaining nearly flat from the corresponding period of the previous year, owing to decrease in the sales of display driver ICs for LCD TVs despite an increase in the sales of power MOSFETs for automobiles and PC power supplies.

SoC solutions: 76.1 billion yen

SoC solutions mainly include semiconductors for mobile handsets, ICs for network equipment, semiconductors for industrial systems, semiconductors for PC and PC peripherals including hard disc drives and USB devices, semiconductors for consumer electronics such as digital home appliances and game consoles, and semiconductors used in automobiles including car navigation systems.

Sales of SoC solutions for the three months ended December 31, 2010 decreased from the previous year in the corresponding period to 76.1 billion yen. This drop was mainly due to decline in the semiconductor sales for PC peripherals and network equipment despite an increase in the image processing SoCs for mobile handsets.

Other Semiconductors: 1.5 billion yen

Sales of other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the three months ended December 31, 2010 were 1.5 billion yen.

[Sales from others]

Sales from others for the three months ended December 31, 2010 were 30.7 billion yen.

Sales from others includes non-semiconductor products sold on a resale basis by the Group’s sales subsidiaries and production by commissioning conducted at the Group’s design and manufacturing subsidiaries.

[Operating income (loss)]

Operating income for the three months ended December 31, 2010 improved by 16.1 billion yen year on year to 3.4 billion yen. This significant improvement was mainly owing to reduction of fixed-costs from decrease in depreciation cost through containing capital investment, despite a decrease in sales. In comparison with the three months ended September 30, 2010, operating income for the three months ended December 31, 2010 improved by 2.3 billion yen.

[Ordinary income (loss)]

Ordinary income for the three months ended December 31, 2010 was 1.1 billion yen, due to non-operating loss of 2.4 billion yen from recording non-operating expenses of 3.4 billion yen including foreign exchange losses and interest expenses.

[Net income (loss)]

Net loss for the three months ended December 31, 2010 was 17.6 billion yen mainly due to business structure improvement cost of 16.5 billion yen as a special loss.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	December 31, 2010	September 30, 2010
	Billion yen	Billion yen
Total assets	1,151.3	1,162.7
Net assets	342.9	363.5
Equity	336.0	356.5
Equity ratio (%)	29.2	30.7
Interest-bearing debt	366.7	374.4
Debt / Equity ratio	1.09	1.05

Total assets at December 31, 2010 were 1,151.3 billion yen, an 11.4 billion yen decrease, from September 30, 2010, due to decrease in the amount of accounts receivable-trade. Net assets were 342.9 billion yen, a 20.7 billion yen decrease from September 30, 2010. This was due to posting quarterly net loss of 17.6 billion yen for the three months ended December 31, 2010.

Equity was 20.5 billion yen lower from September 30, 2010, mainly due to posting net loss, and equity ratio decreased by 1.5 points to 29.2 percent.

Interest-bearing debt decreased by 7.7 billion yen from September 30, 2010. Consequently, debt to equity ratio was 1.09 times, 0.04 points worse from September 30, 2010.

1.2.2 Cash Flows

	Three Months ended December 31, 2010
	Billion yen
Net cash provided by (used in) operating activities	53.9
Net cash provided by (used in) investing activities	(39.0)
Free cash flows	15.0
Net cash provided by (used in) financing activities	(10.2)
Cash and cash equivalents at beginning of period	331.8
Cash and cash equivalents at end of period	334.3

(Net cash provided by (used in) operating activities)
Despite recording loss before income taxes and minority interests, net cash provided by operating activities for the three months ended December 31, 2010 was 53.9 billion yen, mainly owing to recording a depreciation and amortization and decrease in accounts receivable-trade.

(Net cash provided by (used in) investing activities)
Net cash used in investing activities for the three months ended December 31, 2010 was 39.0 billion yen, mainly owing to the purchase of property, plant and equipment in the amount of 17.4 billion yen and the payments for transfer of business in the amount of 16.7 billion yen.

The foregoing resulted in positive free cash flows of 15.0 billion yen for the three months ended December 31, 2010.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities for the three months ended December 31, 2010 was 10.2 billion yen mainly due to repayment of long-term borrowings.

As a result of the above, cash and cash equivalents increased by 2.4 billion yen and cash and cash equivalents at the end of period were 334.3 billion yen.

1.3 Consolidated Forecasts

As for the forecasts for the fiscal year ending March 31, 2011: net sales are expected to be 1,150.0 billion yen, 20.0 billion yen down from the previous forecast (announced on October 27, 2010); sales from semiconductor are expected to be 1,030.0 billion yen, 20.0 billion yen down from the previous forecast. These revisions were made to address the lower-than-expected sales from semiconductor during the three months ended December 31, 2010 and the expected drop in sales of Analog and Power devices and SoCs.

Operating income remained the same as the previous forecasts to be 7.0 billion yen. This is due to cost reductions through realization of the merger synergies, despite the lower profit from decrease in semiconductor sales.

Ordinary loss and net loss remained unchanged form the previous forecasts.

The consolidated financial forecasts for the fiscal year are calculated at the rate of 82 yen per USD, and 110 yen per Euro.

(For the year ending March 31, 2011) **In millions of yen**

	Net Sales	(Reference) Sales from semiconductors	Operating Income (loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous forecasts (October 27, 2010)	1,170,000	1,050,000	7,000	(5,000)	(80,000)
Revised forecasts (January 28, 2011)	1,150,000	1,030,000	7,000	(5,000)	(80,000)
Increase (decrease)	(20,000)	(20,000)	0	0	0
Percent change	(1.7)	(1.9)	---	---	---
Reference (Note 1): Results for the year ended March 31, 2010	1,062,398	942,472	(113,251)	(125,336)	(137,776)

Note 1: The consolidated financial results for the year ended March 31, 2010 are calculated based on the sum of respective figures at the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of "Net sales" and "Sales from semiconductors" of former Renesas Technology Corp. are reclassified to be consistent with former NEC Electronics Corporation.

The statements with respect to the financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

2. Others

2.1 Changes in Significant Consolidated Subsidiaries

None

2.2 Adoption of Simplified Accounting Methods and Special Accounting Methods

2.2.1 Simplified Accounting Methods

None

2.2.2 Special Accounting Methods

Calculation of tax expenses

Tax expenses are calculated by, multiplying income before income taxes for the third quarter of the fiscal year ending March 31, 2011 by a reasonably estimated effective tax rate for income before income taxes for the fiscal year including this third quarter, while applying tax effect accounting.

Deferred tax expense is included in income taxes.

2.3 Changes in Accounting Principles, Procedures, and Presentations, etc.

2.3.1 Change in the Valuation Methods for Inventories

Starting from April 1, 2010, the Company and certain subsidiaries in Japan changed the valuation methods for merchandise and finished goods and raw materials from the first-in, first-out method to the average method. On the merger with Renesas Technology Corp., the Group adopted the average-method thinking that it is more reasonable to adopt the average method as it would contribute to improvement of the cost management and consistency of the cost accounting.

The effects of this change on the operating result for nine months ended December 31, 2010 were immaterial.

2.3.2 Change in the Depreciation Methods for Long-term Assets

Starting from April 1, 2010, the Company and certain subsidiaries in Japan changed the depreciation method for long-term assets from the declining-balance method to the straight-line method.

On the merger with Renesas Technology Corp., the Group intends to unify its accounting policies. The Group therefore reevaluated its cost distribution method and decided to adopt the straight-line method thinking that the straight-line method would be more suited to present an actual situation of the business, by clarifying the connection between related revenue and depreciation expense.

As a result of this change, the depreciation expenses for nine months ended December 31, 2010 decreased by 5,115 million yen. As a result, operating income for the period increased by 4,429 million yen while ordinary loss and loss before income taxes and minority income for the period decreased by 4,429 million yen as compared with the previous method.

2.3.3 Change in Classification for Royalty Expense

Starting from April 1, 2010, the Group changed the classification of royalty expenses, which were paid for research and manufacturing purpose from cost of sales to selling, general and administrative expenses.

On the merger with Renesas Technology Corp., the Group unified the management department for royalty expenses which were previously separated and the Group reevaluated the nature of royalty expenses. The Group therefore decided to change the classification thinking that royalty expenses was more relevant to design and research and development of products and new classification would be more suitable in presenting an actual situation.

As a result of this change, cost of sales for nine months ended December 31, 2010 decreased by 6,433 million yen and selling, general and administrative expenses for the period increased by 6,433 million yen compared with the previous classification. There were no effects on operating income, ordinary loss and loss before income taxes and minority income for the period.

2.3.4 Adoption of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

Effective April 1, 2010, the Group adopted the “Accounting Standard for Equity Method of Accounting for Investments” (the Accounting Standards Board of Japan (“ASBJ”) Statement No. 16, issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issues Task Force (PITF) No. 24, issued on March 10, 2008).

The effects of this adoption on operating results for nine months ended December 31, 2010 were immaterial.

2.3.5 Adoption of Accounting Standard for Asset Retirement Obligations

Effective April 1, 2010, the Group adopted the “Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result of the adoption, operating income for nine months ended December 31, 2010 decreased by 270 million yen while ordinary loss for the period increased by 270 million yen and loss before taxes for the period increased by 1,758 million yen respectively.

In addition, change in asset retirement obligations as a result of the adoption was 2,809 million yen.

2.3.6 Adoption of Accounting Standard for Business Combination

Effective April 1, 2010, the Group adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, issued on December 26, 2008), “Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 issued on December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on December 26, 2008).

3. Quarterly Consolidated Financial Statements

3.1 Quarterly Consolidated Balance Sheets

As of March 31, 2010 and December 31, 2010

(In millions of yen)

	December 31,2010	March 31, 2010 (Condensed)
Assets		
Current assets		
Cash and deposits	124,404	24,685
Notes and accounts receivable-trade	137,652	63,752
Short-term investment securities	211,044	66,549
Merchandise and finished goods	52,912	13,446
Work in process	71,933	33,411
Raw materials and supplies	19,128	10,192
Accounts receivable-other	20,382	8,860
Other	9,420	3,811
Allowance for doubtful accounts	(272)	(167)
Total current assets	646,603	224,539
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	125,412	68,008
Machinery and equipment, net	149,124	85,373
Vehicles, tools, furniture and fixtures, net	32,569	16,321
Land	35,873	14,737
Construction in progress	15,982	13,538
Total property, plant and equipment	358,960	197,977
Intangible assets		
Goodwill	2,518	-
Software	27,653	13,214
Other	53,871	705
Total intangible assets	84,042	13,919
Investments and other assets		
Investment securities	10,378	194
Long-term prepaid expenses	31,534	7,196
Prepaid pension cost	-	6,658
Long-term accounts receivable-other	-	5,829
Other	19,768	3,616
Total investments and other assets	61,680	23,493
Total long-term assets	504,682	235,389
Total assets	1,151,285	459,928

(In millions of yen)

	December 31, 2010	March 31, 2010 (Condensed)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	174,596	74,595
Short-term borrowings	141,059	2,450
Current portion of long-term borrowings	35,339	3,104
Current portion of bonds with share subscription rights	110,000	-
Current portion of lease obligations	8,056	3,223
Accounts payable-other	49,598	21,525
Accrued expenses	45,810	22,709
Accrued income taxes	3,991	2,812
Provision for product warranties	639	253
Provision for business structure improvement	17,029	-
Provision for contingent loss	391	1,545
Asset retirement obligations	168	-
Other	11,667	7,642
Total current liabilities	598,343	139,858
Long-term liabilities		
Bonds with share subscription rights	-	110,000
Long-term borrowings	56,841	11,062
Lease obligations	15,437	11,054
Accrued retirement benefits	93,276	40,098
Provision for contingent loss	1,072	1,228
Asset retirement obligations	5,662	-
Other	37,782	10,290
Total long-term liabilities	210,070	183,732
Total liabilities	808,413	323,590
Net assets		
Shareholders' equity		
Common stock	153,255	85,955
Capital surplus	450,413	242,586
Retained earnings	(241,430)	(182,611)
Treasury stock	(11)	(11)
Total shareholders' equity	362,227	145,919
Valuation and translation adjustments		
Unrealized gains (losses) on securities	(391)	(16)
Foreign currency translation adjustments	(25,830)	(13,649)
Total valuation and translation adjustments	(26,221)	(13,665)
Share subscription rights	48	52
Minority interests	6,818	4,032
Total net assets	342,872	136,338
Total liabilities and net assets	1,151,285	459,928

3.2 Quarterly Consolidated Statements of Operations

Nine Months Ended December 31, 2009 and 2010

(In millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net sales	339,218	862,633
Cost of sales	260,974	564,263
Gross profit	78,244	298,370
Selling, general and administrative expenses	124,483	294,233
Operating income (loss)	(46,239)	4,137
Non-operating income		
Interest income	203	415
Dividends income	-	81
Equity in earnings of affiliates	-	231
Compensation income	881	-
Subsidy income	708	-
Other	592	1,891
Total non-operating income	2,384	2,618
Non-operating expenses		
Interest expenses	369	2,820
Loss on valuation of securities	6	-
Foreign exchange losses	243	5,145
Loss on disposal of long-term assets	1,955	1,658
Retirement benefit expenses	1,767	1,787
Other	907	2,090
Total non-operating expenses	5,247	13,500
Ordinary income (loss)	(49,102)	(6,745)
Special income		
Gain on sales of property, plant and equipment	354	622
Gain on negative goodwill	-	2,159
Reversal of provision for contingent loss	-	1,774
Gain on transfer of business	-	1,192
Gain on sales of investment securities	-	227
Total special income	354	5,974
Special loss		
Loss on sales of property, plant and equipment	9	377
Impairment loss	146	35,554
Loss on sales of investment securities	171	-
Business structure improvement expenses	3,035	17,058
Provision for contingent loss	770	-
Effect of accounting standard adoption for asset retirement obligations	-	1,488
Loss on valuation of investment securities	-	119
Total special losses	4,131	54,596
Income (loss) before income taxes and minority interests	(52,879)	(55,367)
Income taxes	1,790	1,738
Income (loss) before minority interests	-	(57,105)
Minority interests in income (loss) of consolidated subsidiaries	(596)	1,714
Net income (loss)	(54,073)	(58,819)

Three Months Ended December 31, 2009 and 2010

(In millions of yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010
Net sales	117,873	275,165
Cost of sales	88,325	175,167
Gross profit	29,548	99,998
Selling, general and administrative expenses	38,877	96,590
Operating income (loss)	(9,329)	3,408
Non-operating income		
Interest income	56	127
Dividends income	-	49
Equity in earnings of affiliates	-	105
Compensation income	881	-
Subsidy income	13	-
Other	113	807
Total non-operating income	1,063	1,088
Non-operating expenses		
Interest expenses	215	913
Loss on valuation of securities	6	-
Foreign exchange losses	917	1,089
Loss on disposal of long-term assets	1,070	335
Retirement benefit expenses	588	596
Other	259	506
Total non-operating expenses	3,055	3,439
Ordinary income (loss)	(11,321)	1,057
Special income		
Gain on sales of property, plant and equipment	224	95
Gain on sales of investment securities	-	72
Total special income	224	167
Special loss		
Loss on sales of property, plant and equipment	8	219
Impairment loss	-	210
Loss on sales of investment securities	171	-
Business structure improvement expenses	1,916	16,528
Total special losses	2,095	16,957
Income (loss) before income taxes and minority interests	(13,192)	(15,733)
Income taxes	1,083	1,149
Income (loss) before minority interests	-	(16,882)
Minority interests in income (loss) of consolidated subsidiaries	(7)	696
Net income (loss)	(14,268)	(17,578)

3.3 Quarterly Consolidated Statements of Cash Flows

Nine Months Ended December 31, 2009 and 2010

(In millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(52,879)	(55,367)
Depreciation and amortization	38,485	82,169
Amortization of long-term prepaid expenses	3,866	8,484
Impairment loss	146	35,554
Gain on negative goodwill	-	(2,159)
Increase (decrease) in accrued retirement benefits	4,626	37
Increase (decrease) in provision for business structure improvement	-	16,615
Increase (decrease) in provision for contingent loss	610	(1,862)
Interest and dividends income	(203)	(496)
Interest expenses	369	2,820
Equity in (earnings) losses of affiliates	-	(231)
Loss (gain) on sales and valuation of investment securities	177	(108)
Loss (gain) on sales of property, plant and equipment	(345)	(245)
Loss on disposal of long-term assets	1,955	1,658
Business structure improvement expenses	3,035	157
Loss (gain) on transfer of business	-	(1,192)
Effect of accounting standard adoption for asset retirement obligations	-	1,488
Decrease (increase) in notes and accounts receivable-trade	(15,953)	37,303
Decrease (increase) in inventories	5,403	(23,076)
Decrease (increase) in accounts receivable-other	(144)	4,410
Increase (decrease) in notes and accounts payable-trade	18,002	(4,883)
Increase (decrease) in accounts payable-other and accrued expenses	(4,806)	(8,530)
Increase (decrease) in accrued consumption taxes	1,653	928
Other, net	(3,335)	6,163
Subtotal	662	99,637
Interest and dividends received	232	505
Interest paid	(370)	(2,810)
Income taxes paid	(697)	(5,688)
Payments for extra retirement benefits	(582)	(283)
Payments for loss on litigation and others	-	(4,446)
Net cash provided by (used in) operating activities	(755)	86,915

(In millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	-	(321)
Purchase of property, plant and equipment	(33,957)	(51,915)
Proceeds from sales of property, plant and equipment	3,114	1,693
Purchase of intangible assets	(1,390)	(5,973)
Purchase of long-term prepaid expenses	(1,246)	(1,624)
Purchase of investment securities	-	(1)
Proceeds from sales of investment securities	1,229	279
Purchase of investments in subsidiary	-	(649)
Proceeds from transfer of business	-	3,285
Payments for transfer of business	-	(16,729)
Proceeds from sales of investments in subsidiary resulting in change in scope of consolidation	-	86
Other, net	(609)	89
Net cash provided by (used in) investing activities	(32,859)	(71,780)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	1,323	25,037
Proceeds from long-term borrowings	15,000	18,000
Repayment of long-term borrowings	(278)	(42,234)
Proceeds from issuance of common stock	-	134,600
Repayments of finance lease obligations	(1,561)	(6,678)
Repayments of installment payables	(2,349)	(4,553)
Proceeds from sale-and-leaseback transactions	15,992	-
Other, net	-	(357)
Net cash provided by (used in) financing activities	28,127	123,815
Effect of exchange rate change on cash and cash equivalents	(226)	(7,810)
Net increase (decrease) in cash and cash equivalents	(5,713)	131,140
Cash and cash equivalents at beginning of the period	101,279	91,234
Increase in cash and cash equivalents resulting from merger	-	111,892
Cash and cash equivalents at end of the period	95,566	334,266

3.4 Notes on Assumption for Going Concern

None

3.5 Notes on Significant Changes in the Amount of Shareholders' Equity

On April 1, 2010, the Company merged with Renesas Technology Corp. As a result of the merger, the amount of capital surplus of the Company increased by 140,527 million yen for nine months ended December 31, 2010.

In addition, on April 1, 2010, the Company issued the shares of its common stock to NEC Corporation, Hitachi, Ltd. and Mitsubishi Electric Corporation by way of third party allotment. As a result of the issuance, the amount of common stock and capital surplus of the Company increased by 67,300 million yen respectively for nine months ended December 31, 2010.

As a result, the amount of common stock and capital surplus of the Company amounted to 153,255 million yen and 450,413 million yen, respectively as of December 31, 2010.

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to several important factors including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

About Renesas Electronics Corporation

Renesas Electronics Corporation (TSE: 6723), the world’s number one supplier of microcontrollers, is a premiere supplier of advanced semiconductor solutions including microcontrollers, SoC solutions and a broad-range of analog and power devices. Business operations began as Renesas Electronics Corporation in April 2010 through the integration of NEC Electronics Corporation (TSE:6723) and Renesas Technology Corp., with operations spanning research, development, design and manufacturing for a wide range of applications. Headquartered in Japan, Renesas Electronics Corporation has subsidiaries in 20 countries worldwide. More information can be found at www.renesas.com.

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