

The following is an English translation of the Notice of the 11th Ordinary General Meeting of Shareholders of Renesas Electronics Corporation to be held on June 26, 2013 (as well as the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements with respect to the 11th Business Period, and report on the results of the audit conducted on such Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors), except for translation of the instructions on voting rights and the access map for the place of the meeting in the Notice. The Company provides this translation for your reference and convenience only.

## **Renesas Electronics Corporation**

Securities Code: 6723  
1753, Shimonumabe, Nakahara-ku,  
Kawasaki, Kanagawa

Tetsuya Tsurumaru  
Representative Director, President

June 7, 2013

**To Our Shareholders:**

### **NOTICE OF THE 11TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

The Eleventh Ordinary General Meeting of Shareholders (the "General Meeting") of Renesas Electronics Corporation (the "Company") will be held as follows:

1. **DATE:** June 26, 2013 (Wednesday) at 10:00 A.M. (Japan Standard Time)
2. **PLACE:** Tamagawa Renaissance City Hall at 1753, Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa, Japan

3. **AGENDA OF THE GENERAL MEETING:**  
**MATTERS TO BE REPORTED UPON**

Report on the Business Report, Consolidated Financial Statements and Financial Statements, and report on the results of the audit conducted on the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors with respect to the 11th Business Period from April 1, 2012 to March 31, 2013.

**MATTERS TO BE VOTED UPON:**

- (1) Election of Three Directors
- (2) Election of Two Directors Associated with Issuance of Shares for Subscription
- (3) Election of One Corporate Auditor Associated with Issuance of Shares for Subscription
- (4) Partial Amendment to the Articles of Incorporation

## 4. ASSIGNMENT OF VOTING RIGHTS TO SHAREHOLDERS AFTER RECORD DATE

In accordance with Paragraph 4, Article 124 of the Companies Act, the Company resolved at the Meeting of Board of Directors held on May 28, 2013 that the parties (Innovation Network Corporation of Japan, Toyota Motor Corporation, Nissan Motor Co., Ltd., Keihin Corporation, Denso Corporation, Canon Inc., Nikon Corporation, Panasonic Corporation and Yaskawa Electric Corporation, hereinafter referred to as “Parties”) shall be granted voting rights as shareholders pertaining to the respective common shares for the General Meeting under the condition that the total amount to be paid to the Company (hereinafter referred to as “Payment”) was completed until the day before the General Meeting (i.e. June 25, 2013) based on the issuance of new shares pursuant to Proposal No.2 “Issuance of New Shares Offered by way of Third Party Allotment” which was approved and resolved at the Extraordinary General Meeting of Shareholders of the Company held on February 22, 2013.

If, in accordance with the board resolution stated above, the voting rights are granted to the Parties which obtained the common shares by the Payment, major shareholders (top ten) at the time of the General Meeting will be as follows:

Name of Shareholders	Number of Shares Held (shares)	Percentage of Shares Held (%)
Innovation Network Corporation of Japan	1,152,917,000	69.16
Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited / NEC Corporation pension and severance payments Trust Account) (Note) 2	135,300,000	8.12
Hitachi, Ltd.	127,725,748	7.66
Mitsubishi Electric Corporation	104,502,885	6.27
Toyota Motor Corporation	41,666,600	2.50
Nissan Motor Co., Ltd.	25,000,000	1.50
NEC Corporation	12,595,857	0.76
Keihin Corporation	8,333,300	0.50
Denso Corporation	8,333,300	0.50
Canon Inc.	4,166,600	0.25

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Nikon Corporation	4,166,600	0.25
Panasonic Corporation	4,166,600	0.25
Total	1,628,874,490	97.72

- (Note)
1. Percentage of shares held is calculated by rounding off the third decimal place.
  2. Based on the severance indemnities trusts agreement with Sumitomo Mitsui Trust Bank, Limited, the voting rights of such shares will be exercised at the instruction of NEC Corporation.

**REFERENCE DOCUMENTS FOR THE GENERAL MEETING**

**Proposal No. 1: Election of Three Directors**

Upon the close of the General Meeting, the term of office held by all Directors will expire. We therefore propose that three Directors be elected.

The candidates are as follows:

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
1	Hisao Sakuta (September 6, 1944)	April 1968	Joined Tatesi Electric Manufacturing Co., (formerly OMRON Corporation)	0
		September 1987	Manager, Business Management Department, Automotive Electronic Components Division, Control Components Divisions, OMRON Corporation	
		September 1989	General Manager, Temperature Control Components Devices Division, Control Components Divisions, OMRON Corporation	
		September 1992	Senior General Manager, Strategy Planning Division, Industrial Business Group	
		June 1995	Director, OMRON Corporation	
		June 1999	Managing Officer, and Senior General Manager, Corporate Planning Division, OMRON Corporation	
		June 2001	Senior Managing Officer, and Company President, Electronic Components Business Company, OMRON Corporation	
		June 2003	CEO and Representative Director, OMRON Corporation	
		June 2011	Chairman of the BOD and Representative Director, OMRON Corporation	
		June 2012	Chairman of the BOD, OMRON Corporation (to the present) (Important Concurrent Positions) Chairman of the BOD, OMRON	

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No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
			Corporation Acting Chairman of the Board of Governors, Japan Broadcasting Corporation.	
2	Tetsuya Tsurumaru (August 29, 1954)	April 1979 April 2003  April 2006  April 2008  April 2010  April 2011  June 2012  February 2013	Joined Hitachi, Ltd. General Manager, Naka Factory, MCU & SOC Business Unit, Renesas Technology Corp. (currently, Renesas Electronics Corporation) General Manager, Strategic Production Planning Division, Production and Technology Unit, Renesas Technology Corp. Managing Officer, and Executive General Manager, Production and Technology Unit, Renesas Technology Corp. Senior Vice President, and Associate Vice President, Production and Technology Unit, the Company Senior Vice President, and Vice President, Production and Technology Unit, the Company Senior Vice President and Member of the Board, the Company Representative Director, President, the Company (to the present)	3,500

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
3	Shigeo Mizugaki (August 13, 1954)	April 1980	Joined Mitsubishi Electric Corporation	5,900
		April 2003	Department Manager, SOC Design	
			Department 3, SOC Division, MCU & SOC Business Unit, Renesas Technology Corp. (currently, Renesas Electronics Corporation)	
		July 2003	Department Manager, MCU Design	
			Department 1, MCU Division, MCU & SOC Business Unit, Renesas Technology Corp.	
		April 2007	General Manager, MCU Business Unit 1, MCU Business Group, Renesas Technology Corp.	
		April 2008	Managing Officer, Deputy Executive General Manager, MCU Business Group, and General Manager, MCU Business Unit 1, Renesas Technology Corp.	
		April 2009	Board Director, and Executive General Manager, MCU Business Group, Renesas Technology Corp.	
		April 2010	Senior Vice President, and Vice President, MCU Business Unit, the Company	
		April 2011	Senior Vice President, the Company	
			Senior Vice President and Member of the Board, the Company (to the present)	

- (Note) 1. Mr. Hisao Sakuta is a new candidate for Director.
2. None of the candidates have a special conflict of interest with the Company.
3. In addition to what is described for in the “Brief Employment History, Position, Responsibility and Important Concurrent Positions” section above, current position and responsibilities in the Company of each candidate who is currently Director of the Company are described in “Directors and Corporate Auditors of the Company” section of the Business Report (pages 26 through 28 below).
4. Mr. Hisao Sakuta serves as a Chairman of the BOD, OMRON Corporation at the time of

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preparing this Reference Documents for the General Meeting, however, will resign as a Chairman of the BOD and be appointed as Executive Adviser upon the close of the 76th Ordinary General Meeting of Shareholders of OMRON Corporation held on June 20, 2013.

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**Proposal No. 2:** Election of Two Directors Associated with Issuance of Shares for Subscription

Subject to the payment (“Payment”) of the total amount to be paid for the new shares for subscription based on the issuance of new shares pursuant to Proposal No. 2 “Issuance of New Shares Offered by way of Third Party Allotment” which was approved and resolved at the Extraordinary General Meeting of Shareholders of the Company held on February 22, 2013, we newly propose that two Directors be elected.

The candidate is as follows:

The election of the candidate under this Proposal comes into effect upon the close of the General Meeting if the Payment is completed by the day before the General Meeting. And if the Payment is completed on or after the day of the General Meeting, it comes into effect on the day following the day on which the Payment is made.

No.	Name (Date of Birth)	Brief Employment History, Position, and Important Concurrent Positions		Number of the Company's Shares Held
1	Haruyasu Asakura (April 16, 1961)	April 1984 October 1999 February 2001 July 2009	Joined Mitsubishi Corporation. Joined Apax Grobis Partners &Co. as a Partner Joined Carlyle Japan LLC. as a Managing Director Joined Innovation Network Corporation of Japan. as a Chief Operating Officer (to the present) (Important Concurrent Positions) Chief Operating Officer, Innovation Network Corporation of Japan	0
2	Hidetoshi Shibata (November 16, 1972)	April 1995 August 2001 August 2004 October 2007 September 2009 June 2012	Joined Central Japan Railway Company Joined MKS Partners Limited as a Principal Partner, MKS Partners Limited Joined Global Private Equity, Merrill Lynch Japan Securities Co., Ltd as a Managing Director Joined Innovation Network Corporation of Japan as a Managing Director, Executive Managing Director, Investment Group, Innovation Network Corporation of Japan (to the present)	0



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No.	Name (Date of Birth)	Brief Employment History, Position, and Important Concurrent Positions		Number of the Company's Shares Held
			(Important Concurrent Positions) Executive Managing Director, Investment Group, Innovation Network Corporation of Japan (to the present)	

- (Note)
1. Messrs. Haruyasu Asakura and Hidetoshi Shibata are new candidates for Director.
  2. Mr. Haruyasu Asakura currently serves as Chief Operating Officer of Innovation Network Corporation of Japan, and Mr. Hidetoshi Shibata currently serves as Executive Managing Director of Innovation Network Corporation of Japan. At the time of preparing this Reference Documents for the General meeting, we plan to issue new shares to Innovation Network Corporation of Japan pursuant to Proposal No. 2 “Issuance of New Shares Offered by way of Third Party Allotment” which was approved and resolved at the Extraordinary General Meeting of Shareholders of the Company on February 22, 2013.
  3. Except as described in Note 2 above, none of the candidates have a special conflict of interest with the Company.
  4. Messrs. Haruyasu Asakura and Hidetoshi Shibata are candidates for outside Directors. Mr. Haruyasu Asakura currently serves as Chief Operating Officer of Innovation Network Corporation of Japan, and Mr. Hidetoshi Shibata currently serves as Executive Managing Director, Investment Group, Innovation Network Corporation of Japan. The Company selected these candidates for outside Directors with expectation that they would oversee and check the overall management of the Company by leveraging their extensive knowledge, experience and deep insight gained from their careers in wide investment business.
  5. Mr. Haruyasu Asakura, at the time of preparing this Reference Documents for the General Meeting, is Executing Person of Innovation Network Corporation of Japan (Chief Operating Officer), which will be a parent company of the Company in case the Payment is completed.
  6. Mr. Hidetoshi Shibata, at the time of preparing this Reference Documents for the General Meeting, is Executing Person of Innovation Network Corporation of Japan (Executive Managing Director, Investment Group), which will be a parent company of the Company in case the Payment is completed.
  7. If the new appointments of Messrs. Haruyasu Asakura and Hidetoshi Shibata are approved, the Company will enter into liability limitation agreements with them, limiting their liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in our articles of incorporation.

**Proposal No. 3:** Election of One Corporate Auditor Associated with Issuance of Shares for Subscription

Upon the close of the General Meeting, the term of office as Corporate Auditor held by Mr. Junichiro Nishi will expire, and Mr. Yoshihito Kitamatsu will resign from his office as Corporate Auditor. We therefore propose that one Corporate Auditor be newly elected, subject to the Payment. The consent of the Board of Corporate Auditors for this Proposal has been obtained. The candidate is as follows:

The election of the candidate under this Proposal comes into effect upon the close of the General Meeting if Payment is completed by the day before the General Meeting. And if the Payment is completed on or after the day of the General Meeting, it comes into effect on the day following the day on which the Payment is made.

Name (Date of Birth)	Brief Employment History, Position, and Important Concurrent Positions		Number of the Company's Shares Held
Takeshi Sekine (February 19, 1961)	October 1991  August 1995 April 2002  July 2006  December 2009  June 2012	Joined Deloitte Touche Tohmatsu LLC ( formerly Deloitte Touche Tohmatsu)  Registered Certified Public Accountant  Joined Economic and Industrial Policy Bureau, Minister of Economy, Trade and Industry  Revested Deloitte Touche Tohmatsu LLC ( formerly Deloitte Touche Tohmatsu)  Joined Innovation Network Corporation of Japan as a Managing Director  Executive Managing Director, Business Management Group, Innovation Network Corporation of Japan (to the present) (Important Concurrent Positions)  Executive Managing Director, Business Management Group, Innovation Network Corporation of Japan	0

- (Note) 1. Mr. Takeshi Sekine is a new candidate for Corporate Auditor.
2. Mr. Takeshi Sekine currently serves as Executive Managing Director, Business Management Group, Innovation Network Corporation of Japan. at the time of preparing this Reference Documents for the General Meeting, we plan to issue new shares to Innovation Network Corporation of Japan, pursuant to Proposal No. 2 “Issuance of New Shares Offered by way

of Third Party Allotment” which was approved and resolved at the Extraordinary General Meeting of Shareholders of the Company on February 22, 2013.

3. Except as described in Note 2 above, the candidate doesn't have a special conflict of interest with the Company.
4. Mr. Takeshi Sekine is a candidate for outside Corporate Auditor. The Company selected Mr. Takeshi Sekine as a candidate for outside Corporate Auditor with expectation that he would audit the overall management of the Company by leveraging his extensive knowledge, experience and deep insight gained from his career as a Public Accountant.
5. Mr. Takeshi Sekine is, at the time of preparing this Reference Documents for the General Meeting, an Executing Person of Innovation Network Corporation of Japan (the Executive Managing Director, Business Management Group), which will be a parent company of the Company in case the Payment is completed. Further, he has concurrently served as representative director for INCJ Search, Ltd., which is a subsidiary of Innovation Network Corporation of Japan from January, 2012 until the time of preparing this Reference Documents for the General Meeting.
6. If the new appointment of Mr. Takeshi Sekine is approved, the Company will enter into liability limitation agreements with him, limiting his liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in our articles of incorporation.

**Proposal No. 4:**      Partial Amendment to the Articles of Incorporation

## 1. Reasons for Proposal

In order to broadly secure superior personnel as outside Directors and outside Corporate Auditors, the Company proposes to amend the amount of limit of liability for damages caused by the outside Directors and the outside Corporate Auditors as set forth in Paragraph 2, Article 26, and Paragraph 2, Article 33 of the current Articles of Incorporation of the Company to the minimum liability amount stipulated in the Companies Act. The consent of the Board of Corporate Auditors for the amendments to Articles 26 has been obtained.

## 2. Details of Amendment

Details of amendment are as follows:

(Underlined are the amended parts)

Current Text	Proposed Amendment
<p>Article 26. (Release of Directors' Liability)</p> <p>1. The Company may, pursuant to the provision of Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Directors to limit their liabilities to the Company for damages arising from negligence of their duties; provided, however, that the liability amount of the outside Director under such contract shall be limited to <u>the higher of either (i) the amount to be fixed which is not less than ten million yen (10,000,000 yen) or (ii) the minimum liability amount stipulated in the applicable laws and regulations.</u></p>	<p>Article 26. (Release of Directors' Liability)</p> <p>1. The Company may, pursuant to the provision of Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Directors to limit their liabilities to the Company for damages arising from negligence of their duties; provided, however, that the liability amount of the outside Director under such contract shall be limited to the minimum liability amount stipulated in the applicable laws and regulations.</p>
<p>Article 33. (Release of Corporate Auditors' Liability)</p> <p>2. The Company may, pursuant to the provision in Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Corporate Auditors to limit their liability to the Company for damages arising from negligence of their duties; provided, however, that the liability amount of the outside Corporate Auditor under such contract shall be limited to <u>the higher of</u></p>	<p>Article 33. (Release of Corporate Auditors' Liability)</p> <p>2. The Company may, pursuant to the provision in Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Corporate Auditors to limit their liability to the Company for damages arising from negligence of their duties; provided, however, that the liability amount of the outside Corporate Auditor under such contract shall be limited to the minimum</p>

Current Text	Proposed Amendment
<p><u>either (i) the amount to be fixed which is not less than ten million yen (10,000,000 yen) or (ii) the minimum liability amount stipulated in the applicable laws and regulations.</u></p>	<p>liability amount stipulated in the applicable laws and regulations.</p>

## **Business Report**

(For the Period from April 1, 2012 to March 31, 2013 (the “Period”))

### **1. Overview of Operations of the Group**

#### **(1) Business Progress and Results of the Group**

##### **(i) Overview**

During the Period, there was a growing sense of stagnation in the global economy, due to the factors such as persistent fiscal and financial problems in Europe and the slowdown of economies in China and other emerging countries.

The semiconductor market, the main area of activity of the Group, suffered from an overall lack of strength. Despite increased demand in segments such as semiconductors for smartphones, overall market growth compared with the previous period was nearly flat.

In this tough business environment, the Group moved to win back sales volume and set the stage for future growth by strengthening its lineup with products, such as “RX microcontrollers” and “RH850 microcontrollers” to meet the diverse needs of customers. The Group also worked to strengthen the product and cost competitiveness.

To achieve stable and profitable management even in the condition that the business environment changes rapidly, the Group continued to implement the various measures for reform of its business structure. Specifically, in March 2012, the Company came to an agreement with Fuji Electric Co., Ltd. to transfer the front-end process (semiconductor wafer processing) plant, Tsugaru factory of Renesas Northern Japan Semiconductor, Inc. to Fuji Electric Co., Ltd. The transfer was completed in July of the same year. Also, in July 2012, the Group announced various measures to accelerate the realignment of domestic production facilities and rationalization of personnel, and surely implemented these measures. As for the realignment of domestic production facilities, in January 2013, the Group transferred Renesas High Components, Inc., a back-end process (semiconductor assembly and testing) plant of the Group to Aoi Electronics Co., Ltd., and in March, the Company reached an agreement to transfer three other back-end process plants, the Hakodate factory of Renesas Northern Japan Semiconductor, Inc., the Fukui factory of Renesas Kansai Semiconductor Co., Ltd. and the Kumamoto factory of Renesas Kyushu Semiconductor Corp., to J-Devices Corporation. As to the rationalization of personnel, an early retirement incentive program was introduced in October 2012 for the employees of the Company and its subsidiaries in Japan. Further, in January 2013, the Group announced an additional early retirement incentive program, together with additional steps to rationalize its organization, including a review of the Group’s sales force and the merger of sales subsidiary, and realignment of design and application technology subsidiaries. In March 2013, the Group also announced its intention to explore various possibilities for the mobile business of Renesas Mobile

Corporation, including divesture of the business.

Additionally, in view of the likelihood that the business environment surrounding the Group will continue to change, the establishment of a firm financial foundation is required in order to allow the Group to respond to these changes flexibly and in a timely manner, and to continue to grow as semiconductor manufacturer. Further, for sales recovery and future growth, forming structure that enables the Group to timely make R&D investments in high-priority areas, capital investments, and other growth investments such as M&A will also be urgently required. For these reasons, in December 2012, the Company entered into an agreement among The Innovation Network Corporation of Japan and eight business partners (Toyota Motor Corporation, Nissan Motor Co., Ltd., Keihin Corporation, Denso Corporation, Canon Inc., Nikon Corporation, Panasonic Corporation and Yaskawa Electric Corporation) to implement a total of 150 billion yen capital increase by way of third-party allotment to those companies as expected allottees, and such capital increase by way of third-party allotment was resolved at the Extraordinary General Meeting of Shareholders held in February 2013.

Further, the Company revised its management setup in February 2013, to speed up decision making and increase efficiency of business operation, and reduced the number of corporate officers from 16 to 8. Also, in March 2013, the Company drastically changed company organization and reduced business units from 7 to 4 in order to create desirable structure for design, development, production and sales in accordance with the growth strategy, and to assuredly implement the structure reforms.

## **(ii) Summary of Consolidated Financial Results**

Consolidated financial results of the Group for the Period were as follows.

[Consolidated Net sales]

Consolidated net sales for the Period were 785.8 billion yen, a decrease by 11.0% from the previous period. Sales from semiconductors, as a main area of activity of the Group, for the Period were 724.7 billion yen, 7.8% decrease from the previous period. This decrease was mainly caused by continued stagnant economy mainly in Europe and China, effect of downsizing parts of our business due to reconsideration of our business portfolio, and a sales decrease to Japanese manufacturers that are our main customers.

The consolidated net sales of the Group are composed of the sales of three main product groups; “MCUs”, “Analog & Power Devices” and “SoC (System on Chip) solutions”, and “Other Semiconductors” and “Sales from Others” that fit to neither of above three product categories. Sales of respective product groups were as follows:

(MCUs)

MCUs mainly include microcontrollers for automotive, 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 Period were 305.2 billion yen, 9.3% decrease from the previous period. This drop was mainly due to a decline in sales of microcontrollers for industrial systems as well as PC peripherals.

(Analog & Power Devices)

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

Sales of Analog & Power Devices for the Period were 235.2 billion yen, 3.5% decrease from the previous period, owing to a sales decrease of display driver ICs for PC and LCD TVs as well as analog IC and discrete for consumer electronics, despite an sales increase of mid/small sized display driver ICs and power semiconductors for automotive.

(SoC Solutions)

SoC solutions mainly consist of semiconductors used in automotive application such as car navigation systems, semiconductors for industrial systems, semiconductors for consumer electronics such as digital home appliances and game consoles, semiconductors for PC and PC peripherals such as hard disc drives and USB devices, and semiconductors for communication such as network equipment and mobile handsets. Sales of SoC solutions for the Period were 173.5 billion yen, 13.7% decrease from the previous period. This decrease was mainly due to a decline in the semiconductor sales for PC peripherals and mobile handsets.

(Other Semiconductors)

Sales of Other Semiconductors include production by commissioning and royalties. Sales of Other Semiconductors for the Period were 10.8 billion yen, 125.9% increase from the previous period.

(Sales from Others)

Sales from Others include non-semiconductor products sold on a resale basis by the Group's sales subsidiaries, and development and production by commissioning conducted at the Group's design and manufacturing subsidiaries. Sales from Others for the Period were 61.1 billion yen, 37.1% decrease



from the previous period.

[Consolidated Operating Income (Loss)]

Consolidated operating loss for the Period was 23.2 billion yen, an improvement of 33.5 billion yen from the previous period, mainly owing to a sales decrease, offsetting the cost reduction measures such as streamlining of R&D and SGA expense.

[Consolidated Ordinary Income (Loss)]

Consolidated ordinary loss for the Period was 26.9 billion yen, caused by non-operating loss of 3.6 billion yen deriving from interest expenses of 4.7 billion yen.

[Consolidated Net Income (Loss)]

Net loss for the Period was 167.6 billion yen, mainly due to business structure improvement expenses of 127.1 billion yen recorded as a special loss.

In relation to a year-end dividend to our shareholders, truly to our regret, we decided to omit, prudently taking into consideration the overall conditions of the business results for the Period. The Company will continue to strive to improve earnings and financial position as a whole in order to resume dividend distribution. In this regard, we deeply appreciate our shareholders for their understanding and continuing support.

**(2) Issues to be Addressed by the Group**

As described in “1-(1) Business Progress and Results of the Group”, the Group's consolidated semiconductor sales for the Period significantly decreased from the previous period, and therefore, the flexible response to rapidly changing business environment surrounding the Group as well as the improvement of its business performance have become urgent matters.

The Group will continuously expedite its efforts for “reforming its business structure to achieve stable and profitable management base” to generate a reasonable profit even in these circumstances. In addition, the Group will put all possible efforts into “improving business efficiency by streamlining of company organization and enhancement of business turnover ratio”.

**(i) Reforming its Business Structure to Achieve Stable and Profitable Management Base**

The Group's approach has been expanding its businesses and strengthening product competitiveness based on three main product groups: MCUs, Analog & Power Devices, and SoC solutions. In addition, although the Group has been implementing various measures for the purpose of reducing fixed cost, the Group will accelerate such cost reduction measures, focusing on profitable businesses, and

implementation of production reforms in the face of sales decline in the Period.

As described in “1-(1) Business Progress and Results of the Group”, in January 2013, the Group announced the early retirement incentive program applied to the Company and its subsidiaries in Japan, restructuring of sales organization including merger of a sales subsidiary in Japan (Renesas Electronics Sales Co., Ltd.), restructuring of design and application technology subsidiaries (Renesas Solutions Corp., Renesas Micro Systems Co., Ltd., and Renesas Design Corp.) and design support companies (Renesas Takasaki Engineering Service Co., Ltd., Renesas Musashi Engineering Services, Co., Ltd., and Renesas Kitaitami Engineering Services Co., Ltd.), and the merger of production subsidiaries (Renesas Eastern Japan Semiconductor, Inc. and Renesas Northern Japan Semiconductor, Inc.). The Group will surely implement these measures. Further, the Group will review the allocation of its management resources to expedite focusing on its core business as exemplified by the announcement made in March 2013, that the Group decided to explore various possibilities, including divestiture or alternative business models, for its mobile business. In addition, the Group will assuredly promote realignment of domestic production facilities as announced in July 2012.

**(ii) Improving Business Efficiency by Streamlining of Company Organization and Enhancement of Business Turnover Ratio**

The Group will put effort into "Improving Business Efficiency by Streamlining of Company Organization and Enhancement of Business Turnover Ratio" to flexibly respond to the rapidly changing business environment surrounding the Group, and improve its business performance.

As described in “1-(1) Business Progress and Results of the Group”, the Company revised its management setup in February 2013 to speed up decision making and increase efficiency of business operation. Further, in March 2013, the Company drastically changed company organization, and reduced business units from 7 to 4 in order to create desirable structure for design, development, production and sales in accordance with the growth strategy, and to assuredly implement the structural reforms. In April 2013, under the new management and business units, the Company further reduced 15 departments in lower level to simplify its organization. The Group will continuously simplify the organization, clarify responsibility, speed up decision making, pursue appropriate and efficient operation, and build workplace filled with positive atmosphere.

Further, the Group will improve business turnover ratio at each stage of our value chain: design, development, production and sales, to generate stable profit. More specifically, the Group will optimize the design and development plan, review resource allocation for design and development, and share and utilize best practices to shorten lead time for development and evaluation. Further, the Group will introduce more flexible control of production input, and shorten production lead time. The Group will ultimately put effort to improve the business turnover ratio by enhancing the collaboration among

design, development, production and sales, and by frequently monitoring and sharing KPI (Key Performance Indicators).

### **(3) Research and Development by the Group**

#### **(i) Development of Flash Memory Technology that Achieves High-Speed Read Operations and Dramatically Higher Rewrite Cycle Counts**

The Group has developed flash memory technology for on-chip flash memory microcontrollers adopting 40-nanometer (\*1) process technology that achieves high-speed read operations and dramatically higher rewrite cycle counts.

Recently, in automotive applications and other devices that require high reliability, demand is increasing for higher functionality and diversity of functions, including more advanced control functions and support for functional safety, security and networking. To meet this demand, the on-chip memory in microcontrollers must be fabricated with finer features for higher integration density and larger capacities.

Since 2011, when the Group developed the industry's first on-chip flash memory for microcontrollers adopting a 40-nanometer process, it has continued to develop flash memory technology as a core technology for the next-generation microcontrollers. The recent advances, which were announced in February 2013, represent a major improvement in performance. Application of this technology enables operation at 160 MHz or higher and a readout speed of 5.1 GB per second – the industry's highest speeds for program storage flash memory. For data storage as well, the technology has been verified for an industry-high 10 million rewrite cycles.

Building on these achievements, the Group will accelerate the development of high-performance, high-reliability on-chip flash memory microcontrollers for automotive applications, and be first to market with products that meet customer needs, making a major contribution to the development of customer products that are comfortable, safe and friendly to the environment.

#### **(ii) Introduction of the “R-IN32M3 Series” of Multi-Protocol Industrial Ethernet Communication LSIs with Fast Response Times and Low Power Consumption**

In response to the rapid adoption of industrial Ethernet (\*2) communication technology, the Group introduced the “R-IN32M3 series” of multi-protocol industrial Ethernet communication LSIs.

In industrial system fields such as factory automation, there is strong demand to increase factory productivity and enhance the precision of machine control. In particular, solutions are needed to improve real-time response and reduce processing time deviation in communications and machine control by CPU. Improvements are also needed to reduce costs, lower power consumption and enhance safety.

In Ethernet communications for industrial system, real-time OS processing represents a large burden

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on the system CPU. By handling part of this processing in hardware, the new series makes it possible to achieve faster real-time response times and more precise communications control. With the CPU free to concentrate on protocol control, operating speeds up to 5 to 10 times faster than conventional products can be achieved while reducing control time inconsistency due to CPU processing by 10% to 20%. These series support the major protocols used in industrial Ethernet communications, including CC-Link IE and EtherCAT, and also support various general-purpose industrial communication interfaces, including the widely used CAN (\*3) interface.

The Group will continue to support the business of its industrial system customers by the timely introduction of products such as the R-IN32M3 series, which provide optimized solutions to market needs.

- (Notes)
1. Nanometer: A unit of length, equal to one billionth of a meter.
  2. Ethernet: A computer network standard. Ethernet is the most widely used technical standard in the LAN (Local Area Network) networks of homes and offices around the world.
  3. CAN: Abbreviation of Controller Area Network. A vehicle network standard promoted by the German company Robert Bosch GmbH.

#### **(4) Capital Investment of the Group**

During the Period, as a result of drastic restraining of investment, the amount of capital investment by the Group was 12.3 billion yen, 24.3 billion yen decrease from the previous period. The major ones are for promoting finer process node in production of front-end factories, increasing the manufacturing equipment of back-end factories mainly at overseas sites, strategic investment for the next generation products and development investment.

#### **(5) Financing Activities of the Group**

During the Period, the Group did not fundraise by issuing new stocks or corporate bonds. Also, as of March 31, 2013, debt with interest of the Group was 306.4 billion yen, increase 48.0 billion yen from March 31, 2012. This is because the Company procured 97.0 billion yen in October 2012 through borrowing, etc. from (i) the major shareholders, NEC Corporation, Hitachi, Ltd. and Mitsubishi Electric Corporation, and (ii) the main banks, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited and Mitsubishi UFJ Trust and Banking Corporation, and made scheduled payments on existing borrowings and lease payments. To secure long-term operating capital, the Company entered into an agreement for a syndicated loan arranged by its main banks that converted 161.1 billion yen in short-term borrowings into long-term borrowings.

#### **(6) Changes in the Results of Financial Position and Profit and Loss (Consolidated)**

(Translation)

(In billions of yen except per share figures)

Indices \ Business Period	7th Business Period 4/1/08-3/31/09	8th Business Period 4/1/09-3/31/10	9th Business Period 4/1/10-3/31/11	10th Business Period 4/1/11-3/31/12	11th Business Period (the "Period") 4/1/12-3/31/13
Net sales	550.7	471.0	1,137.9	883.1	785.8
Operating income (loss)	(66.4)	(49.2)	14.5	(56.8)	(23.2)
Ordinary income (loss)	(76.2)	(54.4)	1.0	(61.2)	(26.9)
Net income (loss) before income taxes and minority interests	(91.5)	(52.8)	(110.8)	(59.6)	(157.8)
Net income (loss)	(85.1)	(56.4)	(115.0)	(62.6)	(167.6)
Net income (loss) per share (yen)	(688.77)	(456.95)	(275.75)	(150.08)	(401.76)
Total assets	488.2	459.9	1,145.0	858.2	669.1
Net assets	194.7	136.3	291.1	226.5	77.9

- (Note) 1. From the third quarter of the 8th Business Period (from October 1, 2009 to December 31, 2009), the Company changed its preparation standards for the Consolidated Financial Statements from accounting principles generally accepted in the United States of America (U.S. GAAP) to accounting principles generally accepted in Japan (Japanese GAAP). For the purposes of easy comparison, the 7th Business Period is stated using figures prepared on the basis of Japanese GAAP.
2. "Net income (loss) per share" is calculated based on the average number of shares outstanding during each business period.
3. Major factor of large fluctuation in property and profit and loss in the 9th Business Period is the merger of former NEC Electronics Corporation and former Renesas Technology Corp. on April 1, 2010.

**(7) Principal Subsidiaries (as of March 31, 2013)**

Company Name		Capital (Millions of yen)	Investment Ratio (%)	Main Business	Location
Japan	Renesas Electronics Sales Co., Ltd.	2,500	100.0	Sale of semiconductors in Japan	Chiyoda-ku, Tokyo
	Renesas Yamagata Semiconductor Co., Ltd.	1,000	100.0	Manufacture (front-end process) of semiconductors	Tsuruoka-shi, Yamagata
	Renesas Kansai Semiconductor Co., Ltd.	1,000	100.0	Manufacture (front-end and back-end process) of semiconductors	Otsu-shi, Shiga
	Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.	1,000	100.0	Manufacture (front-end and back-end process) of semiconductors	Kumamoto-shi, Kumamoto
	Renesas SP Drivers Inc.	5,000	55.0	Design, development and sale of semiconductors	Kodaira-shi, Tokyo
	Renesas Mobile Corporation	5,000	100.0	Design, development and marketing of semiconductors	Chiyoda-ku, Tokyo
Overseas	Renesas Electronics America Inc.	(1,000USD) 380,800	100.0	Design, development and sale of semiconductors in the U.S.A.	California, U.S.A
	Renesas Electronics Europe GmbH	(1,000Euro) 14,000	*100.0	Design, development and sale of semiconductors in Europe	Dusseldorf, Germany
	Renesas Electronics Hong Kong Limited	(1,000HKD) 15,000	100.0	Sale of semiconductors in Hong Kong	Hong Kong, China
	Renesas Electronics Taiwan Co., Ltd.	(1,000NTD) 170,800	100.0	Sale of semiconductors in Taiwan	Taipei, Taiwan
	Renesas Electronics Singapore Pte. Ltd.	(1,000USD) 32,287	*100.0	Sale of semiconductors in ASEAN, India, Oceania and Middle East	Singapore

(Note) 1. There are a total of 54 consolidated subsidiaries as of March 31, 2013, consisting of 21

(Translation)

domestic companies and 33 overseas companies, including the principal subsidiaries described above.

2. Asterisks denote the figures which include the indirect ownership.

### (8) Main Business of the Group (as of March 31, 2013)

The Group conducts, as a semiconductor manufacturer, design, development, manufacture, sale and provision of services of semiconductors. The Group's main business and products are as follows:

Segment	Major Products
MCU Business	Microcontroller
Analog & Power Device Business	Power MOSFET, Mixed Signal IC, IGBT, Diode, Small Signal Transistor, Display Driver IC, Compound Semiconductor Device
SoC Solution Business	ASIC, ASSP

### (9) Principal Offices and Plants of the Group (as of March 31, 2013)

#### (i) The Company

	Location
Registered Head Office	Kawasaki-shi, Kanagawa
Headquarters	Chiyoda-ku, Tokyo
Manufacturing Base	Naka Site (Hitachinaka-shi, Ibaraki)
	Takasaki Site (Takasaki-shi, Gunma)
	Kofu Site (Kai-shi, Yamanashi)
	Saijo Site (Saijo-shi, Ehime)
	Kochi Site (Konan-shi, Kochi)
Research and Development Base	Tamagawa/Sagamihara Site (Kawasaki-shi, Kanagawa/Sagamihara-shi, Kanagawa)
	Musashi Site (Kodaira-shi, Tokyo)
	Kitaitami Site (Itami-shi, Hyogo)
	Takasaki Site (Takasaki-shi, Gunma)

#### (ii) Subsidiaries

Principal subsidiaries and their locations are described in "1-(7) Principal Subsidiaries" above.

### (10) Employees of the Group (as of March 31, 2013)

Number of Employees	decrease from March 31, 2012
33,840	8,960

- (Note)
1. The above figure is the number of permanent employees (including employees temporarily transferred from outside Group to the Group, and excluding employees temporarily transferred from the Group to outside Group), and the number of temporary employees is excluded.
  2. The number of employees decreased 8,960 from the end of the previous period due to the implementation of rationalization of personnel and business and production structure reform.

**(11) Major Borrowings of the Group (as of March 31, 2013)**

Lenders	Balance of Borrowings (Millions of yen)
Mizuho Corporate Bank, Ltd.	70,700
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	65,600
Sumitomo Mitsui Trust Bank, Limited	36,690
Mitsubishi UFJ Trust and Banking Corporation	35,600

**(12) Other Important Matters**

The Company resolved the issuance of new shares, etc. at the Extraordinary General Meeting of Shareholders held on February 22, 2013. The overview of the resolution is as follows:

Class and number of the offered shares	1,250,000,000 common shares
Amount to be paid for the offered shares / shares for subscription	JPY 120 per share
Total amount to be paid for the offered shares / shares for subscription	JPY 150,000,000,000
Matters relating to an increase in capital ( <i>shihonkin</i> ) and capital reserve fund ( <i>shihon-jyunbikin</i> ) to be increased	<p>Pursuant to Article 445, Clauses 1 through 3 of the Companies Act, half of the capital increase amount limit as calculated according to Article 14, Paragraph (1) of the Ordinance on Accounting of Companies will be capital (<i>shihonkin</i>), and the remainder will be capital reserve fund (<i>shihon-jyunbikin</i>).</p> <p style="padding-left: 40px;">Amount of capital (<i>shihonkin</i>) to be increased: JPY 60 per share (total: JPY 75,000,000,000)</p> <p style="padding-left: 40px;">Amount of capital reserves fund (<i>shihon-jyunbikin</i>) to be increased: JPY 60 per share (total: JPY 75,000,000,000)</p>
Method of offering	Third-party allotment
Payment period	February 23, 2013 to September 30, 2013
Other	Payment will be made on the condition that one of the expected allottees obtains all necessary permits and approvals from the competition authorities of relevant countries with respect to business combination and any others.



## 2. Overview of the Company

### (1) Shares of the Company (as of March 31, 2013)

(i) **Total Number of Authorized Shares** 1,668,000,000 shares

(Note) In preparation for the issuance of new shares as described in “1-(1) Business Progress and Results of the Group” and “1-(12) Other Important Matters”, the Company amended the Articles of Incorporation to increase the total number of shares authorized to be issued to 1 billion 668 million shares, with the approval at the Extraordinary General Meeting of Shareholders held on February 22, 2013.

(ii) **Total Number of Shares Issued** 417,121,942 shares  
(excluding treasury stock of 2,548 shares)

(iii) **Number of Shareholders** 22,958

#### (iv) Major Shareholders (top ten)

Name of Shareholders	Number of Shares Held (shares)	Percentage of Shares Held (%)
Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited / NEC Corporation pension and severance payments Trust Account)	135,300,000	32.43
Hitachi, Ltd.	127,725,748	30.62
Mitsubishi Electric Corporation	104,502,885	25.05
NEC Corporation	12,595,857	3.01
Renesas Electronics Employee Stock Plan	1,696,500	0.40
Japan Securities Finance Co., Ltd.	1,694,200	0.40
Japan Trustee Services Bank, Ltd. (Trust Account)	860,200	0.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	619,300	0.14
CREDIT SUISSE SECURITIES (EUROPE) LIMITED MAIN ACCOUNT	604,184	0.14
Japan Trustee Services Bank, Ltd. (Trust Account 9)	475,400	0.11

(Note) 1. Percentage of shares held is calculated excluding 2,548 of Company's own shares.

2. Percentage of shares held is calculated by truncating the numbers beyond the third decimal place.

3. 135,300,000 shares (percentage of shares held: 32.43%) owned by Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited / NEC Corporation pension and severance payments Trust Account) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation. Therefore, NEC Corporation holds

35.44% of voting rights.

**(2) Stock Acquisition Rights, etc. of the Company (as of March 31, 2013)**

Not applicable.

**(3) Directors and Corporate Auditors of the Company****(i) Name, etc. of Directors and Corporate Auditors of the Company (as of March 31, 2013)**

Name	Position at the Company	Responsibility and Important Concurrent Positions
Tetsuya Tsurumaru	*Representative Director, President	Management of execution of overall business operations; chairman of Meeting of Shareholders and Meeting of Board of Directors; hosting of Executive Committee, Corporate Management Meeting and other important meetings; and matters relating to Internal Audit Office and Corporate Export Control Office
Shigeo Mizugaki	*Senior Vice President and Member of the Board	Matters relating to Intellectual Property Division, Quality Assurance Division and Information Systems Division
Yasushi Akao	Member of the Board	
Masaki Kato	Member of the Board	
Yoichi Yano	Member of the Board	
Shozo Iwakuma	Member of the Board	
Susumu Furukawa	Member of the Board	Professor, Graduate School of Media Design, Keio University
Masahiro Yamamura	Member of the Board	General Manager, Semiconductor Business Division, and COO (Chief Operating Officer), Power Systems Company, Hitachi, Ltd.
Masayuki Ichige	Member of the Board	Executive Officer, Mitsubishi Electric Corporation
Tokuo Yamamoto	Member of the Board	Assistant General Manager, Corporate Strategy and Business Development Division, and Department Manager, Affiliated Company Department, Corporate Strategy and Business Development Division, NEC Corporation
Junichiro Nishi	Corporate Auditor (Full time)	

Kazuki Fukuda	Corporate Auditor (Full time)	
Yoichiro Yamakawa	Corporate Auditor	Partner, Attorney-at-Law, Koga & Partners Statutory Auditor, Nisshin Steel Holdings Co., Ltd. Statutory Auditor, Daio Paper Corporation
Yoshinobu Shimizu	Corporate Auditor	Statutory Auditor, Mitsubishi UFJ Trust and Banking Corporation Statutory Auditor, Daio Paper Corporation
Yoshihito Kitamatsu	Corporate Auditor	General Manager, Finance & Accounting Department, Finance Group, Hitachi, Ltd.

- (Note)
1. Messrs. Susumu Furukawa, Masayuki Ichige and Tokuo Yamamoto are outside Directors, as stipulated in Item 15, Article 2 of the Companies Act.
  2. Messrs. Kazuki Fukuda, Yoichiro Yamakawa, Yoshinobu Shimizu and Yoshihito Kitamatsu are outside Corporate Auditors, as stipulated in Item 16, Article 2 of the Companies Act.
  3. Under the rules stipulated by Tokyo Stock Exchange, Inc., the Company has notified the same of Messrs. Susumu Furukawa, Yoichiro Yamakawa and Yoshinobu Shimizu as Independent Director/Corporate Auditor who will have no conflict of interests with the Company's general shareholders.
  4. Messrs. Junichiro Nishi, Kazuki Fukuda and Yoshihito Kitamatsu, are involved in accounting operation for many years at respectively (i) Mitsubishi Electric Corporation and former Renesas Technology Corp. and its affiliated company, (ii) NEC Corporation and its affiliated companies and (iii) Hitachi Ltd.; and thus they have considerable knowledge of finance and accounting. Mr. Yoshinobu Shimizu is a Certified Public Accountant and has considerable knowledge of finance and accounting.
  5. The Directors and Corporate Auditors were changed during the Period as follows:
    - i) At the 10th Ordinary General Meeting of Shareholders held on June 26, 2012, Messrs. Tetsuya Tsurumaru, Masayuki Ichige and Tokuo Yamamoto were newly elected and took office as Directors; and Messrs. Kazuki Fukuda and Yoshihito Kitamatsu were newly elected and took office as Corporate Auditors.
    - ii) Upon the close of the 10th Ordinary General Meeting of Shareholders held on June 26, 2012, Messrs. Kazuaki Ogura, Noritomo Hashimoto and Takashi Niino retired from their positions as Directors due to expiration of each term of office as Director; Mr. Hiroki Kawamura retired from his position as a Corporate Auditor due to expiration of term of office as Corporate Auditor; and Mr. Toyoaki Nakamura resigned from his position as a Corporate Auditor.
    - iii) As of February 22, 2013, Messrs. Yasushi Akao and Masaki Kato resigned their offices as Representative Directors, and Mr. Tetsuya Tsurumaru took office as Representative Director.
  6. The Company engages in transactions relating to development by commissioning and sales of system LSI, etc. with Mitsubishi Electric Corporation, NEC Corporation and Hitachi, Ltd. where respectively, Mr. Masayuki Ichige, outside Director of the Company, Mr. Tokuo Yamamoto, outside Director of the Company, and Mr. Yoshihito Kitamatsu, outside Corporate Auditor of the Company, concurrently hold the positions.
  7. The Company has a business relating to loans, etc. with Mitsubishi UFJ Trust and Banking Corporation where Mr. Yoshinobu Shimizu, outside Corporate Auditor of the Company, concurrently holds the position.

(Translation)

8. Responsibility and important concurrent positions of Corporate Auditors of the Company were partially changed as of April 1, 2013 as follows:

Name	Position at the Company	Responsibility and Important Concurrent Positions
Yoshihito Kitamatsu	Corporate Auditor	Vice President and Executive Officer and General Manager of Finance Group, Hitachi, Ltd.

9. The Company adopts a corporate officer system and asterisks denote the Directors who have been acting as Corporate Officers. The names of other Corporate Officers (who are not also Directors) as of April 1, 2013 are as follows:

Name	Position at the Company	Responsibility
Hideo Tsujioka	Senior Vice President	Matters relating to Corporate Planning Division, Legal & Compliance Division and Human Resources & General Affairs Division
Masahiko Sagawa	Senior Vice President	Matters relating to Finance and Accounting Division
Osamu Nogimura	Senior Vice President	Matters relating to Production and Technology Unit, Purchasing Division and Global Sourcing Management Division
Manabu Kawashima	Senior Vice President	Matters relating to Sales Management & Marketing Unit
Takeshi Noguchi	Senior Vice President	Matters relating to 2nd Solution Business Unit
Ryuji Omura	Senior Vice President	Matters relating to 1st Solution Business Unit

**(ii) Remuneration, etc. for Directors and Corporate Auditors**

	Number / Total Amount Paid
Directors	13 persons / 123 million yen (including 5 outside Directors / 9 million yen)
Corporate Auditors	7 persons / 55 million yen (including 5 outside Corporate Auditors / 38 million yen)
Total	20 persons / 178 million yen (including 10 outside Directors and Corporate Auditors / 47 million yen)

- (Note) 1. As of March 31, 2013, there were ten (10) Directors (including three (3) outside Directors) and five (5) Corporate Auditors (including four (4) outside Corporate Auditors). The number of Directors and Corporate Auditors above includes three (3) Directors (including two (2) outside Directors) and two (2) Corporate Auditors (including one (1) outside Corporate Auditor) who retired upon the close of the 10th Ordinary General Meeting of Shareholders held on June 26, 2012.
2. The amount of Directors' remuneration above does not include the amount paid as salary for employees to those Directors who are also employees.
3. No bonuses were paid to the Directors and Corporate Auditors.
4. The maximum monthly remuneration for Directors as approved at the General Meeting of Shareholders is 30 million yen. (Approved at the Extraordinary General Meeting of Shareholders held on February 24, 2010.)
5. The maximum monthly remuneration for Corporate Auditors as approved at the General

(Translation)

Meeting of Shareholders is 12 million yen. (Approved at the Extraordinary General Meeting of Shareholders held on February 24, 2010.)

**(4) Outside Directors and Outside Corporate Auditors of the Company**

**(i) Important Concurrent Positions of Outside Directors and Outside Corporate Auditors and Relation Between the Company and Organizations where Outside Directors or Outside Corporate Auditors hold Important Concurrent Positions (as of March 31, 2013)**

Important Concurrent Positions, and relation between organizations where outside Directors and outside Corporate Auditor hold important concurrent positions and the Company is described in “2-(3)-(i) Name etc. of Directors and Corporate Auditors of the Company” above.

**(ii) Principal Activities**

Title	Name	Principal Activities
Director	Susumu Furukawa	Mr. Susumu Furukawa attended 16 of 25 Meetings of Board of Directors during the Period, and made necessary remarks to discussion of proposals based on his wealth of knowledge on technology and market trends mainly in the high-tech field and abundant experience in global corporate management.
	Masayuki Ichige	Mr. Masayuki Ichige attended all 22 Meetings of Board of Directors held after his assumption of office as Director in June 2012, and made necessary remarks to discussion of proposals based on his wealth of knowledge and experience of business management.
	Tokuo Yamamoto	Mr. Tokuo Yamamoto attended 21 of 22 Meetings of Board of Directors held after his assumption of office as Director in June 2012, and made necessary remarks to discussion of proposals based on his wealth of knowledge and experience of business management.

Title	Name	Principal Activities
Corporate Auditor	Kazuki Fukuda	<p>(i) Mr. Kazuki Fukuda attended all 22 Meetings of Board of Directors held after his assumption of office as Corporate Auditor in June 2012, and made necessary remarks based on his wealth of knowledge, etc. of business operations and accounting, so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Kazuaki Fukuda attended all 13 Meetings of Corporate Auditors held after his assumption of office as Corporate Auditor in June 2012. Further, as a full-time Corporate Auditor, based on his wealth of knowledge of business operations and accounting, Mr. Kazuki Fukuda (a) explained the contents of the discussion at the Executive Committee, etc. regarding the matters to be presented to the Meetings of Board of Directors, (b) reported the audit status and results thereof, and (c) answered the questions to part-time Corporate Auditors.</p>
	Yoichiro Yamakawa	<p>(i) Mr. Yoichiro Yamakawa attended 19 of 25 Meetings of Board of Directors during the Period, and made necessary remarks, mainly from legal point of view as an attorney at law for ensuring procedures in accordance with laws and regulations, so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Yoichiro Yamakawa attended 13 of 17 Meetings of Corporate Auditors during the Period, and made necessary remarks, from fair and independent position and from legal point of view as an attorney at law, for establishing and maintenance of the Company's compliance system, etc.</p>

	Yoshinobu Shimizu	<p>(i) Mr. Yoshinobu Shimizu attended 24 of 25 Meetings of Board of Directors during the Period, and made necessary remarks on finance and accounting procedures, mainly from accounting point of view as a certified public accountant, so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Yoshinobu Shimizu attended 16 of 17 Meetings of Corporate Auditors during the Period, and made necessary remarks, from fair and independent position and from accounting point of view as a certified public accountant, for ensuring appropriate accounting procedure.</p>
	Yoshihito Kitamatsu	<p>(i) Mr. Yoshihito Kitamatsu attended 20 of 22 Meetings of Board of Directors held after his assumption of office as Corporate Auditor in June 2012, and made necessary remarks based on his knowledge and deep insight of finance and accounting gained from his many years of involvement in accounting operations, so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Yoshihito Kitamatsu attended all 13 Meetings of Corporate Auditors held after his assumption of office as Corporate Auditor in July 2012, and made necessary remarks, from his knowledge and deep insight of finance and accounting gained from his many years of involvement in accounting operations, for ensuring appropriate accounting procedure.</p>

(Note) In addition to the above Meetings of Board of Directors, there were four (4) Written Resolutions pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company, which shall be deemed that the resolution of Meeting of Board of Directors has been made.

**(iii) Outline of Liability Limitation Agreements**

The Company has entered into liability limitation agreements with Outside Directors and Outside Corporate Auditors (excluding Mr. Kazuki Fukuda) respectively, limiting their liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the higher of either 10,000,000 yen or the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act.

**(5) Independent Auditors of the Company****(i) Name:** Ernst & Young ShinNihon LLC**(ii) Remuneration and Other Amounts to be Paid to the Independent Auditors for the Period:**

Classification	Amount (in millions of yen)
(i) The total amount of money and other property benefits to be paid by the Company and its subsidiaries to the Independent Auditors	302
(ii) Remuneration and other amounts to be paid by the Company to the Independent Auditors for the services stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act.	219

(Note) 1. As there is no explicit distinction in the audit contract (entered into between the Company and the Independent Auditors) between the fees for audits under the Companies Act and the fees for audits based on the Financial Instruments and Exchange Law, and as it is unable to distinguish between these two (2) types of fees, the fees set forth in (ii) above include both of such fees.

2. All five (5) overseas subsidiaries described in “1-(7) Principal Subsidiaries” above were audited by other Independent Auditors.

**(iii) Non-Audit Services Rendered by the Independent Auditor**

The Company paid Independent Auditor compensation for making report regarding confirmation of book value of subsidiaries of the Company as a service other than those under Paragraph 1, Article 2 of the Certified Public Accountants Act.

**(iv) Policy Regarding Decision to Either Dismiss or Not Reappoint the Independent Auditor**

The Board of Corporate Auditors, by unanimous consent, will dismiss the Independent Auditor when confirmed that the Independent Auditor falls under any item of Paragraph 1, Article 340 of the Companies Act.

In addition, should anything occur to negatively impact the qualifications or independence of the Independent Auditor, making it unlikely that the Independent Auditor will be able to properly perform an audit, the Director will propose, with the consent of the Board of Corporate Auditors, or as requested by the Board of Corporate Auditors, not to reappoint the Independent Auditor at General Meeting of Shareholders.

**(6) Systems Necessary to Ensure that the Execution of Duties by Directors Complies with Laws and Regulations and the Articles of Incorporation, and other Systems Necessary to Ensure the Propriety of Operations of the Company**

The Meeting of the Board of Directors made the resolution with respect to the basic policies for the development of systems set forth in Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act (“Internal



Control System”). The full text of these basic policies is available from our website ([http://japan.renesas.com/internal\\_control/](http://japan.renesas.com/internal_control/)). Summaries of those are as follows:

**(i) Systems Necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and Articles of Incorporation**

- The Directors shall take the lead in complying with the ‘Renesas Electronics Group CSR Charter’ and the ‘Renesas Electronics Group Code of Conduct’ that have been adopted for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations, the Articles of Incorporation and internal rules of the Company by Directors and employees. The Directors shall keep the Company and its subsidiaries (collectively, “Renesas Electronics Group”) informed of such principles and conduct, and shall have Renesas Electronics Group comply with them.
- The Directors shall stipulate basic matters such as implementation system and educational programs for compliance in the Renesas Electronics Group’s own fundamental rules of compliance, shall deliberate and resolve important matters regarding compliance at “Internal Control Promotion Committee”, and shall offer training programs and the like for the Renesas Electronics Group to be fully aware of compliance.
- The Directors shall set up ‘Renesas Electronics Group Hot Line’ as internal contact points for Renesas Electronics Group and its business partners to report violations or possible violations of compliance. Furthermore, the Directors shall keep Renesas Electronics Group and its business partners informed that they assure the anonymity of informants upon requests from informants and informants shall never be adversely affected.
- The Directors shall keep away from any antisocial force, shall work closely with external specialized institutions, and shall act resolutely in an organized manner when contacted by it.

**(ii) Systems for properly preserving and managing information related to execution of duties by Directors**

The Directors shall properly prepare, preserve and manage minutes of the General Meetings of Shareholders, Meetings of Board of Directors and other documents in accordance with applicable laws and regulations. The Directors shall also properly prepare, preserve and manage other documents, books and records pertaining to the duties of Directors and employees in accordance with the Company’s own fundamental rules of document management.

**(iii) Rules and other systems regarding risk management for loss**

- The Directors shall stipulate basic matters of risk management in the Company’s own

fundamental rules of risk management, and shall establish a risk management framework in accordance with the rules.

- The Corporate Officers and division managers responsible for classified risk shall strive to minimize loss by developing prevention measures against risk materialization and by developing countermeasures in case of risk materialization.
- The President or the Corporate Officers shall, depending on its importance, establish an appropriate organization chaired by themselves, and shall implement appropriate measures in accordance with the Company's own fundamental rules of risk management when serious risk materializes.

**(iv) Systems for ensuring efficient execution of duties by Directors**

- The Directors shall hold an ordinary Meeting of the Board of Directors once a month and extraordinary meetings as needed for the sake of quick decision-making.
- The Directors shall adopt a Corporate Officer System, shall make prompt decisions on the important management issues at the Meeting of the Board of Directors, and shall supervise the execution of duties by the Corporate Officers. Furthermore, the important issues for the Company's management shall be discussed at the Executive Committee prior to the Meeting of the Board of Directors in order to enhance the Board's deliberations.
- The Corporate Officers (including Corporate Officers who also act as Directors) shall make quick decisions for the business operation by transferring their authorities to the relevant division managers or other employees. The Corporate Officers, the relevant division managers, and other employees shall execute their authority properly and efficiently in accordance with the Company's own fundamental rules of decision-making and authorization procedures.
- The Corporate Officers (including Corporate Officers who also act as Directors) shall execute their duties quickly and efficiently in accordance with office routine regulations determined by the Meeting of the Board of Directors, and shall periodically confirm the status of execution of management plans and the budget determined at a Meeting of the Board of Directors.

**(v) Systems necessary to ensure appropriate operation of Corporate Group**

- The Directors shall have the responsible divisions oversee the routine management of the Company's subsidiaries in accordance with the 'Renesas Electronics CSR Charter', the 'Renesas Electronics Group Code of Conduct' and the Company's own fundamental rules of management of affiliated companies, and shall have the Corporate Auditors instruct and support the subsidiaries for establishing compliance system and other systems to ensure their appropriate operations through hearings of their business reports and investigations of their operations and finances.

(Translation)

- The Directors shall perform evaluation, maintenance and improvement of Renesas Electronics Group's Internal Control Systems over financial reporting in accordance with the applicable laws of Japan and other countries, including, but not limited to, the Financial Instruments and Exchange Act.
- The Directors shall have Internal Audit Office audit the Company's subsidiaries, and shall have principal subsidiaries allocate internal auditing staff or divisions and cooperate with the Internal Audit Office and the subsidiaries' own Corporate Auditors to ensure appropriate operations of Renesas Electronics Group.

**(vi) Matters relating to employees assigned to assist Corporate Auditors and independence of such employees from Directors**

The Directors shall establish the Corporate Auditors Office composed of specialized staff for the purpose of assisting the Corporate Auditors' audit activities. Any evaluation, personnel transfer, reprimand and the like of such specialized staff shall require prior consultation with the full-time Corporate Auditors, and such staff shall not be directed or supervised by the Directors for duties to assist the Corporate Auditors.

**(vii) Systems for Directors' and employees' reporting to Corporate Auditors; and systems relating to other reporting to Corporate Auditors**

The Directors and employees shall, upon requests from the Corporate Auditors, report to the Corporate Auditors on matters such as the execution of their duties.

**(viii) Other systems necessary to ensure effective auditing by Corporate Auditors**

- The Corporate Auditors shall attend Meetings of the Board of Directors, and may attend important meetings of the Company as they deem necessary. Furthermore, the Directors shall guarantee the right of Corporate Auditors to access important corporate information.
- The Corporate Auditors shall hold Meetings of Board of Corporate Auditor in principle at least once a month, and shall exchange information and deliberate on the status of audits and related matters. The Corporate Auditors also shall receive regular reports from accounting auditors on their audit activities, and shall exchange opinions on them.

(Translation)

## CONSOLIDATED BALANCE SHEET

(As of March 31, 2013)

(In millions of yen)

Assets		Liabilities and net assets	
Accounts	Amount	Accounts	Amount
<b>Current assets</b>	<b>326,375</b>	Liabilities	
Cash and deposits	78,072	<b>Current liabilities</b>	<b>228,594</b>
Notes and accounts receivable-trade	78,075	Notes and accounts payable-trade	99,153
Merchandise and finished goods	68,411	Short-term borrowings	1,000
Work in process	70,196	Current portion of long-term borrowings	25,514
Raw materials and supplies	12,742	Current portion of lease obligations	6,416
Deferred tax assets	1,603	Accounts payable-other	64,392
Accounts receivable-other	13,496	Accrued expenses	20,126
Other current assets	3,964	Accrued income taxes	6,443
Allowance for doubtful accounts	(184)	Provision for product warranties	466
<b>Long-term assets</b>	<b>342,729</b>	Provision for business structure improvement	1,128
<b>Property, plant and equipment</b>	<b>242,612</b>	Provision for contingent loss	7
Buildings and structures	102,450	Asset retirement obligations	331
Machinery and equipment	73,799	Other current liabilities	3,618
Vehicles, tools, furniture and fixtures	24,328	<b>Long-term liabilities</b>	<b>362,586</b>
Land	35,262	Long-term borrowings	264,656
Construction in progress	6,773	Lease obligations	8,795
<b>Intangible assets</b>	<b>43,904</b>	Deferred tax liabilities	11,476
Software	16,179	Accrued retirement benefits	58,810
Other intangible assets	27,725	Asset retirement obligations	4,491
<b>Investments and other assets</b>	<b>56,213</b>	Other liabilities	14,358
Investment securities	8,063	<b>Total liabilities</b>	<b>591,180</b>
Deferred tax assets	2,450	Net assets	
Long-term prepaid expenses	29,333	<b>Shareholders' equity</b>	<b>75,842</b>
Other assets	16,368	<b>Common stock</b>	<b>153,255</b>
Allowance for doubtful accounts	(1)	<b>Capital surplus</b>	<b>450,413</b>
		<b>Retained earnings</b>	<b>(527,815)</b>
		<b>Treasury stock</b>	<b>(11)</b>
		<b>Accumulated other comprehensive income</b>	<b>(9,098)</b>
		Unrealized gains (losses) on securities	308
		Foreign currency translation adjustments	(9,406)
		<b>Minority interests</b>	<b>11,180</b>
		<b>Total net assets</b>	<b>77,924</b>
<b>Total assets</b>	<b>669,104</b>	<b>Total liabilities and net assets</b>	<b>669,104</b>

(Translation)

## CONSOLIDATED STATEMENT OF OPERATIONS

(For the Year Ended March 31, 2013)

(In millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>785,764</b>
Cost of sales	542,877
<b>Gross profit</b>	<b>242,887</b>
Selling, general and administrative expenses	266,104
<b>Operating loss</b>	<b>23,217</b>
<b>Non-operating income</b>	<b>6,950</b>
Interest income	204
Dividends income	62
Equity in earnings of affiliates	40
Foreign exchange gains	729
Insurance income	2,583
Reversal of provision for contingent loss	1,068
Other non-operating income	2,264
<b>Non-operating expenses</b>	<b>10,595</b>
Interest expenses	4,720
Retirement benefit expenses	2,139
Other non-operating expenses	3,736
<b>Ordinary loss</b>	<b>26,862</b>
<b>Special income</b>	<b>3,003</b>
Gain on sales of property, plant and equipment	604
Gain on sales of investment securities	2,294
Other special income	105
<b>Special loss</b>	<b>133,894</b>
Impairment loss	4,767
Business structure improvement expenses	127,104
Other special loss	2,023
<b>Loss before income taxes and minority interests</b>	<b>157,753</b>
Income taxes-current	6,983
Income taxes-deferred	494
<b>Loss before minority interests</b>	<b>165,230</b>
Minority interests in income of consolidated subsidiaries	2,351
<b>Net loss</b>	<b>167,581</b>

(Translation)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS  
(For the Year Ended March 31, 2013)

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of the period	153,255	450,413	(360,234)	(11)	243,423
Changes during the period					
Net loss			(167,581)		(167,581)
Net changes in items other than shareholders' equity					
Total changes during the period	—	—	(167,581)	—	(167,581)
Balance at the end of the period	153,255	450,413	(527,815)	(11)	75,842

	Accumulated other comprehensive income			Share subscription rights	Minority interests	Total net assets
	Unrealized gains (losses) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the period	221	(25,686)	(25,465)	26	8,516	226,500
Changes during the period						
Net loss						(167,581)
Net changes in items other than shareholders' equity	87	16,280	16,367	(26)	2,664	19,005
Total changes during the period	87	16,280	16,367	(26)	2,664	(148,576)
Balance at the end of the period	308	(9,406)	(9,098)	—	11,180	77,924

(Translation)

BALANCE SHEET  
(on a non-consolidated basis)  
(As of March 31, 2013)

(In millions of yen)

Assets		Liabilities and net assets	
Accounts	Amount	Accounts	Amount
<b>Current assets</b>	<b>370,778</b>	Liabilities	
Cash and deposits	33,097	<b>Current liabilities</b>	<b>338,209</b>
Accounts receivable-trade	97,169	Notes payable-trade	2,150
Finished goods	48,450	Accounts payable-trade	137,432
Work in process	39,402	Short-term borrowings	1,000
Raw materials and supplies	4,942	Current portion of long-term borrowings	18,733
Prepaid expenses	1,187	Current portion of lease obligations	4,404
Short-term loans receivable	114,738	Accounts payable-other	57,402
Accounts receivable-other	67,858	Accrued expenses	5,509
Other current assets	539	Accrued income taxes	586
Allowance for doubtful accounts	(36,606)	Advances received	235
<b>Long-term assets</b>	<b>296,367</b>	Deposits received	109,851
<b>Property, plant and equipment</b>	<b>107,605</b>	Provision for product warranties	466
Buildings and structures	43,888	Provision for business structure improvement	81
Machinery and equipment	25,078	Provision for contingent loss	7
Vehicles, tools, furniture and fixtures	15,604	Other current liabilities	353
Land	20,312	<b>Long-term liabilities</b>	<b>309,056</b>
Construction in progress	2,723	Long-term borrowings	256,290
<b>Intangible assets</b>	<b>37,679</b>	Lease obligations	7,587
Software	14,717	Deferred tax liabilities	6,744
Developed technology	14,427	Accrued retirement benefits	23,774
Other intangible assets	8,534	Asset retirement obligations	2,333
<b>Investments and other assets</b>	<b>151,084</b>	Long-term accounts payable-other	11,986
Investment securities	481	Other liabilities	342
Stocks of subsidiaries and affiliates	118,687	<b>Total liabilities</b>	<b>647,265</b>
Long-term prepaid expenses	29,016	Net assets	
Other assets	2,901	<b>Shareholders' equity</b>	<b>19,874</b>
Allowance for doubtful accounts	(1)	<b>Common stock</b>	<b>153,255</b>
		<b>Capital surplus</b>	<b>465,555</b>
		Capital legal reserve	88,789
		Other capital surplus	376,766
		<b>Retained earnings</b>	<b>(598,926)</b>
		Other retained earnings	(598,926)
		Retained earnings brought forward	(598,926)
		<b>Treasury stock</b>	<b>(11)</b>
		<b>Valuation and translation adjustments</b>	<b>7</b>
		Unrealized gains (losses) on securities	7
		<b>Total net assets</b>	<b>19,880</b>
<b>Total assets</b>	<b>667,145</b>	<b>Total liabilities and net assets</b>	<b>667,145</b>

(Translation)

STATEMENT OF OPERATIONS  
(on a non-consolidated basis)  
(For the Year Ended March 31, 2013)

(In millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>676,275</b>
Cost of sales	555,179
<b>Gross profit</b>	<b>121,095</b>
Selling, general and administrative expenses	182,145
<b>Operating loss</b>	<b>61,050</b>
<b>Non-operating income</b>	<b>38,685</b>
Interest income	1,785
Interest on securities	3
Dividends income	32,488
Other non-operating income	4,408
<b>Non-operating expenses</b>	<b>8,416</b>
Interest expenses	4,681
Retirement benefit expenses	940
Other non-operating expenses	2,795
<b>Ordinary loss</b>	<b>30,781</b>
<b>Special income</b>	<b>2,703</b>
Gain on sales of investment securities	2,270
Gain on liquidation of subsidiaries and affiliates	289
Other special income	143
<b>Special loss</b>	<b>161,017</b>
Business Structure improvement expenses	89,911
Provision of allowance for doubtful accounts	36,558
Loss on valuation of subsidiaries and affiliates' stocks	29,342
Other special loss	5,206
<b>Loss before income taxes</b>	<b>189,095</b>
Income taxes-current	342
Income taxes-deferred	(435)
<b>Net loss</b>	<b>189,002</b>



(Translation)

## STATEMENT OF CHANGES IN NET ASSETS

(on a non-consolidated basis)

(For the Year Ended March 31, 2013)

(In millions of yen)

	Shareholders' equity					Total Shareholders' equity
	Common stock	Capital surplus		Retained earnings	Treasury stock	
		Capital legal reserve	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance at the beginning of the period	153,255	88,789	376,766	(409,923)	(11)	208,876
Changes during the period						
Net loss				(189,002)		(189,002)
Net changes in items other than shareholders' equity						
Total changes during the period	-	-	-	(189,002)	-	(189,002)
Balance at end of the period	153,255	88,789	376,766	(598,926)	(11)	19,874

	Valuation and translation adjustments	Share subscription rights	Total net assets
	Unrealized gains (losses) on securities		
Balance at the beginning of the period	93	26	208,994
Changes during the period			
Net loss			(189,002)
Net changes in items other than shareholders' equity	(86)	(26)	(112)
Total changes during the period	(86)	(26)	(189,114)
Balance at the end of the period	7	-	19,880

[Translation]

Report of Independent Auditors

May 7, 2013

The Board of Directors  
Renesas Electronics Corporation

Ernst & Young ShinNihon LLC

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Jun Uemura  
Certified Public Accountant  
Designated and Engagement Partner

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Kazuhiro Ishiguro  
Certified Public Accountant  
Designated and Engagement Partner

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Noriyasu Hanafuji  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Renesas Electronics Corporation (the "Company") applicable to the fiscal year from April 1, 2012 through March 31, 2013.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion independently on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit based on its plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Renesas Electronics Corporation, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2013 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

[Translation]

**Report of Independent Auditors**

May 7, 2013

The Board of Directors  
Renesas Electronics Corporation

Ernst & Young ShinNihon LLC

---

Jun Uemura  
Certified Public Accountant  
Designated and Engagement Partner

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Kazuhiro Ishiguro  
Certified Public Accountant  
Designated and Engagement Partner

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Noriyasu Hanafuji  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the balance sheet, the statement of operations, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Renesas Electronics Corporation (the "Company") applicable to the 11<sup>th</sup> fiscal year from April 1, 2012 through March 31, 2013.

**Management's Responsibility for the Financial Statements and the Related Supplementary Schedules**

The Company's management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion independently on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit based on its plan to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Auditors' Opinion**

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations applicable to the fiscal year ended March 31, 2013 in conformity with accounting principles generally accepted in Japan.

**Conflicts of Interest**

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

**Audit Report of Board of Corporate Auditors**

Based on audit reports from each Corporate Auditor, and following due discussion at meetings, the Board of Corporate Auditors have prepared this report regarding the execution of the duties of the Board of Directors for the 11<sup>th</sup> fiscal year from April 1, 2012 through March 31, 2013. The Board reports as follows:

1. Auditing Method Employed by the Corporate Auditors and Board of Corporate Auditors and the Details

The Board of Corporate Auditors established auditing policies and plans and received reports from each Corporate Auditor on the status of the implementation of audits and the results thereof, as well as reports from Directors and the Independent Auditors regarding the status of execution of their duties, and requested explanations as necessary.

On the basis of the Board of Corporate Auditors Rules established by the Board of Corporate Auditors, and in accordance with the auditing policies and plans, each Corporate Auditor sought mutual understanding with Directors and employees in their efforts to collect information and create an environment for audit, attended meetings of the Board of Directors and other important meetings, and received reports from Directors and employees regarding performance of their duties, requested explanations as necessary, and perused important documents regarding decisions and approvals made, and investigated the status of operations and the financial position at the Group's head office and principal offices of business. The Board of Corporate Auditors received the periodical reports from the Directors and employees about its framework and operation status of (i) the contents of the Board of Director's resolutions on establishment of systems as set forth in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act, as systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and to otherwise ensure the appropriateness of the business of a Kabushiki Kaisha, as stated in the Business Report, and (ii) the systems established pursuant to such resolution ("Internal Control System"); requested explanations as necessary; and provided opinions on those. Regarding the Internal Control System for financial reporting, the Board of Corporate Auditors received the reports from the Directors and the Independent Auditors about its assessment and audit and requested explanations as necessary. Besides, regarding the capital increase by way of third-party allotment resolved at the Extraordinary General Meeting of Shareholders held on February 22, 2013, the Board of Corporate Auditors received reports appropriately from the Directors and employees about matters related its implementation, heard opinions of outside lawyers and audited and verified legality and appropriateness of their decision-making process and results. Regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchanged information with directors and corporate auditors of the subsidiaries, and, where necessary, visited the subsidiaries, received business reports from the subsidiaries, and examined their operations and assets. Based on the above methods, the Board of Corporate Auditors evaluated the Business Report and supplementary schedules thereto for the 11<sup>th</sup> fiscal year ended March 31, 20123.

In addition, the Board of Corporate Auditors audited and verified whether the Independent Auditors maintained their independence and carried out their audits appropriately, received reports from the Independent Auditors regarding the execution of their duties and, where necessary, requested explanations. Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Corporation Accounting Regulations) has been established in accordance with "Quality Control Standards for Auditing" (adopted by the Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary. Based on the above methods, the Board of Corporate Auditors audited the financial statements related to the 11<sup>th</sup> fiscal year ended March 31, 2013 (the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements) and supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets and notes to the consolidated financial statements).

2. Results of Audit

(1) Results of the Audit on the Business Report, etc.

1. We found that the Business Report and supplementary schedules accurately reflect the conditions of the Group in accordance with applicable laws and regulations and the Articles of Incorporation.
2. No inappropriate conducts concerning the execution of duties by Directors or material facts in violation of applicable laws and regulations or the Articles of Incorporation were found.
3. We found that the contents of Board of Directors' resolutions concerning the Internal Control System were appropriate. Further, no material defects were found with respect to Director' execution of duties in regards to the Internal Control System.

(2) Results of the Audit on the Consolidated Financial Statements

We found that the methods and the results of the audit conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of the Audit on the Financial Statements and Supplementary Schedules

We found that the methods and the results of the audits conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, are appropriate.

May 8, 2013

Board of Corporate Auditors of Renesas Electronics Corporation

Corporate Auditor (Full-time) Junichiro Nishi (Seal)

Corporate Auditor (Full-time) Kazuki Fukuda (Seal)

Corporate Auditor Yoichiro Yamakawa (Seal)

Corporate Auditor Yoshinobu Shimizu (Seal)

Corporate Auditor Yoshihito Kitamatsu (Seal)

Note: Messrs. Kazuki Fukuda, Yoichiro Yamakawa, Yoshinobu Shimizu and Yoshihito Kitamatsu are outside Corporate Auditors stipulated in item 16, Article 2, and paragraph 3, Article 335 of the Companies Act.