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RENESAS

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Renesas Electronics Reports Financial Results for the Second Quarter Ended September 30, 2010

Tokyo, Japan, October 27, 2010 — Renesas Electronics Corporation (TSE: 6723) today announced consolidated financial results for the six months ended September 30, 2010.

	Three months ended September 30, 2010		Six months ended September 30, 2010	
	Billion Yen	%	Billion Yen	%
Net Sales	295.4	100.0	587.5	100.0
Sales from semiconductors	263.5		525.0	
Sales from others	31.9		62.5	
Operating income (loss)	1.1	0.4	0.7	0.1
Ordinary income (loss)	(4.3)	(1.4)	(7.8)	(1.3)
Net income (loss)	(8.2)	(2.8)	(41.2)	(7.0)
Capital expenditures	8.6		30.1	
Depreciation and others	29.5		59.8	
R&D expenses	55.7		108.2	
	Yen		Yen	
Exchange rate (USD)	88		90	
Exchange rate (Euro)	111		116	

	As of September 30, 2010	
	Billion Yen	
Total assets	1,162.7	
Net assets	363.5	
Equity ratio (%)	30.7	
Interest-bearing debt	374.4	

Note 1: All figures are rounded to the nearest 100 million yen.
Note 2: Consolidated financial results for the six months ended September 30, 2010 have not been reviewed by the auditors. The figures are subject to change based on subsequent events or the auditors' review. Renesas Electronics Corporation will promptly notify the correction by issuing a press release.
Note 3: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipments).
Note 4: Depreciation and others includes depreciation and amortization of intangible assets and amortization of long-term prepaid expenses.

Consolidated Financial Results for the Second Quarter Ended September 30, 2010

English translation from the original Japanese-language document

October 27, 2010

Company name	: **Renesas Electronics Corporation**
Stock exchanges on which the shares are listed	: Tokyo Stock Exchange, First Section
Code number	: 6723
URL	: http://www.renesas.com
Representative	: Yasushi Akao, President
Contact person	: Taizo Endo, Executive Manager Corporate Communications Dept Tel. +81 (0)3-6756-5552
Filing date of Shihanki Hokokusho (scheduled)	: November 8, 2010

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2010

1.1 Consolidated operating results

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2010	587,468	---	729	---	(7,802)	---	(41,241)	---
Six months ended September 30, 2009	221,345	---	(36,910)	---	(37,781)	---	(39,805)	---

	Net income (loss) per share basic	Net income (loss) per share diluted
	Yen	Yen
Six months ended September 30, 2010	(98.87)	---
Six months ended September 30, 2009	(322.31)	---

1.2 Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2010	1,162,713	363,536	30.7	854.57
March 31, 2010	459,928	136,338	28.8	1,070.90

Reference: Equity as of September 30, 2010: 356,459 million yen
Equity as of March 31, 2010: 132,254 million yen

Note: Equity is equal to "Net assets" excluding "Share subscription rights" and "Minority interests".

2. Cash dividends

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

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

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

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ending March 31, 2011	1,170,000	--	7,000	--	(5,000)	--	(80,000)	--	(191.79)	--

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

4. Others

Note: Please refer to Appendix 2, “Others” on page 13.

4.1 Changes in significant consolidated subsidiaries for the three months ended September 30, 2010

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

New : ---

Excluded : ---

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

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

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

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

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

2. Other changes: Yes

4.4 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)
   As of September 30, 2010: 417,124,490 shares
   As of March 31, 2010: 123,500,000 shares

2. Number of treasury stock
   As of September 30, 2010: 2,548 shares
   As of March 31, 2010: 2,448 shares

3. Average number of shares issued and outstanding
   For the six months ended September 30, 2010: 417,121,942 shares
   For the six months ended September 30, 2009: 123,497,694 shares

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

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

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

[APPENDIX]

1. Second Quarter Consolidated Financial Results

1.1 Consolidated Operating Results

1.1.1 Overview of the Six Months Ended September 30, 2010

	Six months ended September 30, 2010	(Reference) (Note1) Six months ended September 30, 2009	(Reference) Forecast of result for six months ended September 30, 2010 announced on July 29
	Billion yen	Billion yen	Billion yen
Net sales	587.5	500.3	590.0
Sales from semiconductors	525.0	443.1	540.0
Sales from others	62.5	57.2	50.0
Operating income (loss)	0.7	(87.9)	(2.0)
Ordinary income (loss)	(7.8)	(93.4)	(8.0)
Net income (loss)	(41.2)	(99.2)	(42.0)
	Yen	Yen	Yen
Exchange rate (USD)	90	---	90
Exchange rate (EUR)	116	---	110

Note 1. Financial results for the six months ended September 30, 2009 include respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of “Net sales” and “Sales from semiconductors” of former Renesas Technology Corp. are reclassified to be consistent with the sales amount of former NEC Electronics Corporation.

[Net sales]

Consolidated net sales for the six months ended September 30, 2010 were 587.5 billion yen, an increase by 17.4 percent year on year. This steady performance was due to the continuous recovery trend in the overall semiconductor market, especially in the emerging countries that showed increase in demand. Sales from semiconductors were 525.0 billion yen, an increase by 18.5 percent year on year.

[Operating income (loss)]

Operating income (loss) for the six months ended September 30, 2010 improved by 88.6 billion yen year on year to an operating income of 0.7 billion yen, mainly owing to a large increase in sales and reduction of fixed-costs.

[Ordinary income (loss)]

Ordinary loss for the six months ended September 30, 2010 amounted to 7.8 billion yen, due to non-operating loss of 8.5 billion yen from recording non-operating expenses of 10.1 billion yen including foreign exchange losses and interest expenses.

[Net income (loss)]

Net loss for the six months ended September 30, 2010 was 41.2 billion yen. Impairment loss of 35.3 billion yen on long-term assets of Renesas Electronics Group (“the Group”) was recorded.

Although net sales were lower-than-expected, operating income was 0.7 billion yen, which was better than Renesas Electronics Corporation (“the Company”)’s estimate of 2.0 billion yen operating loss, due to improvement of gross profit ratio and reduced R&D cost through steady execution of the measures formulated through the 100-day Project. Ordinary loss and net loss, on the other hand, only showed little improvements due to larger-than-expected foreign exchange loss in the non-operating loss, especially from the stronger yen against the U.S. dollar.

1.1.2 Summary of Consolidated Operating Results Three Months Ended September 30, 2010

	Three months ended September 30, 2010	(Reference) (Note1) Three months ended September 30, 2009
	Billion yen	Billion yen
Net sales	295.4	265.0
Sales from semiconductors	263.5	234.4
Sales from others	31.9	30.6
Operating income (loss)	1.1	(43.9)
Ordinary income (loss)	(4.3)	(48.4)
Net income (loss)	(8.2)	(54.8)
	Yen	Yen
Exchange rate (USD)	88	---
Exchange rate (EUR)	111	---

Note 1. Financial results for the three months ended September 30, 2009 include respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of “Net sales” and “Sales from semiconductors” of former Renesas Technology Corp. are reclassified to be consistent with the sales amount of former NEC Electronics Corporation.

Despite the full-scale growing trend triggered by the robust growth especially in Asian regions during the three months ended June 30, 2010, the global economic situation decelerated during the three months ended September 30, 2010. This was mainly due to the government’s economic stimulation measures that started to show less impact on the economy, the falling stock prices in the developed countries and the still high unemployment rate. Japan economy in particular has been showing sluggish movement, owing to concerns for a decline in the corporate earnings due to the stronger yen and a decrease in export.

Amidst this economic condition, the semiconductor market in which the Group operates experienced further slowdown in the electronic device production due to the customers’ inventory adjustment responding to uncertainty of the economy, nearly reaching the actual market demand compared to the first quarter when customers’ production hike and inventory accumulation led the demand for semiconductors to surpass the Group’s production capacity.

However, some of the emerging electronic devices, such as smartphones, tablet PCs and smart grid–related devices, have been leading the semiconductor industry and retained continuing high growth. For these reasons, the Group forecasts the market condition to remain sluggish but to show a moderate growth.

[Net sales]
Consolidated net sales for the three months ended September 30, 2010 were 295.4 billion yen, an increase by 11.5 percent year on year. This steady performance was due to the continuous recovery trend in the overall semiconductor market, especially in Asia region that showed increase in demand.

[Sales from Semiconductors]
Sales from semiconductors for the three months ended September 30, 2010 were 263.5 billion yen, 12.4 percent increase from year on year. The business segment of the Group is semiconductors other than general-purpose DRAM, comprising three product groups; “MCUs”, “Analog & Power Devices” and “SoC (System on Chip) solutions”, and “the other semiconductors” that fit to neither of above three product categories.

Sales of respective product groups are as follows:

<u>MCUs: 95.9 billion yen</u>
MCUs mainly include automotive microcontrollers, microcontrollers for industrial systems, microcontrollers used in digital home appliances, white goods, and consumer electronics including game consoles, and microcontrollers for PC and PC peripherals such as hard disc drives.

Sales of MCUs for the three months ended September 30, 2010 were 95.9 billion yen, an increase from the corresponding period of the previous year. Sales of microcontrollers for industrial systems and automotive microcontrollers increased.

<u>Analog and Power Devices: 83.5 billion yen</u>
Analog and power devices consist mainly of power MOSFETs, mixed signal ICs, IGBTs (Insulated Gate Biploar Transistors), diodes, small signal transistors, display driver ICs, compound semiconductor devices such as optical and microwave devices, employed in automobiles, industrial systems, PC and PC peripherals and consumer electronic devices.

Sales of analog and power devices for the three months ended September 30, 2010 were 83.5 billion yen, an increase from the corresponding period of the previous year, mainly owing to increase in the sales of power MOSFETs for automobiles and PC power supplies.

<u>SoC solutions: 83.2 billion yen</u>
SoC solutions mainly include semiconductors for mobile handsets, ICs for network devices, semiconductors for industrial systems, semiconductors for PC and PC peripherals including hard disc drives and USB devices, semiconductors for consumer electronics such as digital home appliances and game consoles, and semiconductors used in

automobiles including car navigation systems.

Sales of SoC solutions for the three months ended September 30, 2010 decreased from the previous year in the corresponding period to 83.2 billion yen. This drop was mainly due to decline in the semiconductor sales for mobile handsets, despite an increase in the semiconductors for automobiles.

Other Semiconductors: 0.9 billion yen

Sales of other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the three months ended September 30, 2010 were 0.9 billion yen.

[Sales from others]

Sales from others for the three months ended September 30, 2010 were 31.9 billion yen.

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

[Operating income (loss)]

Operating income (loss) for the three months ended September 30, 2010 improved by 45.0 billion yen year on year to an operating income of 1.1
billion yen, mainly owing to a large increase in sales and reduction of fixed-costs. In quarterly comparison, operating income (loss) improved by 1.4 billion yen from the previous quarter.

[Ordinary income (loss)]

Ordinary loss for the three months ended September 30, 2010 amounted to 4.3 billion yen, due to non-operating loss of 5.3 billion yen from recording non-operating expenses of 6.2 billion yen including foreign exchange losses and interest expenses.

[Net income (loss)]

Net loss for the three months ended September 30, 2010 was 8.2 billion yen mainly due to special loss of 3.0 billion yen.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	September 30, 2010	June 30, 2010
	Billion yen	Billion yen
Total assets	1,162.7	1,151.0
Net assets	363.5	373.5
Equity	356.5	366.7
Equity ratio (%)	30.7	31.9
Interest-bearing debt	374.4	375.4
Debt / Equity ratio	1.05	1.02

Total assets at September 30, 2010 were 1,162.7 billion yen, an 11.7 billion yen increase from June 30, 2010. This was mainly due to increase in cash and cash equivalents as well as inventories.

Compared to June 30, 2010, net assets were 9.9 billion yen lower at 363.5 billion yen, mainly owing to posting net loss of 8.2 billion yen for the three months ended September 30, 2010.

Equity was 10.3 billion yen lower from June 30, 2010, mainly due to posting net loss, and equity ratio decreased by 1.2 points to 30.7 percent.

Interest-bearing debt decreased by 0.9 billion yen from June 30, 2010. Consequently, debt to equity ratio was 1.05 times, 0.03 points worse from June 30, 2010.

1.2.2 Cash Flows

	Three Months ended September 30, 2010
	Billion yen
Net cash provided by (used in) operating activities	35.0
Net cash provided by (used in) investing activities	(18.4)
Free cash flows	16.6
Net cash provided by (used in) financing activities	(2.4)
Cash and cash equivalents at beginning of period	318.6
Cash and cash equivalents at end of period	331.8

(Net cash provided by (used in) operating activities)
Despite recording loss before income taxes and minority interests, net cash provided by operating activities for three months ended September 30, 2010 was 35.0 billion yen, mainly owing to recording a depreciation and amortization.

(Net cash provided by (used in) investing activities)
Net cash used in investing activities for three months ended September 30, 2010 was 18.4 billion yen, mainly owing to purchase of property, plant, and equipment in the amount of 17.9 billion yen.

The foregoing resulted in positive free cash flows of 16.6 billion yen for three months ended September 30, 2010.

(Net cash provided by (used in) financing activities)
Net cash used in financing activities for three months ended September 30, 2010 was 2.4 billion yen mainly due to repayment of long-term borrowings.

As a result of the above, cash and cash equivalents increased by 13.3 billion yen and cash and cash equivalents at the end of period were 331.8 billion yen.

1.3 Consolidated Forecasts

As for the forecasts for the fiscal year ending March 31, 2011: net sales are expected to be 1,170.0 billion yen, 20.0 billion yen down from the previous forecast (announced on July 29, 2010); sales from semiconductor are expected to be 1,050.0 billion yen, 40.0 billion yen down from the previous forecast; operating income is expected to be 7.0 billion yen; ordinary loss is expected to be 5.0 billion yen; and net loss is expected to be 80.0 billion yen. Forecasts of all of the income (loss) remain unchanged from the previous forecasts.

As for the forecasts of the sales from semiconductors including three product areas; MCUs, (microcontrollers), analog and power devices and SoC (system-on-chip) solutions; in the second half of the fiscal year ending March 31, 2011 are as follows.

Of the MCU sales, general-purpose MCUs, particularly sales of MCUs for inverter-control applications are expected to be continuously strong and MCUs for the Chinese market, such as MCUs for smart meter applications (electricity meters) are expected to expand. Although sales of MCUs for automobiles are expected to decelerate from the beginning of the second half resulting from the termination of the government's subsidy program that encouraged consumer expenditure, the Group continues to expect strong demand in China and other emerging countries and also expects recovery in demand in Japan from the latter part of the second half of the fiscal year ending March 2011.

As for Analog & Power devices, although sales of power devices for industrial appliances and consumer electronics for China and other emerging countries are expected to continue to show steady movement, demands for analog ICs are expected to decrease mainly due to inventory adjustments in the PC market.

Of the sales of SoCs, demands for SoCs for mobile handsets are expected to increase from repurchase demand for mostly smartphones in developed countries and increase in demand in emerging countries. In addition, SoCs for digital televisions (DTVs) are expected to continue to show solid growth, mainly owing to the transition from analog to digital broadcasting in Japan and increasing demand for LED and 3D televisions.

As explained above, the Group expects a continuous growth at the output base, however, semiconductor sales for the second half of the fiscal year ending March 31, 2011 (the period from October 1, 2010 to March 31, 2011) are expected to stay stagnant mainly due to the stronger yen especially against the U.S. dollar.

Operating income remained the same as the previous forecasts to be 7.0 billion yen. This is due to implementation of the Group's structural reforms decided through the 100-day Project as well as the early realization of the merger synergies, despite the lower profit from decrease in semiconductor sales,

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

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

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

	Net Sales	(Reference) Sales from semiconductors	Operating Income (loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous forecasts (July 29, 2010)	1,190,000	1,090,000	7,000	(5,000)	(80,000)
Revised forecasts (October 27, 2010)	1,170,000	1,050,000	7,000	(5,000)	(80,000)
Increase (decrease)	(20,000)	(40,000)	0	0	0
Percent change	(1.7)	(3.7)	---	---	---
Reference (Note 1): Results for the year ended March 31, 2010	1,062,398	942,472	(113,251)	(125,336)	(137,776)

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

The statements in this press release are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

2. Others

2.1 Changes in Significant Consolidated Subsidiaries

None

2.2 Adoption of Simplified Accounting Methods and Special Accounting Methods

2.2.1 Simplified Accounting Methods

None

2.2.2 Special Accounting Methods

Calculation of tax expenses

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

Deferred tax expense is included in income taxes.

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

2.3.1 Change in the Valuation Methods for Inventories

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

as it would contribute to improvement of the cost management and consistency of the cost accounting.

The effects of this change on the operating result for six months ended September 30, 2010 were immaterial.

2.3.2 Change in the Depreciation Methods for Long-term Assets

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

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

As a result of this change, the depreciation expenses for six months ended September 30, 2010 decreased by 3,478 million yen. As a result, operating income for the period increased by 2,891 million yen while ordinary loss and loss before income taxes and minority income for the period decreased by 2,891 million yen as compared with the previous method.

2.3.3 Change in Classification for Royalty Expense

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

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

As a result of this change, cost of sales for six months ended September 30, 2010 decreased by 5,243 million yen and selling, general and administrative expenses for the period increased by 5,243 million yen compared with the previous classification. There were no effects on operating income, ordinary loss and loss before income taxes and minority income for the period.

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

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

The effects of this adoption on operating results for six months ended September 30, 2010 were immaterial.

2.3.5 Adoption of Accounting Standard for Asset Retirement Obligations

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

As a result of the adoption, operating income for six months ended September 30, 2010 decreased by 164 million yen while ordinary loss for the period increased by 164 million yen and loss before taxes for the period increased by 1,652 million yen respectively.

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

2.3.6 Adoption of Accounting Standard for Business Combination

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

3. Quarterly Consolidated Financial Statements

3.1 Quarterly Consolidated Balance Sheets

As of March 31, 2010 and September 30, 2010

(In millions of yen)

	September 30,2010	March 31, 2010 (Condensed)
Assets		
Current assets		
Cash and deposits	119,705	24,685
Notes and accounts receivable-trade	179,944	63,752
Short-term investment securities	213,000	66,549
Merchandise and finished goods	48,788	13,446
Work in process	69,730	33,411
Raw materials and supplies	17,343	10,192
Accounts receivable-other	24,914	8,860
Other	7,330	3,811
Allowance for doubtful accounts	(383)	(167)
Total current assets	680,371	224,539
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	126,690	68,008
Machinery and equipment, net	155,162	85,373
Vehicles, tools, furniture and fixtures, net	32,259	16,321
Land	35,976	14,737
Construction in progress	13,145	13,538
Total property, plant and equipment	363,232	197,977
Intangible assets		
Software	28,662	13,214
Other	40,450	705
Total intangible assets	69,112	13,919
Investments and other assets		
Investment securities	10,326	194
Long-term prepaid expenses	20,001	7,196
Prepaid pension cost	-	6,658
Long-term accounts receivable-other	-	5,829
Other	19,671	3,616
Total investments and other assets	49,998	23,493
Total long-term assets	482,342	235,389
Total assets	1,162,713	459,928

(In millions of yen)

	September 30, 2010	March 31, 2010 (Condensed)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	176,212	74,595
Short-term borrowings	134,407	2,450
Current portion of long-term borrowings	39,600	3,104
Current portion of bonds with share subscription rights	110,000	-
Current portion of lease obligations	8,013	3,223
Accounts payable-other	50,611	21,525
Accrued expenses	57,854	22,709
Accrued income taxes	3,334	2,812
Provision for product warranties	697	253
Provision for contingent loss	997	1,545
Asset retirement obligations	118	-
Other	7,064	7,642
Total current liabilities	588,907	139,858
Long-term liabilities		
Bonds with share subscription rights	-	110,000
Long-term borrowings	64,575	11,062
Lease obligations	17,833	11,054
Accrued retirement benefits	93,675	40,098
Provision for contingent loss	1,110	1,228
Asset retirement obligations	5,728	-
Other	27,349	10,290
Total long-term liabilities	210,270	183,732
Total liabilities	799,177	323,590
Net assets		
Shareholders' equity		
Common stock	153,255	85,955
Capital surplus	450,413	242,586
Retained earnings	(223,852)	(182,611)
Treasury stock	(11)	(11)
Total shareholders' equity	379,805	145,919
Valuation and translation adjustments		
Unrealized gains (losses) on securities	(500)	(16)
Foreign currency translation adjustments	(22,846)	(13,649)
Total valuation and translation adjustments	(23,346)	(13,665)
Share subscription rights	50	52
Minority interests	7,027	4,032
Total net assets	363,536	136,338
Total liabilities and net assets	1,162,713	459,928

3.2 Quarterly Consolidated Statements of Operations

Six Months Ended September 30, 2009 and 2010

(In millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net sales	221,345	587,468
Cost of sales	172,649	389,096
Gross profit	48,696	198,372
Selling, general and administrative expenses	85,606	197,643
Operating income (loss)	(36,910)	729
Non-operating income		
Interest income	147	288
Dividends income	-	32
Equity in earnings of affiliates	-	126
Foreign exchange gains	674	-
Subsidy income	695	-
Other	479	1,084
Total non-operating income	1,995	1,530
Non-operating expenses		
Interest expenses	154	1,907
Foreign exchange losses	-	4,056
Loss on disposal of long-term assets	885	1,323
Retirement benefit expenses	1,179	1,191
Other	648	1,584
Total non-operating expenses	2,866	10,061
Ordinary income (loss)	(37,781)	(7,802)
Special income		
Gain on sales of property, plant and equipment	130	527
Gain on negative goodwill	-	2,159
Reversal of provision for contingent loss	-	1,774
Gain on transfer of business	-	1,192
Gain on sales of investment securities	-	155
Total special income	130	5,807
Special loss		
Loss on sales of property, plant and equipment	1	158
Impairment loss	146	35,344
Business structure improvement expenses	1,119	530
Provision for contingent loss	770	-
Effect of accounting standard adoption for asset retirement obligations	-	1,488
Loss on valuation of investment securities	-	119
Total special losses	2,036	37,639
Income (loss) before income taxes and minority interests	(39,687)	(39,634)
Income taxes	707	589
Income (loss) before minority interests	-	(40,223)
Minority interests in income (loss) of consolidated subsidiaries	(589)	1,018
Net income (loss)	(39,805)	(41,241)

Three Months Ended September 30, 2009 and 2010

(In millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010
Net sales	119,053	295,433
Cost of sales	89,207	194,052
Gross profit	29,846	101,381
Selling, general and administrative expenses	45,260	100,313
Operating income (loss)	(15,414)	1,068
Non-operating income		
Interest income	54	131
Dividends income	-	8
Equity in earnings of affiliates	-	53
Foreign exchange gains	128	-
Subsidy income	323	-
Other	309	621
Total non-operating income	814	813
Non-operating expenses		
Interest expenses	136	950
Foreign exchange losses	-	2,713
Loss on disposal of long-term assets	623	1,030
Retirement benefit expenses	590	596
Other	431	867
Total non-operating expenses	1,780	6,156
Ordinary income (loss)	(16,380)	(4,275)
Special income		
Gain on sales of property, plant and equipment	69	368
Gain on sales of investment securities	-	21
Total special income	69	389
Special loss		
Loss on sales of property, plant and equipment	1	152
Impairment loss	146	2,202
Business structure improvement expenses	542	488
Provision for contingent loss	770	-
Loss on valuation of investment securities	-	119
Total special losses	1,459	2,961
Income (loss) before income taxes and minority interests	(17,770)	(6,847)
Income taxes	525	789
Income (loss) before minority interests	-	(7,636)
Minority interests in income (loss) of consolidated subsidiaries	(189)	539
Net income (loss)	(18,106)	(8,175)

3.3 Quarterly Consolidated Statements of Cash Flows

Six Months Ended September 30, 2009 and 2010

(In millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(39,687)	(39,634)
Depreciation and amortization	25,137	54,015
Amortization of long-term prepaid expenses	2,622	5,790
Impairment loss	146	35,344
Gain on negative goodwill	-	(2,159)
Increase (decrease) in accrued retirement benefits	2,868	(338)
Increase (decrease) in provision for contingent loss	603	(1,790)
Interest and dividends income	(147)	(320)
Interest expenses	154	1,907
Equity in (earnings) losses of affiliates	-	(126)
Loss (gain) on sales and valuation of investment securities	-	(36)
Loss (gain) on sales of property, plant and equipment	(129)	(369)
Loss on disposal of long-term assets	885	1,323
Business structure improvement expenses	1,119	101
Loss (gain) on transfer of business	-	(1,192)
Effect of accounting standard adoption for asset retirement obligations	-	1,488
Decrease (increase) in notes and accounts receivable-trade	(16,384)	(4,001)
Decrease (increase) in inventories	7,886	(13,882)
Decrease (increase) in accounts receivable-other	(643)	(2,009)
Increase (decrease) in notes and accounts payable-trade	9,061	(1,618)
Increase (decrease) in accounts payable-other and accrued expenses	(1,991)	6,656
Increase (decrease) in accrued consumption taxes	1,188	1,214
Other, net	(5,419)	1,716
Subtotal	(12,731)	42,080
Interest and dividends received	178	355
Interest paid	(154)	(1,917)
Income taxes paid	(592)	(3,509)
Payments for extra retirement benefits	(562)	(145)
Payments for loss on litigation and others	-	(3,890)
Net cash provided by (used in) operating activities	(13,861)	32,974

		(In millions of yen)
	Six months ended September 30, 2009	Six months ended September 30, 2010
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	-	17
Purchase of property, plant and equipment	(24,880)	(34,541)
Proceeds from sales of property, plant and equipment	2,605	1,300
Purchase of intangible assets	(1,131)	(1,829)
Purchase of long-term prepaid expenses	(856)	(1,100)
Proceeds from sales of investment securities	-	169
Proceeds from transfer of business	-	3,285
Proceeds from sales of subsidiary's stocks resulting in change in scope of consolidation	-	86
Other, net	(436)	(176)
Net cash provided by (used in) investing activities	(24,698)	(32,789)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	849	18,341
Proceeds from long-term borrowings	12,000	11,500
Repayment of long-term borrowings	-	(23,760)
Proceeds from issuance of common stock	-	134,600
Repayments of finance lease obligations	(352)	(3,891)
Repayments of installment payables	(1,498)	(2,454)
Proceeds from sale-and-leaseback transactions	15,992	-
Other, net	-	(357)
Net cash provided by (used in) financing activities	26,991	133,979
Effect of exchange rate change on cash and cash equivalents	(241)	(5,463)
Net increase (decrease) in cash and cash equivalents	(11,809)	128,701
Cash and cash equivalents at beginning of the period	101,279	91,234
Increase in cash and cash equivalents resulting from merger	-	111,892
Cash and cash equivalents at end of the period	89,470	331,827

3.4 Notes on Assumption for Going Concern

None

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

As of April 1, 2010, the Company merged with Renesas Technology Corp. As a result of the merger,

the amount of capital surplus of the Company increased by 140,527 million yen for six months ended September 30, 2010.

In addition, as of April 1, 2010, the Company issued the shares of its common stock to NEC Corporation, Hitachi, Ltd. and Mitsubishi Electric Corporation by way of third party allotment. As a result of the issuance, the amount of common stock and capital surplus of the Company increased by 67,300 million yen respectively for six months ended September 30, 2010.

As a result, the amount of common stock and capital surplus of the Company amounted to 153,255 million yen and 450,413 million yen, respectively as of September 30, 2010.

Forward-Looking Statements

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

About Renesas Electronics Corporation

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

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