

FY12/3 Q2 Financial Results

Renesas Electronics Corporation

October 31, 2011

Yasushi Akao, President

Executive Summary

I. FY12/3 Q2 Financial Results

- ▣ Sales in the second quarter ended September 30, 2011 recovered as the production/supply capabilities returned to normal. Overall Q2 results were in line with the company's original forecasts.

II. FY12/3 Financial Forecasts

- ▣ Forecast for the full-year net sales was lowered resulting from a decline in global economy and negative impact of the currency
- ▣ Despite the lowered sales forecast, the company still expects the full-year profits and losses to remain unchanged by conducting cost reductions

I. FY12/3 Q2 Financial Results

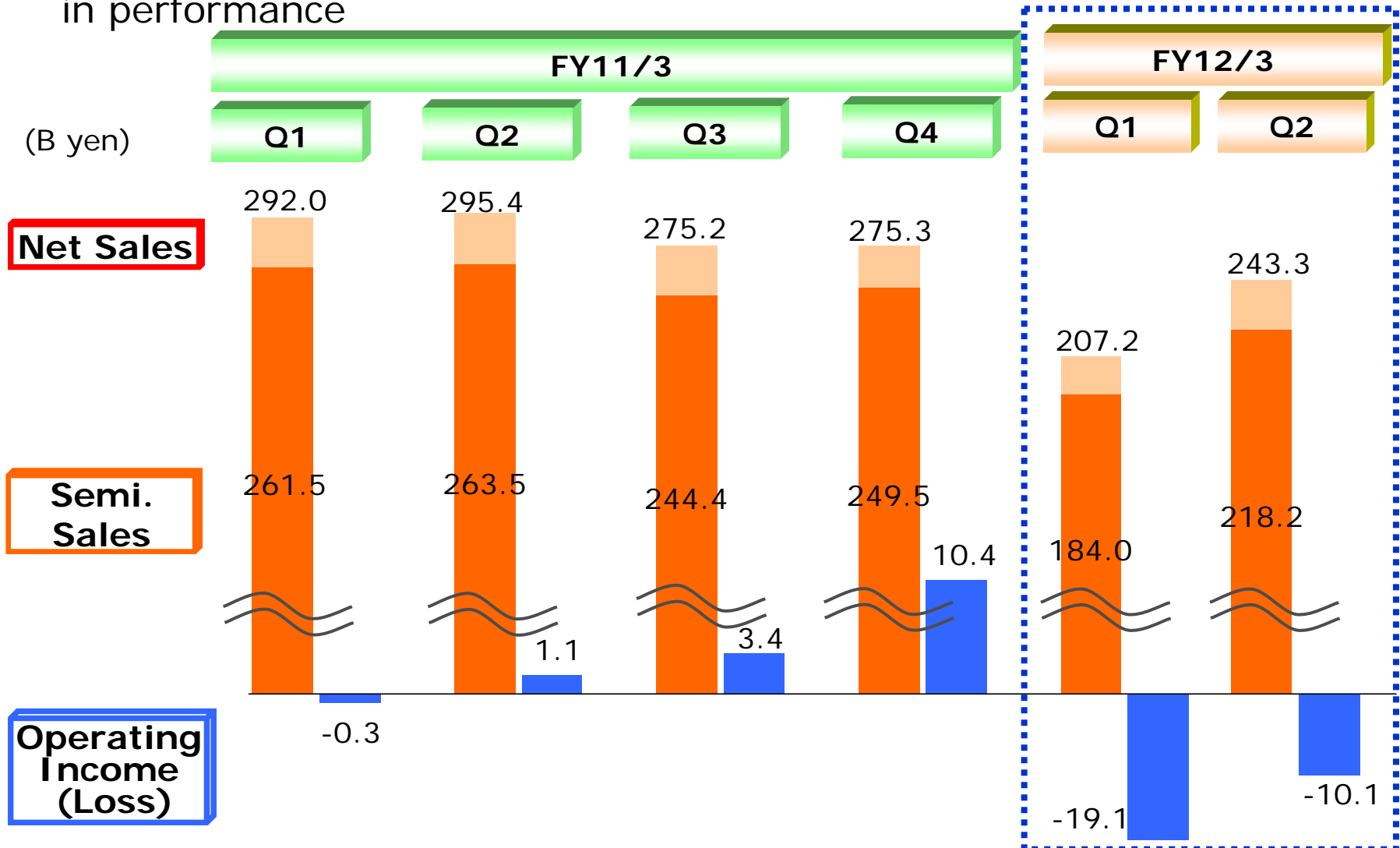
FY12/3 Q2 Financial Snapshot

- Semiconductor sales were 218.2 billion yen, increased by 19% QoQ. Although this result was slightly short of the original forecasts, semiconductor sales were still in line with the company's expectation taking into account the negative impact of the currency.
- Achieved significant improvement in operating and net income (loss), due to positive results generated from the 100-Day Project, such as streamlining of R&D expenses, in addition to increased sales

	FY11/3	FY12/3			
	Q2	Q1	Q2	QoQ	YoY
(B yen)					
Net Sales	295.4	207.2	243.3	+36.1 (+17%)	-52.1 (-18%)
Semiconductor Sales	263.5	184.0	218.2	+34.1 (+19%)	-45.3 (-17%)
Operating Income (Loss)	1.1	-19.1	-10.1	+9.0	-11.2
Ordinary Income (Loss)	-4.3	-20.3	-13.1	+7.2	-8.8
Net Income (Loss)	-8.2	-33.2	-8.8	+24.4	-0.6
1 US\$=	88 yen	82 yen	79 yen	3 yen strong	9 yen strong
1 Euro=	111 yen	117 yen	113 yen	4 yen strong	2 yen weak

Trends in Quarterly Results

- Negative impact of the earthquake including decreased production bottomed out in Q1 and the company started to show improvements in performance

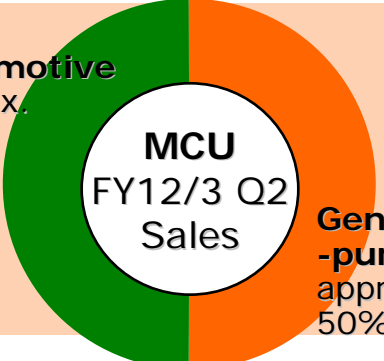
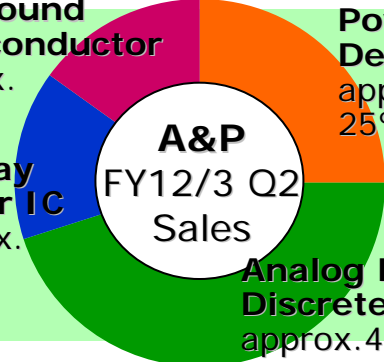
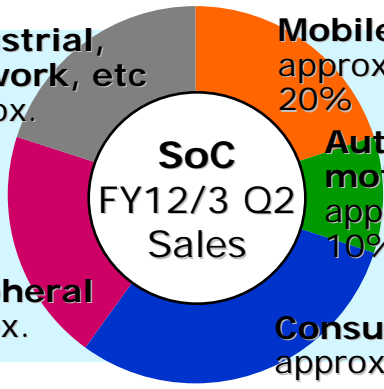


FY12/3 Q2 Semiconductor Sales by Business (1)

- Production/supply capabilities that were affected by the earthquake showed great improvements in Q2 and sales in all three of the businesses increased QoQ

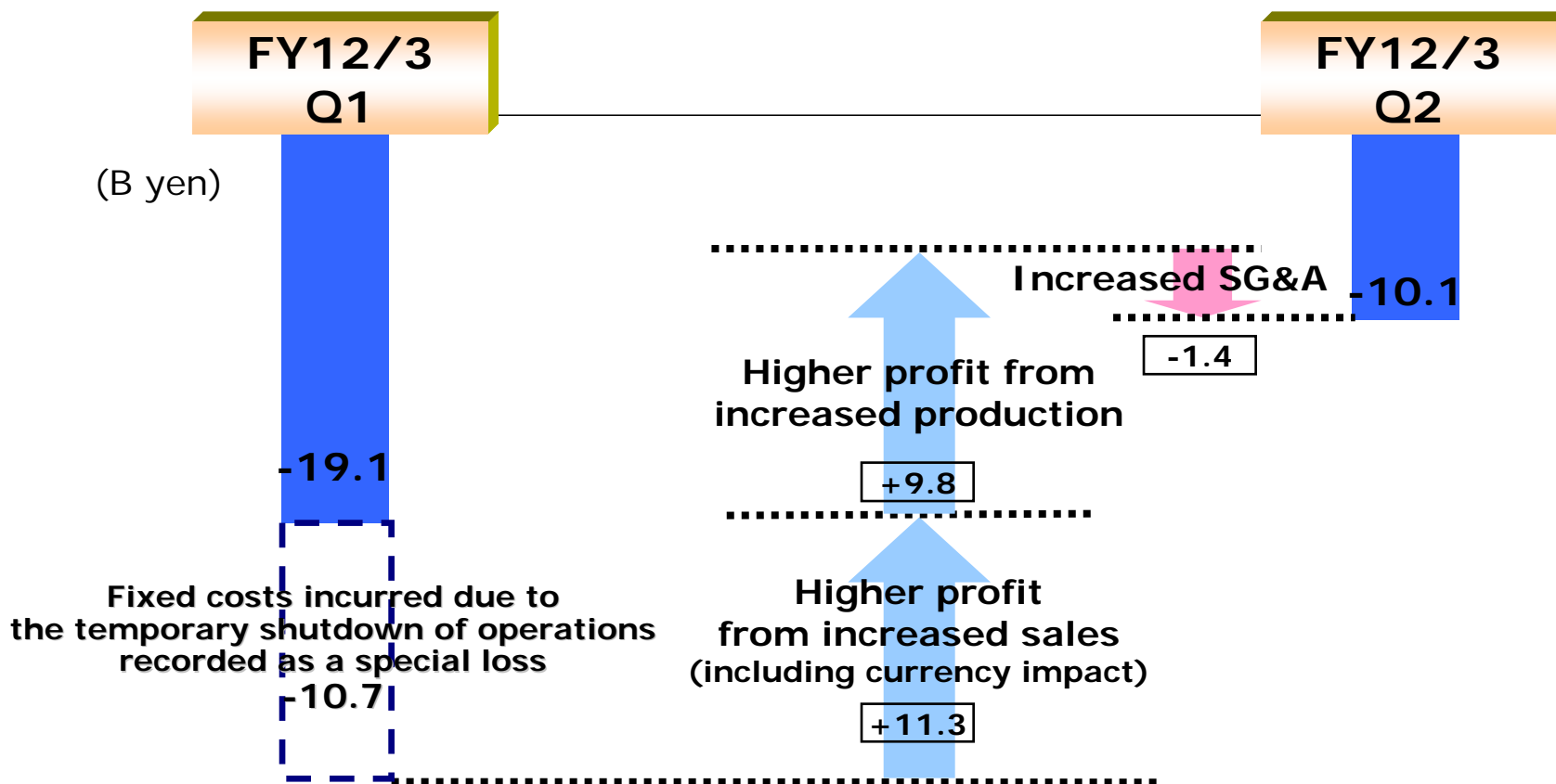
(B yen)	FY11/3	FY12/3			
	Q2	Q1	Q2	QoQ	YoY
Semiconductor Sales	263.5	184.0	218.2	+34.1 (+19%)	-45.3 (-17%)
MCU	95.9	77.2	87.5	+10.3 (+13%)	-8.5 (-9%)
Analog & Power	83.5	62.9	67.2	+4.3 (+7%)	-16.3 (-20%)
SoC	83.2	41.8	63.2	+21.4 (+51%)	-20.0 (-24%)
Other Semiconductors	0.9	2.2	0.3	-1.9 (-85%)	-0.5 (-62%)

FY12/3 Q2 Semiconductor Sales by Business (2)

<p>Automotive approx. 50%</p>  <p>MCU FY12/3 Q2 Sales</p> <p>General-purpose approx. 50%</p>	<ul style="list-style-type: none"> ➤ General-purpose MCUs sales increased QoQ for applications including consumer electronics and PC peripherals owing to increased production from restored Naka factory and alternative production sites. On the other hand, Q2 sales of MCUs for industry applications remained flat QoQ mainly due to sluggish growth in China. ➤ Automotive MCUs increased sales by 20% QoQ due to recovery of the company's supply capabilities
<p>Compound Semiconductor approx. 15%</p>  <p>A&P FY12/3 Q2 Sales</p> <p>Power Device approx. 25%</p> <p>Analog IC, Discrete, etc approx. 45%</p> <p>Display Driver IC approx. 15%</p>	<ul style="list-style-type: none"> ➤ Sales of power devices and analog ICs increased QoQ driven by increased demand of worldwide auto makers, though it was lower than expectation due to PC demand adjustment
<p>Industrial, Network, etc approx. 20%</p>  <p>SoC FY12/3 Q2 Sales</p> <p>Mobile approx. 20%</p> <p>Automotive approx. 10%</p> <p>Consumer approx. 30%</p> <p>PC peripheral approx. 20%</p>	<ul style="list-style-type: none"> ➤ SoCs for automotive, PC peripherals, and industry applications, which had major impacts from the disaster-affected Naka factory, increased sales QoQ thanks to the restoration of the Naka factory ➤ SoCs for consumer electronics increased sales QoQ owing to increased demand of amusement applications higher than expected despite of weaker demand than expectation for TV, etc

FY12/3 Q2 Operating Income (Loss) QoQ

- Due to higher profit from increased sales and production, operating loss improved QoQ from the original forecasts
- Succeeded in holding down the costs that were all expected to be recorded at the end of 1H by achieving merger synergies through promotion of the 100-Day Project



Balance Sheets

(B yen)

	As of Mar. 31, 2011	As of Jun. 30, 2011	As of Sep. 30, 2011
Total Assets	1,145.0	937.4	917.7
Cash and Cash Equivalents	337.3	177.0	158.3
Inventories	123.4	134.5	138.6
Liabilities	854.0	681.6	679.9
Interest-Bearing Debt	378.2	266.5	265.6
Shareholder's Equity	306.0	272.8	264.0
Net Assets	291.1	255.8	237.9
D/E Ratio (Gross)	1.33	1.07	1.15
D/E Ratio (Net)	0.14	0.36	0.47
Equity Ratio	24.8%	26.5%	25.1%

Note)

1. "Cash and Cash Equivalents": Sum of cash and deposits, and short-term investment securities minus the Time deposits with maturities of more than three months
2. "Interest-bearing debt": Short-term borrowings, Current portion of long-term borrowings, Current portion of bonds with share subscription rights, lease obligations, Bonds with share subscription rights, Long-term borrowings
3. "Equity": Shareholders' equity, Other Comprehensive Income
4. "D/E ratio (gross)": Interest-bearing debt / Equity

Cash Flows

	FY11/3			FY12/3		
(B yen)	Q2	1H	Full-year	Q1	Q2	1H
Cash Flows from Operating Activities	35.0	33.0	102.5	-29.2	8.0	-21.1
Cash Flows from Investing Activities	-18.4	-32.8	-95.8	-14.8	-17.8	-32.6
Free Cash Flows	16.6	0.2	6.7	-44.0	-9.7	-53.7

II. FY12/3 Financial Forecasts

FY12/3 Consolidated Financial Forecasts

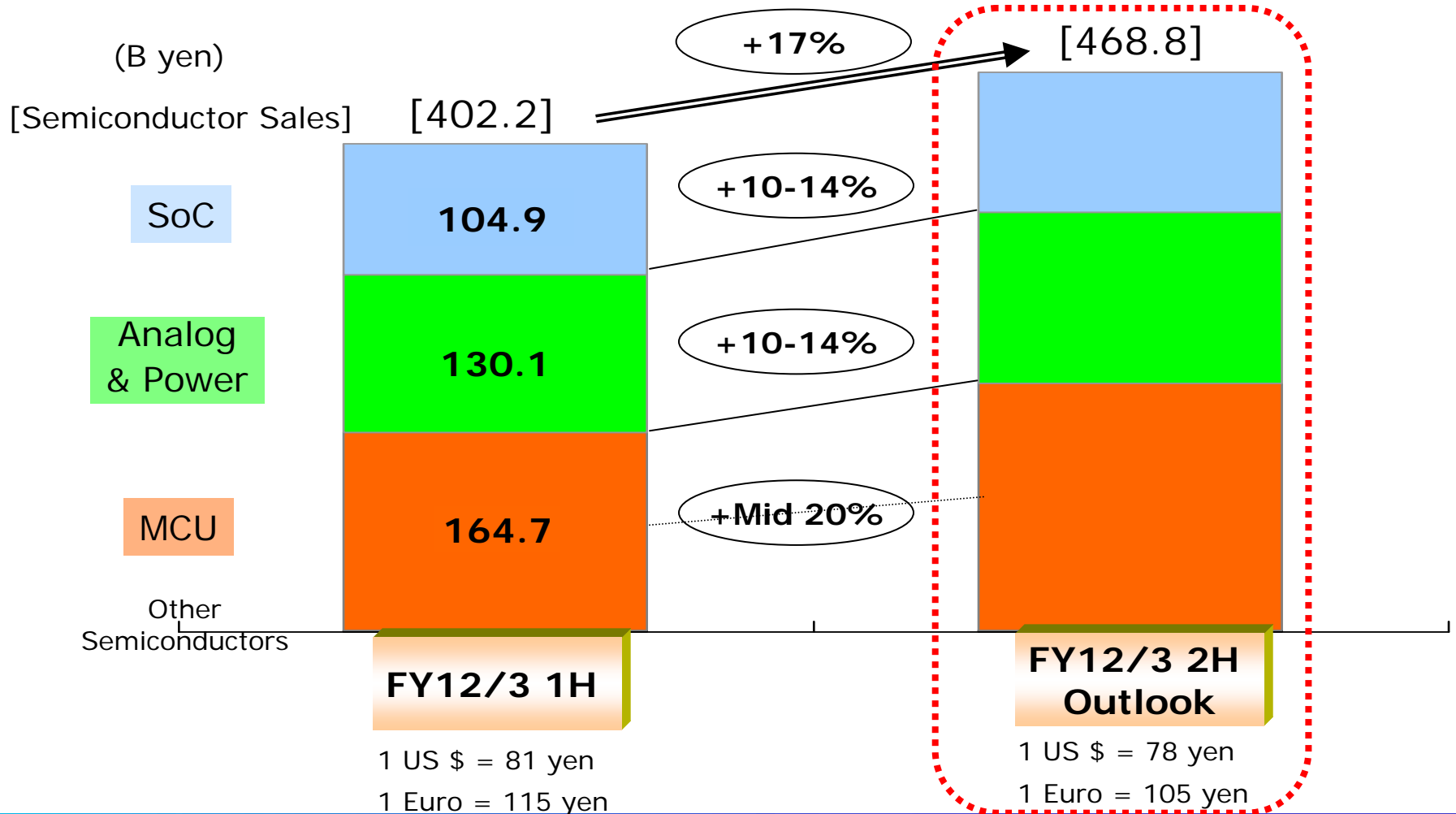
- Lowered the forecast for full-year net sales addressing downturn in global economy and impact from the currency
- Continue to target net income in 2H by promoting cost efficiency through the 100-day Project and other additional cost reduction measures

(B yen)	FY11/3		FY12/3					
	1H	Full-year	1H Original Forecasts*	1H Actual	Full-year Original Forecasts	Full-year Forecasts	1H Difference between original forecasts YoY	Full-year
Net Sales	587.5	1,137.9	462.0	450.6	1,019.0	968.0	-11.4 -136.9	-51.0 -169.9
Semiconductor Sales	525.0	1,018.9	408.0	402.2	908.0	871.0	-5.8 -122.8	-37.0 -147.9
Operating Income (Loss)	0.7	14.5	-35.0	-29.2	-28.0	-28.0	+5.8 -29.9	0 -42.5
Ordinary Income (Loss)	-7.8	1.0	-40.0	-33.3	-37.0	-37.0	+6.7 -25.5	0 -38.0
Net Income (Loss)	-41.2	-115.0	-43.0	-42.0	-40.0	-40.0	+1.0 -0.8	0 +75.0
1US\$=	90 yen	86 yen	82 yen	81 yen	82 yen	78 yen	1 yen strong 9 yen strong	4 yen strong 8 yen strong
1Euro=	116 yen	114 yen	110 yen	115 yen	110 yen	105 yen	5 yen weak 1 yen strong	5 yen strong 9 yen strong

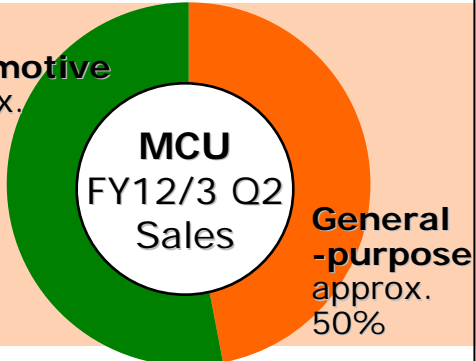
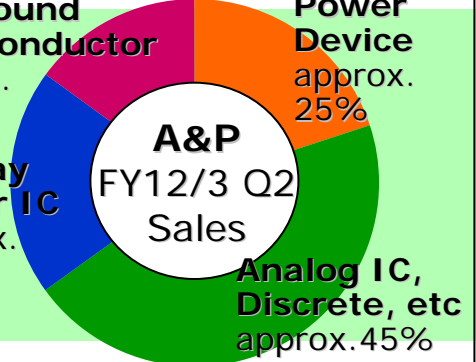
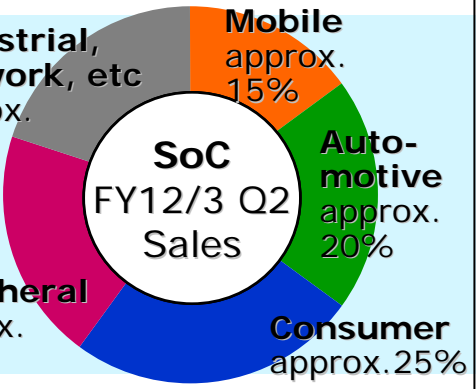
2H assumed exchange rate

Forecasts for 2H Semiconductor Sales (HoH Comparison)

- MCU sales, especially those for automobiles, account for approximately 60% of the sales increase. Despite 90 billion yen negative impact from the currency, semiconductor sales in 2H is expected to increase by 17% due to demand increase

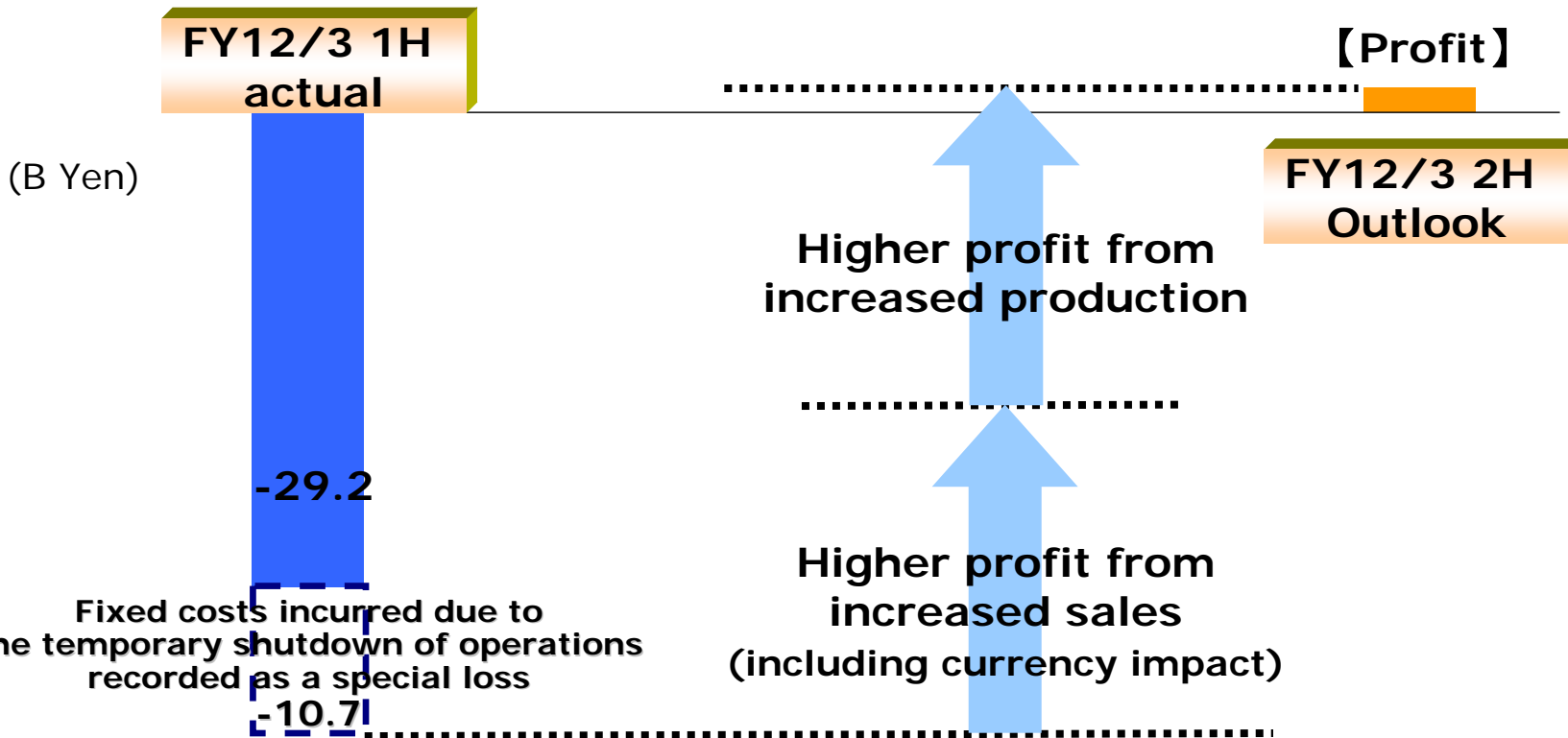


2H Semiconductor Sales by Business

<p>Automotive approx. 50%</p>  <p>MCU FY12/3 Q2 Sales</p> <p>General-purpose approx. 50%</p>	<ul style="list-style-type: none"> ➤ As for general-purpose MCUs, despite sales increased along with recovery of product/supply capabilities, uncertainty is increasing for 4Q outlook since demand for consumer electronics is weakening due to fiscal risks in Europe and slowdown of Chinese economy growth ➤ Automotive MCU, expect to increase its sales by over 30% HoH, as there seems to be no big changes in Japanese auto makers production increase plans
<p>Compound Semiconductor approx. 15%</p>  <p>A&P FY12/3 Q2 Sales</p> <p>Power Device approx. 25%</p> <p>Analog IC, Discrete, etc approx. 45%</p> <p>Display Driver IC approx. 15%</p>	<ul style="list-style-type: none"> ➤ Sales of power devices and analog ICs for automotive are expected to grow HoH with production increase of Japanese auto makers, while weak demand is foreseen for Chinese consumer electronics and PCs ➤ Sales of display driver ICs are expected to remain flat since even sales for small panels are expected to be steady, that for large panels are expected to be continuously sluggish
<p>Industrial, Network, etc approx. 20%</p>  <p>SoC FY12/3 Q2 Sales</p> <p>Mobile approx. 15%</p> <p>Automotive approx. 20%</p> <p>Consumer approx. 25%</p> <p>PC peripheral approx. 20%</p>	<ul style="list-style-type: none"> ➤ For mobile, as a rapid shift to smart phones continues, sales are expected to remain low as same level as 1H ➤ HoH sales increase is expected for automotive driven by production increase of auto makers and recovery of production/supply capabilities in the Naka factory, and also for industrial applications and networks where demand recovery is projected ➤ Downturn in demand expected mainly for consumer electronics and PC peripheral due to uncertain economy outlook

FY12/3 2H Operating Income (Loss) Forecasts (HoH Comparison)

- Attain higher profit from increased semiconductor sales by 66.6 billion yen HoH
- Improve operation ratio after Q2 by achieving quick recovery from the earthquake
- Reduced SG&A and R&D expense by continuously achieving merger synergies



Note: R&D = research and development

2H Initiatives

■ Promote to capture demand and improve production efficiency

-Secure to capture recovery demand from the earthquake together with improving efficiency of production

- Steadily increase production mainly for MCU in 2H
- Flexibly hold down costs (semi fixed costs) according to production operation rate

■ Promote to streamline R&D expenses

-Promote to improve efficiency with synergy effects from the 100-Day Project

- Already reduced approx. 7 billion yen in 1H from the original plan
- Suppress R&D expenses from the original plan to the same level as 1H result by ongoing efforts in earlier realization of synergy effects

■ Implement measures to reduce expenses

-Strive to reduce every expense and implement an urgent personnel expenses measure

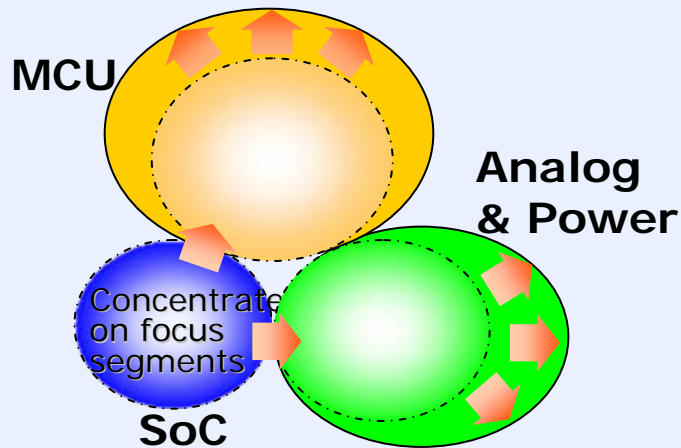
III. Summary

Toward Consistently-Profitable Business Structure –Business and Production Structural Measures

- Continue to conduct business and production structural measures to construct a consistently-profitable business structure

Business Structural Measures

- Conduct structural measures centering around drastically sorting out core competence in SoC business and accelerating to focus on MCU and A&P business



Transfer Power Amplifier business to Murata Manufacturing (Feb. 2012)

Power Amplifier Business

Production Structural Measures

- Front-end: Promote larger wafers and utilize overseas foundry services centering on advanced process

- Outsource production of all SoC products using below 28nm process nodes
- Sold Roseville 8-inch line^{*1} (May 2011)
- Scaled down Kofu 6-inch line^{*2} (FY12/3 Q2)
- Scale down Takasaki 5-inch line^{*3} (FY12/3 Q3)
- Close Shiga 5-inch line^{*4} (At the end of FY12/3)

- Back-end: Expand utilizing overseas own factories and sub-contractors

- Sold land of closed Fukuoka factory^{*5} (Sep. 2011) (To Fine-tec Co., Ltd., an industrial blade company)
- Close Tokyo Device Division^{*6} (At the end of FY12/3)

Back-end factory^{*7}

*1: Renesas Electronics America, Roseville Factory (U.S., California)

*2: Renesas Electronics, Kofu Factory (Kai, Yamanashi)

*3: Renesas Electronics, Takasaki Factory (Takasaki, Gunma)

*4: Renesas Kansai Semiconductor (Otsu, Shiga)

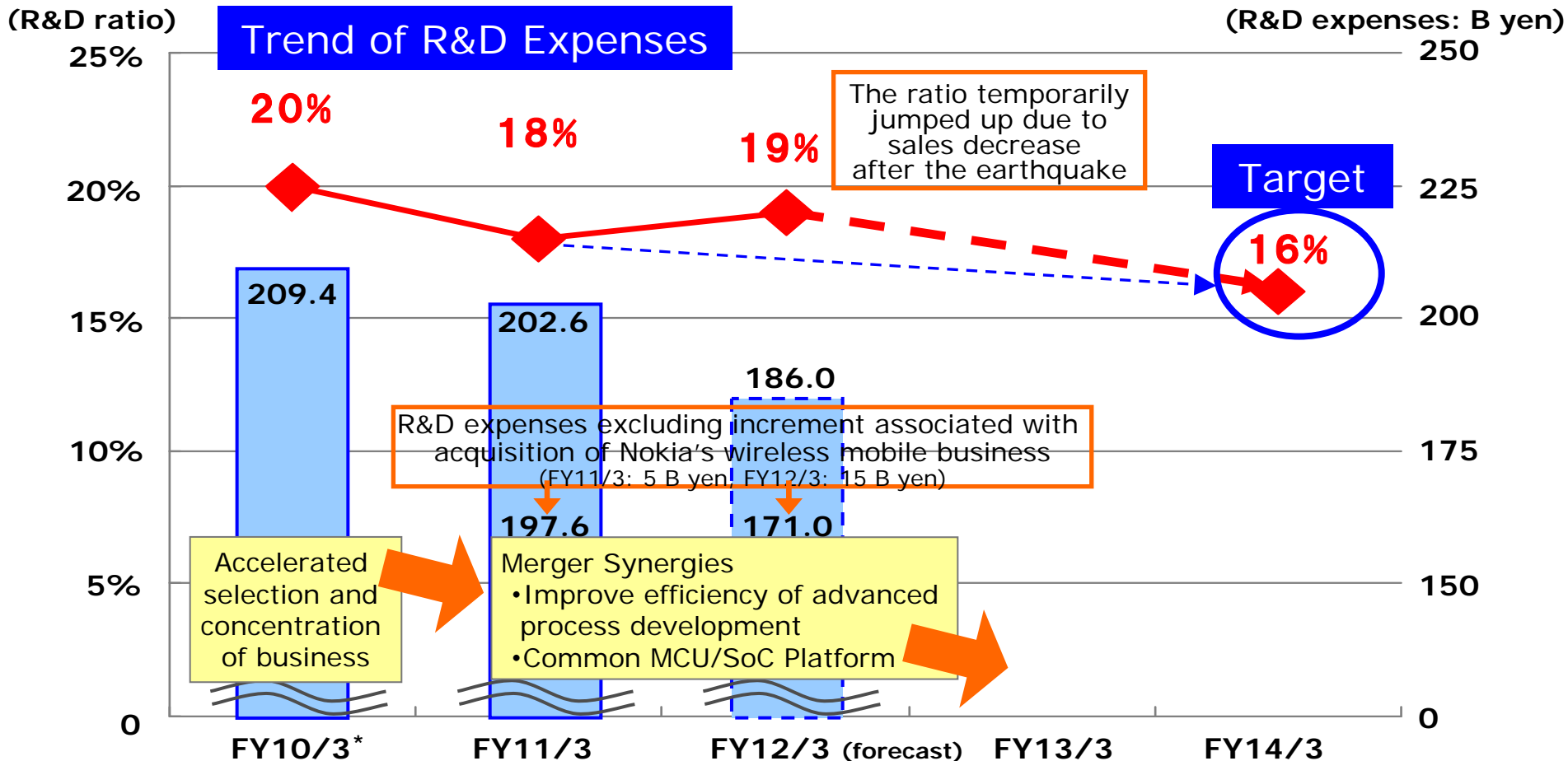
*5: Renesas Semiconductor Kyushu Yamaguchi, Fukuoka Factory (Yanagawa, Fukuoka)

*6: Renesas Eastern Japan Semiconductor, Tokyo Device Division (Oume, Tokyo)

*7: Renesas Eastern Japan Semiconductor, Nagano Device Division (Komoro, Nagano)

Toward Consistently-Profitable Business Structure -Streamline Expenses (1)

- Target R&D ratio (against net sales) to be 16% by accelerating initiatives to streamline R&D expenses
- Suppress FY12/3 R&D expenses from the original expectation

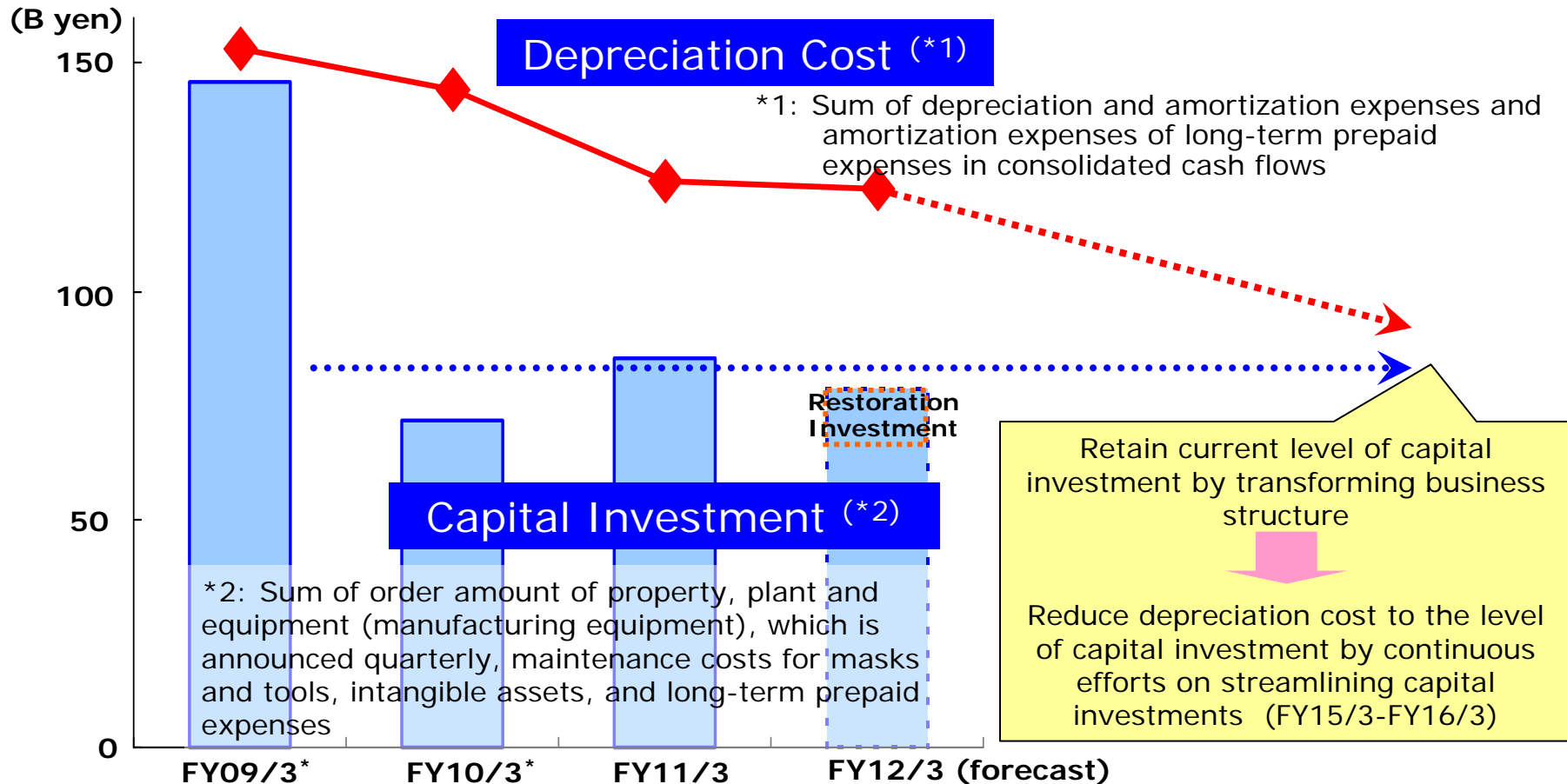


*FY10/3 results are calculated from the simple combination of net sales and R&D expenses of the former NEC Electronics Corporation and the former Renesas Technology Corp.

Toward Consistently-Profitable Business Structure

-Streamline Expenses (2)

- Depreciation cost will gradually decline followed by continuous efforts on streamlining capital investments
- Suppress FY12/3 capital investments from the original plan



*FY09/3 and FY10/3 results are calculated from the simple combination of net sales and R&D expenses of the former NEC Electronics Corporation and the former Renesas Technology Corp.

Realize Synergy Effects through the 100-Day Project

- As a result of selection and concentration of business through the 100-Day Project, realized merger synergies to attain both reduced expenses and enhanced products. Launch them as strategic products to new growing markets

Unify Products/Technologies

- Suppress expenses by unifying resources
- Enhance product competitiveness by sorting out technologies from the former companies

Unified MCU, RL78

- Ultimate low-power MCU combining 78K & R8C
=> Launched the 1st product in Jan. 2011

The World's First 40nm Flash MCU

- Superior in large capacity, high-speed, low consumption by combining the former companies' technologies
=> Plan sample shipment in FY13/3 2H

Transform Production Strategy for Advanced products

- Unify development of advanced process and outsource production of all SoC products using 28nm process technologies and below
=> Start test production of the 1st 28nm product from FY12/3 Q4

Newly Enhanced Business

- Enhance business by reallocation of resources after the merger

MCUs for the Chinese Market

- Launch 1,000 MCUs for the Chinese market in 3 years
=> Launched 150 MCUs in FY12/3 1H

Kit Solution Combining MCUs and A&P

- Launch "Smart Analog" combining MCUs and Analog ICs
=> Announced the 1st product, "Smart Analog IC" in Oct. 2011
- Expand lineups of power devices centering high-voltage products
=> Develop 1,000 products in 3 years (Developed 500 products so far)

LTE Modem Platform

- Acquired the world's leading modem technologies from Nokia
=> Announced the 1st product in Feb. 2011

Launch Strategic Products

New Growing Markets (Smart Society/Emerging Countries)

Summary

- FY12/3 Q2 results were in line with the original forecasts thanks to recovery in production
- Revised full-year semiconductor sales forecast due to weakening in demand from negative impact of the currency and deteriorating global economy. Continue to expect increasingly unclear outlook for Q4.
- Achieve operating profit for FY12/3 2H by promoting out-and-out efficiency and executing cost-reduction measures
- Conduct structural reform measures to construct a consistently-profitable business structure, and launch strategic products generated through synergy effects into new growing markets

(FOREWARD-LOOKING STATEMENTS)

The statements in this presentation with respect to the plans, strategies and forecasts of Renesas Electronics and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are 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, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.



Renesas Electronics Corporation

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