



FY13/3 Q3 Financial Results

Renesas Electronics Corporation

February 8, 2013

Yasushi Akao, President

Executive Summary

I . FY13/3 Q3 Financial Results

- ❑ Semiconductor sales were 177.2 B yen, a decrease by 14% QoQ, mainly due to the continued downturn of the global market along with a weak demand from production decrease of automotive, electronic and other equipment for China
- ❑ Operating loss was 7.9 B yen, 2.2 B yen worse QoQ owing to a sales decrease despite certain results in expense reduction with the structural reforms so far

II . FY13/3 Financial Forecasts

- ❑ Lowered both sales and earnings forecasts for FY13/3 (announced on December 10, 2012) due to a weak demand influenced by the above-mentioned decrease for China as well as the prolonged downturn of the global market

III . Progress of Reduction in Human Resources and Production Structural Reforms

- ❑ Implement further rationalization initiatives including optimization of the personnel structure with the aim of improving the cost structure; speeding up decision-making; and restructuring design, development, production, and sales organizations
- ❑ Steady progress in production structural reforms including a conclusion of an MOU on January 30 regarding the transfer of three back-end sites in Japan

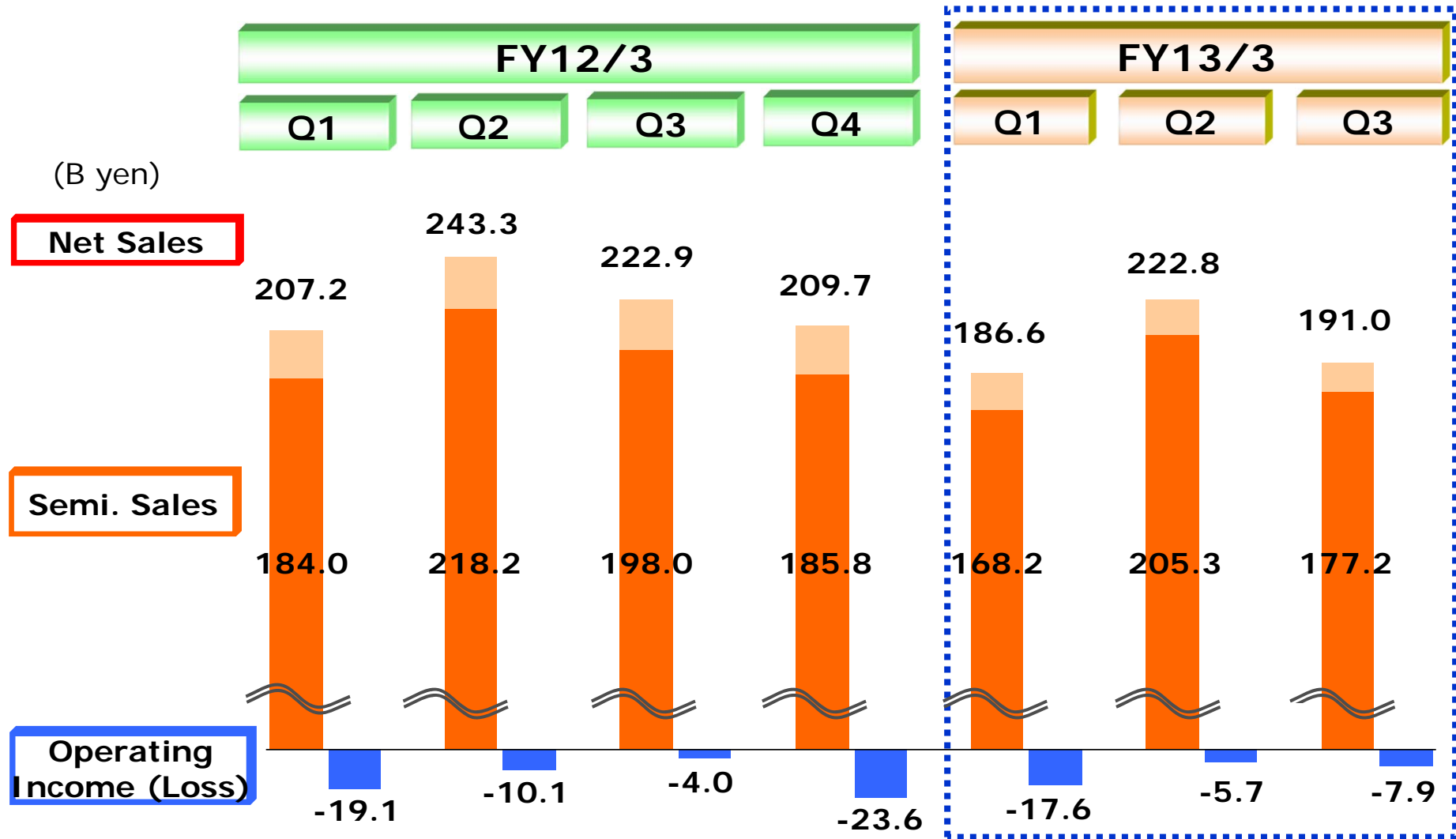
I. FY13/3 Q3 Financial Results

FY13/3 Q3 Financial Snapshot

- Semiconductor sales were 177.2 B yen, a decrease by 14% QoQ, mainly due to the continued downturn of the global market along with a weak demand from production decrease of automotive, electronic and other equipment for China
- Operating loss was 7.9 B yen, 2.2 B yen worse QoQ owing to a sales decrease despite certain results in expense reduction with the structural reforms so far

| (B yen) | FY12/3 | FY13/3 | | | |
|-------------------------|---------|--------|---------|-----------------|-----------------|
| | Q3 | Q2 | Q3 | QoQ | YoY |
| Net Sales | 222.9 | 222.8 | 191.0 | -31.8 (-14%) | -31.8 (-14%) |
| Semiconductor Sales | 198.0 | 205.3 | 177.2 | -28.1 (-14%) | -20.8 (-11%) |
| Operating Income (Loss) | -4.0 | -5.7 | -7.9 | -2.2 | -4.0 |
| Ordinary Income (Loss) | -3.6 | -6.8 | -11.1 | -4.3 | -7.5 |
| Net Income (Loss) | -2.4 | -94.3 | -46.6 | +47.7 | -44.2 |
| 1US\$= | 77 yen | 79 yen | 79 yen | ±0 yen | 2 yen weak |
| 1Euro= | 105 yen | 98 yen | 102 yen | 4 yen weak | 3 yen strong |

Quarterly Financial Results

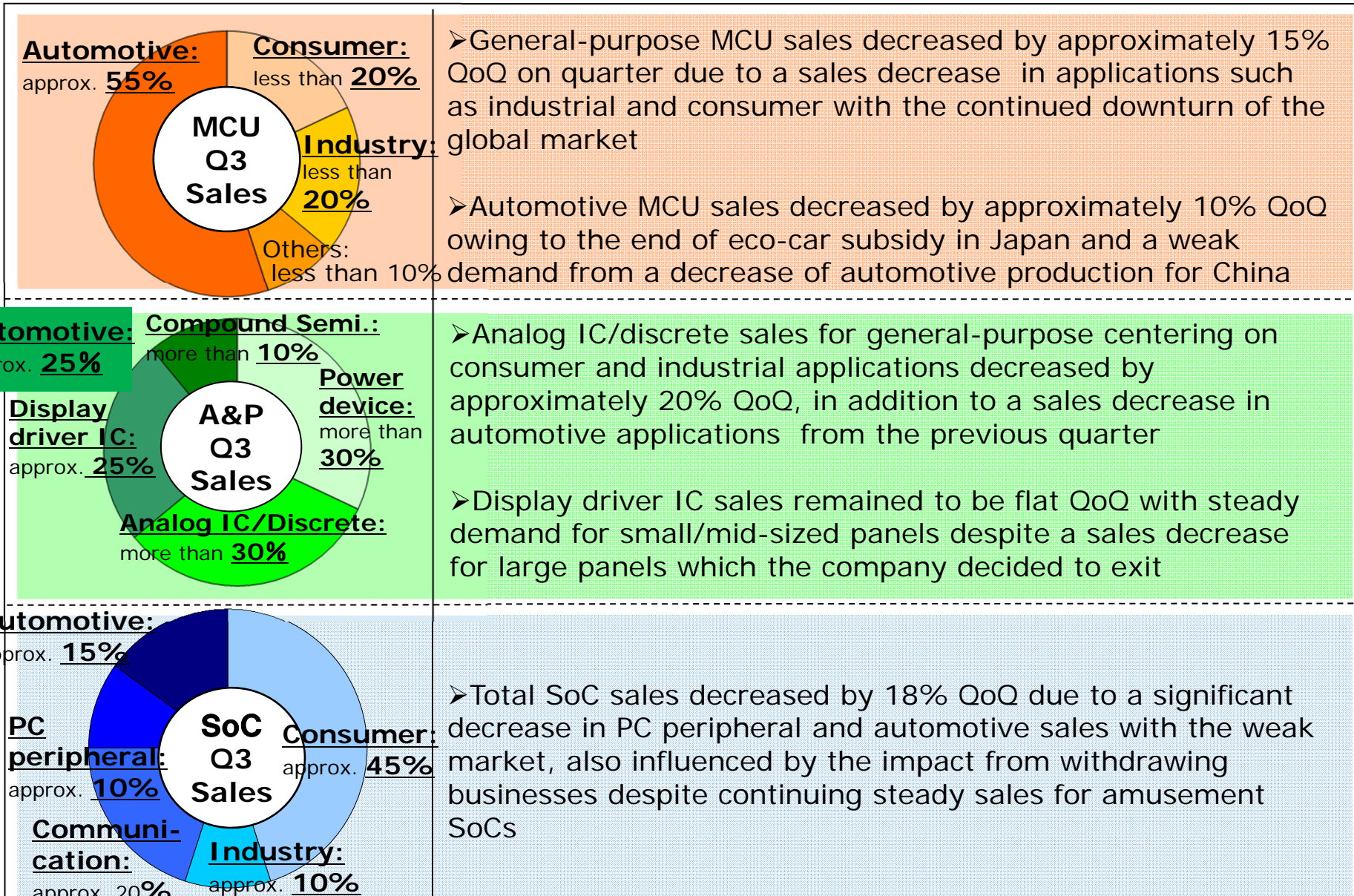


FY13/3 Q3 Semiconductor Sales by Business (1)

- Q3 semiconductor sales decreased QoQ in three business units

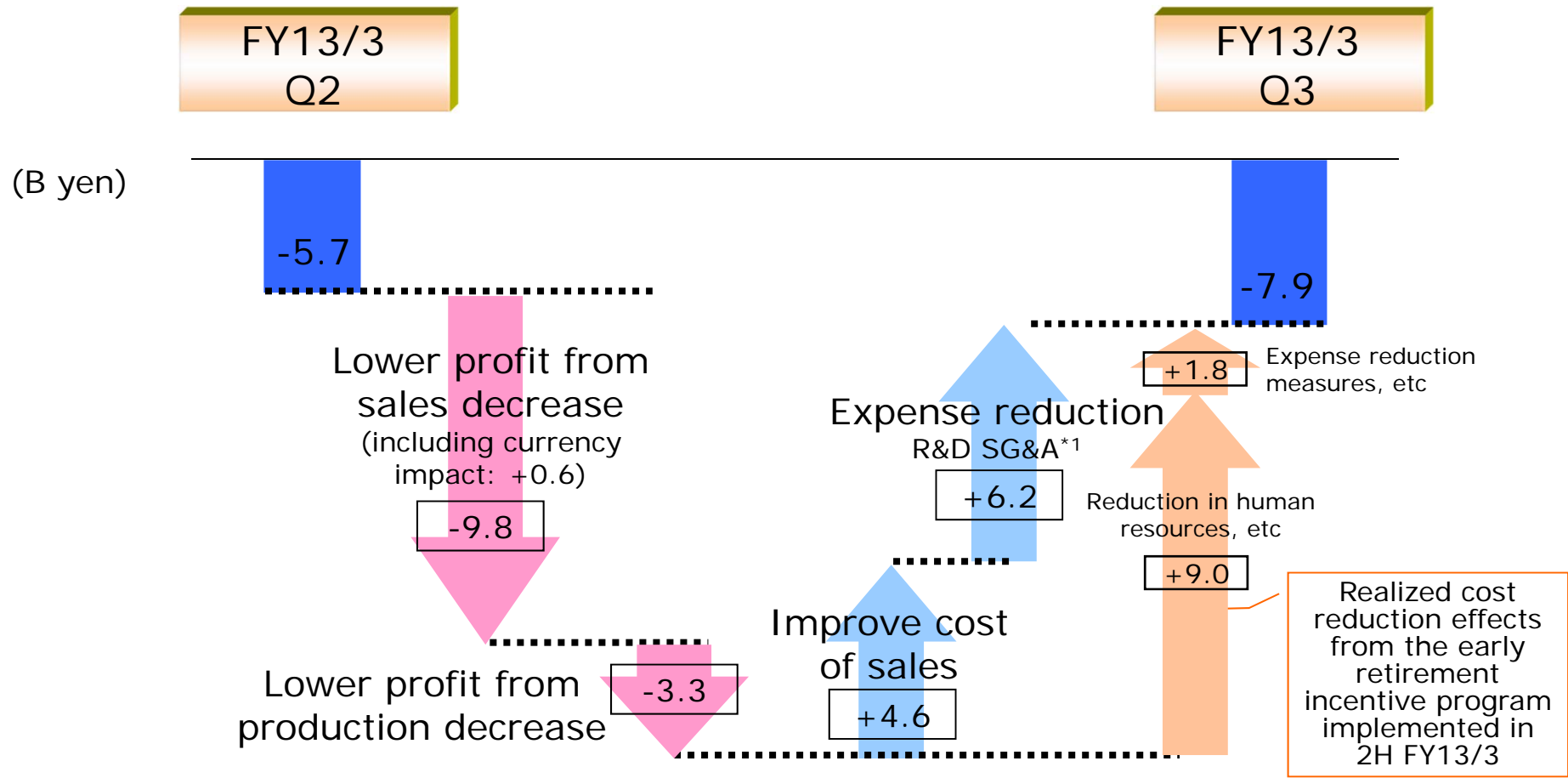
| (B yen) | FY12/3 | FY13/3 | | | |
|-----------------------------|--------|--------|-------|-----------------|-----------------|
| | Q3 | Q2 | Q3 | QoQ | YoY |
| Semiconductor Sales (Total) | 198.0 | 205.3 | 177.2 | -28.1 (-14%) | -20.8 (-11%) |
| MCU | 88.6 | 80.9 | 71.2 | -9.8 (-12%) | -17.5 (-20%) |
| Analog & Power | 54.5 | 68.1 | 57.8 | -10.3 (-15%) | +3.3 (+6%) |
| SoC | 53.4 | 55.0 | 45.1 | -9.9 (-18%) | -8.3 (-16%) |
| Other Semiconductors | 1.4 | 1.3 | 3.1 | +1.7 | +1.7 |

FY13/3 Q3 Semiconductor Sales by Business (2)



FY13/3 Q3 Operating Income (Loss) QoQ

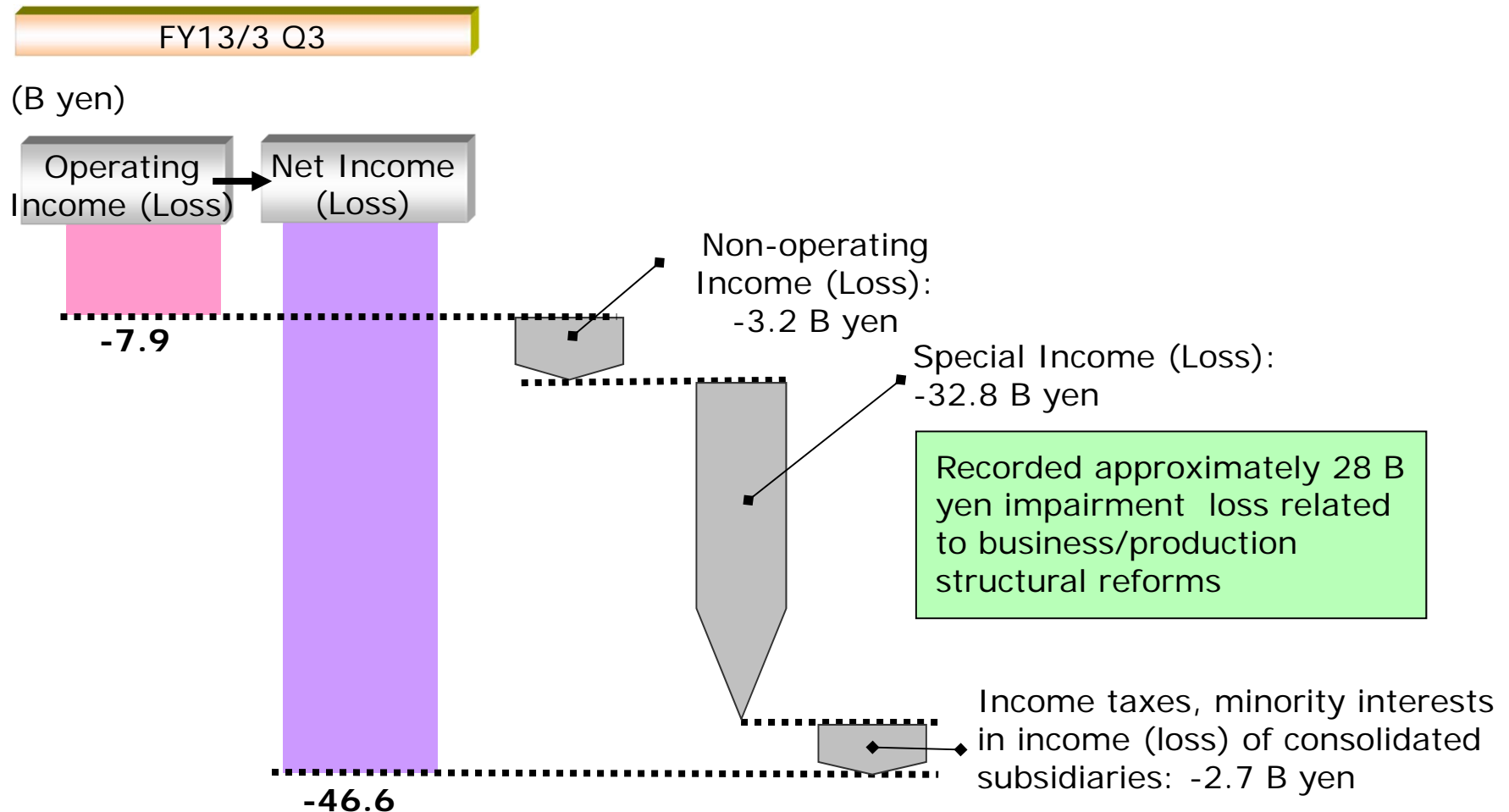
- Operating loss worsened by 2.2 B yen QoQ due to lower profit from a sales decrease despite fixed cost reduction effects from structural reforms



*SG&A: Selling, general and administrative expenses

FY13/3 Q3 Net Income (Loss)

- Recorded net loss of 46.6 B yen due to special income (loss) of negative 32.8 B yen from business/production structural reforms



FY13/3 Q3 Balance Sheets

| (B yen) | As of Mar. 31, 2012 | As of Sep. 31, 2012 | As of Dec. 31, 2012 |
|------------------------------|------------------------|------------------------|------------------------|
| Total Assets | 858.2 | 748.3 | 716.7 |
| Cash and Cash Equivalents | 131.9 | 69.6 | 95.1 |
| Inventories | 151.8 | 147.9 | 149.3 |
| Liabilities | 631.7 | 641.4 | 643.3 |
| Interest-Bearing Debt | 258.3 | 239.3 | 316.2 |
| Shareholders' Equity | 243.4 | 128.3 | 81.7 |
| Net Assets | 226.5 | 106.8 | 73.4 |
| D/E Ratio (Gross) | 1.19 | 2.46 | 5.00 |
| D/E Ratio (Net) | 0.58 | 1.74 | 3.50 |
| Equity Ratio | 25.4% | 13.0% | 8.8% |

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, lease obligations, Long-term borrowings

3) "Equity": Shareholders' equity, Accumulated other Comprehensive Income

4) "D/E ratio (gross)": Interest-bearing debt / Equity

FY13/3 Q3 Cash Flows

- Without the impact from lump-sum payout for implementation of the early retirement incentive program, the company continued to secure positive cash flows from operating activities since Q2 and recovered free cash flows to be positive although the actual free cash flows were negative 53.6 B yen

| (B yen) | FY12/3 | | | FY13/3 | | | |
|--------------------------------------|--------|-------------------------------|-----------|--------|------|-------|-------------------------------|
| | Q3 | 9 months cumulative (Apr-Dec) | Full-year | Q1 | Q2 | Q3 | 9 months cumulative (Apr-Dec) |
| Cash Flows from Operating Activities | 18.0 | -3.1 | -9.7 | -18.1 | 4.6 | -47.5 | -61.0 |
| Cash Flows from Investing Activities | -15.2 | -47.7 | -55.1 | -10.7 | -9.8 | -6.1 | -26.5 |
| Free Cash Flows | 2.9 | -50.8 | -64.8 | -28.7 | -5.2 | -53.6 | -87.5 |

II. FY13/3 Financial Forecasts

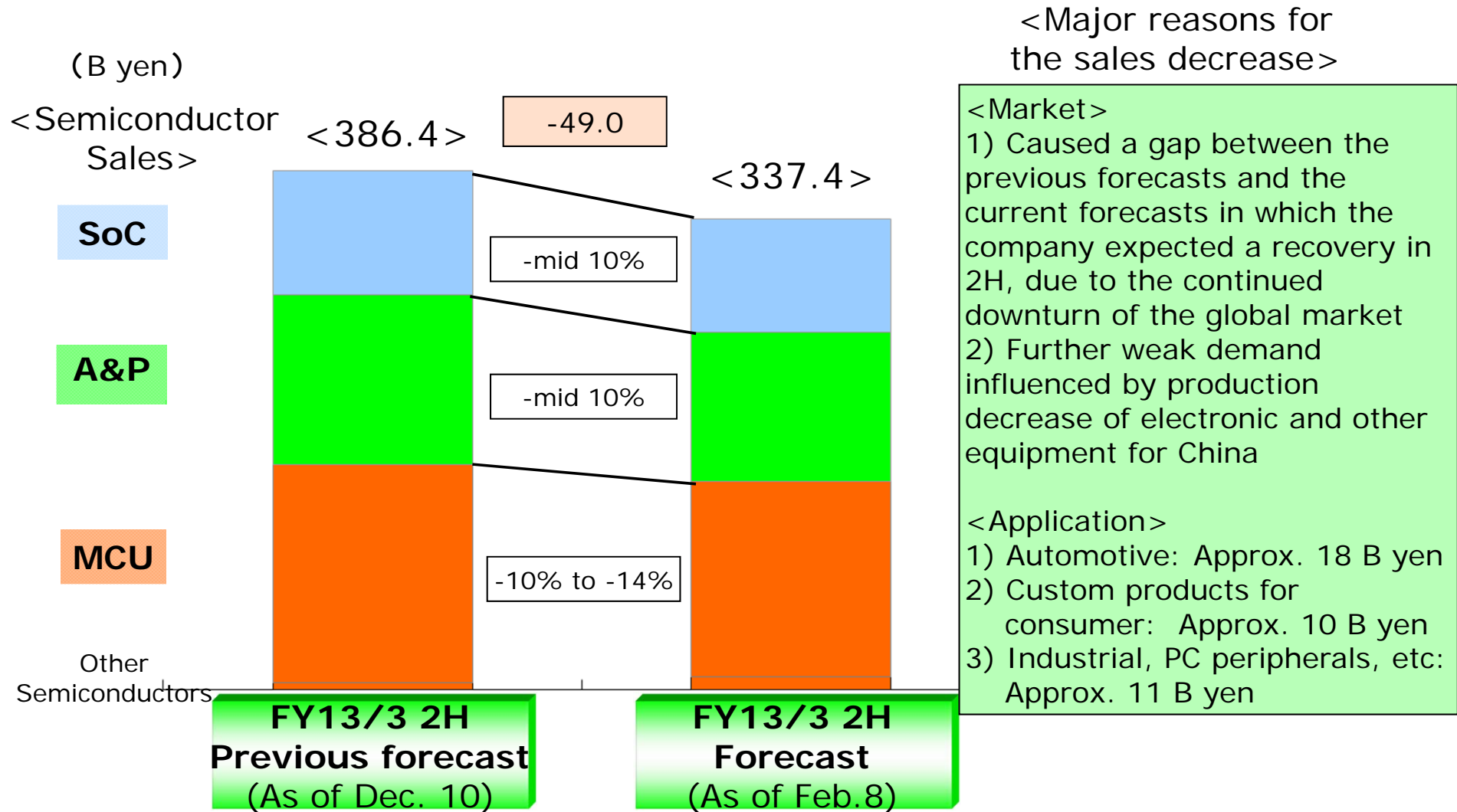
FY13/3 Financial Forecasts

- Lowered full-year sales forecasts due to a decline in demand of semiconductors for automotive and industrial applications which were expected to recover at certain level in 2H of FY13/3 as well as semiconductors for consumer electronics whose sales were expected to be steady through a large-scale custom project, influenced by a weak demand from production decrease of automotive, electronic and other equipment for China as well as the continued downturn of the global market
- Expect full-year operating loss to be 26 B yen and net loss to be 176 B yen

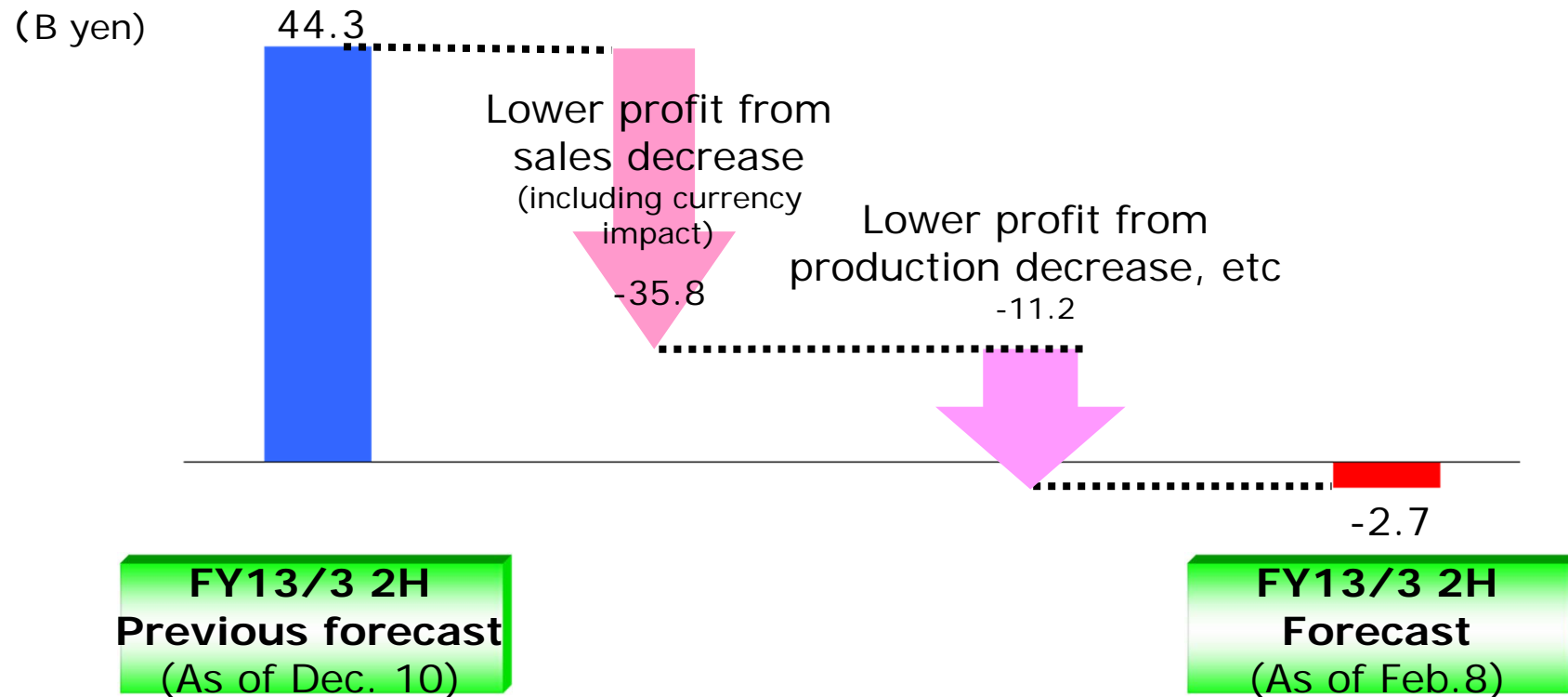
| (B yen) | FY12/3 | | | FY13/3 | | | | |
|-------------------------|-----------|-----------|------------------|-----------|--------------|---------------------|-------------------------------|--|
| | 1H Actual | 2H Actual | Full-year Actual | 1H Actual | 2H Forecasts | Full-year Forecasts | Previous Full-year Forecasts* | Difference from Previous Forecasts (YoY) |
| Net Sales | 450.5 | 432.6 | 883.1 | 409.4 | 360.6 | 770.0 | 820.0 | -50.0 (-113.1) |
| Semiconductor Sales | 402.2 | 383.8 | 786.0 | 373.6 | 337.4 | 711.0 | 760.0 | -49.0 (-75.0) |
| Operating Income (Loss) | -29.2 | -27.6 | -56.8 | -23.3 | -2.7 | -26.0 | 21.0 | -47.0 (+30.8) |
| Ordinary Income (Loss) | -33.3 | -27.8 | -61.2 | -24.4 | -9.6 | -34.0 | 10.0 | -44.0 (+27.2) |
| Net Income (Loss) | -42.0 | -20.6 | -62.6 | -115.1 | -60.9 | -176.0 | -150.0 | -26.0 (-113.4) |
| 1 US\$= | 81 yen | 78 yen | 79 yen | 80 yen | 83 yen | 82 yen | 80 yen | 2 yen weak |
| 1 Euro= | 115 yen | 104 yen | 109 yen | 102 yen | 109 yen | 106 yen | 103 yen | 3 yen weak |

FY13/3 2H Semiconductor Sales Forecasts

(Comparison with the previous forecasts)



FY13/3 2H Operating Income (Loss) Forecasts (Comparison with the previous forecasts)



III. Progress of Reduction in Human Resources and Production Structural Reforms

Implement Further Rationalization Initiatives

- Implement further rationalization initiatives including optimization of the personnel structure with the aim of improving the cost structure; speeding up decision-making; and restructuring design, development, production, and sales organizations in accordance with growth strategy

Background

- ✓ Sales are on a downward trend with the market structural changes

Purpose

- ✓ Further improve the revenue base by improving the cost structure
- ✓ Speed up decision-making and achieve increased adequacy and efficiency in our business operations
- ✓ Restructure design, development, production and sales organizations in accordance with growth strategy

Proposed the early retirement incentive program
to the labor union
(Announced on January 17, 2013)

Early Retirement Incentive Program

- ✓ Eligible persons: Main career track employees age 40 or over of Renesas Electronics and its consolidated subsidiaries in Japan
- ✓ Planned retirement date: September 30, 2013
- ✓ Anticipated applicants: Three thousand several hundred
- ✓ Effect/Expense: Not yet decided (Terms and conditions are under negotiation between the company and the labor union)

Progress of Production Structural Reforms

- Progress as planned in structural reforms including the transfer of three back-end sites decided on January 30, 2013, following the completion of transferring one back-end site since the reforms were announced on July 3, 2012

| | Direction | Current Sites/Lines | Sites/Lines after Production Structural Reforms |
|-----------|--|---------------------------------------|---|
| Front-end | <ul style="list-style-type: none"> ✓ Enlargement and miniaturization of wafers ✓ Outsourcing of leading-edge products ✓ Continuing of in-house production of specialized products | 9 Sites / 14 Lines | 7 Sites / 9 Lines |
| Back-end | <ul style="list-style-type: none"> ✓ Acceleration of shift production overseas ✓ Expand use of subcontractors inside/outside Japan | 8 Sites => 5 Sites (June, 2013) | 2 Sites |

- Completed on January 1, 2013
 - ✓ Transferred Renesas High Components *1(Aomori Factory) to AOI ELECTRONICS*2
- Announced on January 30, 2013
 - ✓ Scheduled to transfer the Hakodate Factory of Renesas Northern Japan Semiconductor*3, the Fukui Factory of Renesas Kansai Semiconductor*4, and the Kumamoto Factory of Renesas Kyushu Semiconductor*5 to J-Devices*6 in early June, 2013

*1:Renesas High Components, Inc. (Tsuruta, Aomori)

*2:AOI ELECTRONICS CO., LTD. (Takamatsu, Kagawa)

*3:Hakodate Factory, Renesas Northern Japan Semiconductor, Inc (Nanae, Hokkaido)

*4: Fukui Factory, Renesas Kansai Semiconductor Co., Ltd. (Sakai, Fukui)

*5: Kumamoto Factory, Renesas Kyushu Semiconductor Corp. (Ozu, Kumamoto)

*6: J-Devices Corporation (Usuki, Oita)

Accelerate Changes for the Flexible and Robust Cost Structure

- Accelerate to change the revenue base by significantly reducing fixed costs from completing measures to reduce human resources and the business/production structural reforms which are in progress

Reduction in Human Resources

▶ Slimming down employees not directly involved in production, including managers, will reduce FY14/3 personnel expenses by approximately 15% from FY13/3 and approximately 40% from FY11/3

Restructuring of Production Structure

▶ Transfer, closure, and streamlining scale of each production site will reduce FY14/3 depreciation cost and lease fee by approximately 25% from FY13/3 and approximately 35% from FY11/3

Implement Measures toward New Growth with Accelerating Current Reforms

Reforms to improve the revenue structure quickly

- Cost structure
- Product portfolio

Q4 is expected to be bottom of the market

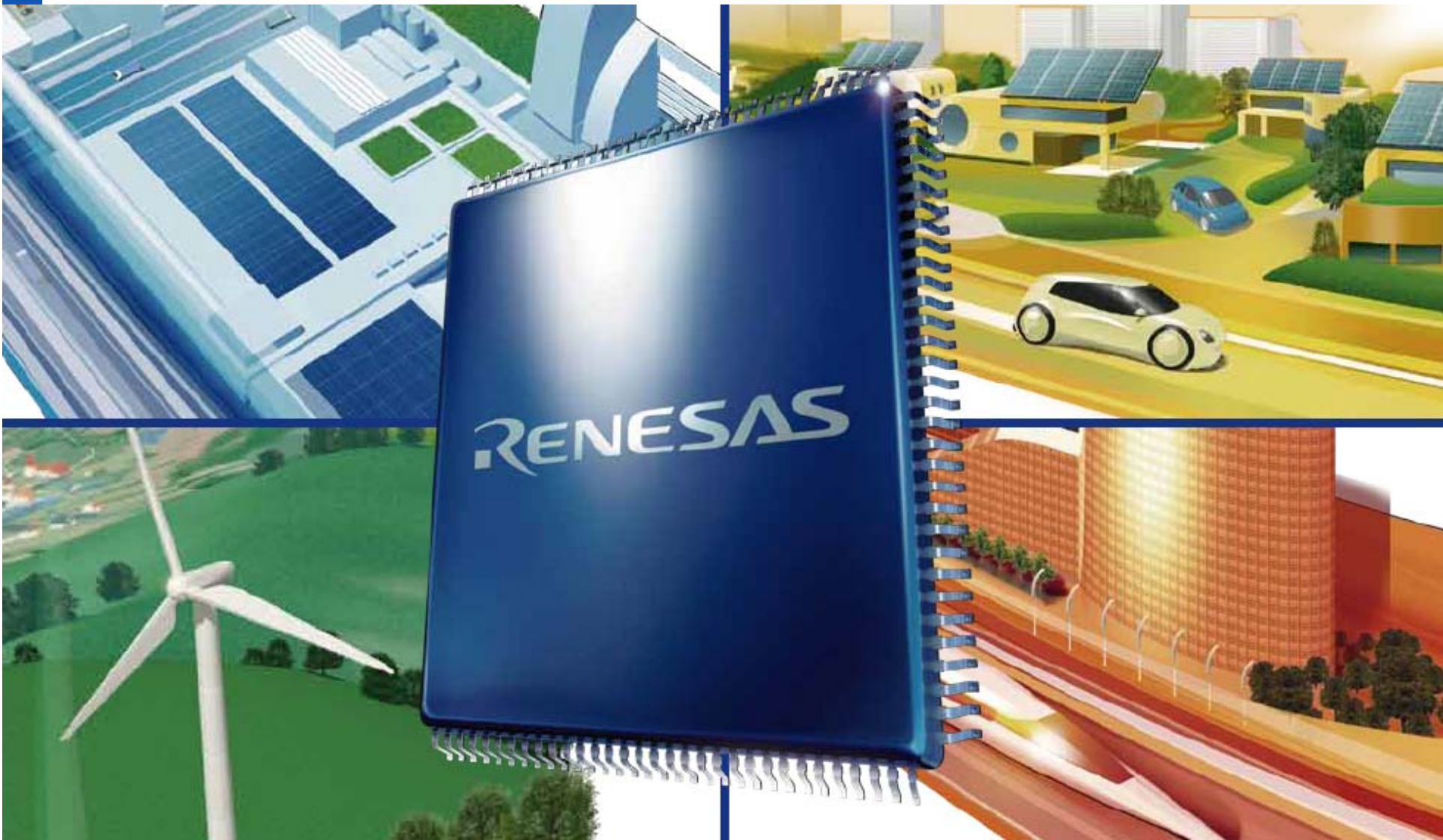
- Sales are expected to recover gradually from Q1

Stable financial base
+
Strategic investment for growth

- 150 B yen capital increase

Summary

- FY13/3 Q3 semiconductor sales were 177.2 billion yen, decreased by 14% QoQ and the operating loss was 7.9 billion yen despite certain results in expense reduction with the structural reforms so far
- Lowered both sales and earnings forecasts for FY13/3 due to a weak demand from production decrease of automotive, electronic and other equipment for China as well as the continued downturn of the global market
- Implement further rationalization initiatives including optimization of the personnel structure with the aim of improving the cost structure; speeding up decision-making; and restructuring design, development, production, and sales organizations
- Structural reforms are in progress now ahead of the plan to increase capital toward the new growth



(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.



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