



Thank you for joining Renesas Electronics' earnings briefing for the fiscal year ended March 31, 2014.

Before we begin, please be sure to review the cautionary statement on page 29.



First I would like to begin by explaining the outline of our financial results in the fiscal year ended March 31, 2014, as well as the forecasts of our performance in the first quarter of the fiscal year ending March 31, 2015.

Then at the end our Chairman, Sakuta Hisao, will discuss Renesas' efforts targeting profitable growth.

Executive Summary

I. FY14/3 Financial Results

- Semiconductor sales were 796.8 billion yen, a 10% increase YoY, mainly due to the solid growth of automotive and industrial sales and the effects of the yen appreciation correction
- Operating income was 67.6 billion yen, largely impacted by cost-reduction effects from the structural reforms in addition to profit increase from increase in sales
- Achieved net profit of 7.5 billion yen in the second-half and net loss for full-year improved by 162.3 billion yen from the previous year to 5.3 billion yen

II. FY15/3 Q1 Financial Forecasts

- Semiconductor sales are expected to increase slightly QoQ and YoY to 196.0 billion yen
- Expect operating profit of 20.0 billion yen from improving the Group's earning strength through business- and manufacturing-related structural reforms
- Expect to return to profitability and achieve quarterly net profit of 14.0 billion yen

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Slide 3 shows the overview of the financial results for the fiscal year ended March 31, 2014 and the financial forecasts for the first quarter of the fiscal year ending March 31, 2015.

First the full year results of the fiscal year ended March 31, 2014, the full-year semiconductor sales were 796.8 billion yen, a 10% increase year on year, mainly owing to the solid growth of automotive and industrial sales and the effects of the yen appreciation.

Operating income was 67.6 billion yen, largely impacted by cost-reduction effects from the structural reforms in addition to profit increase from increase in sales.

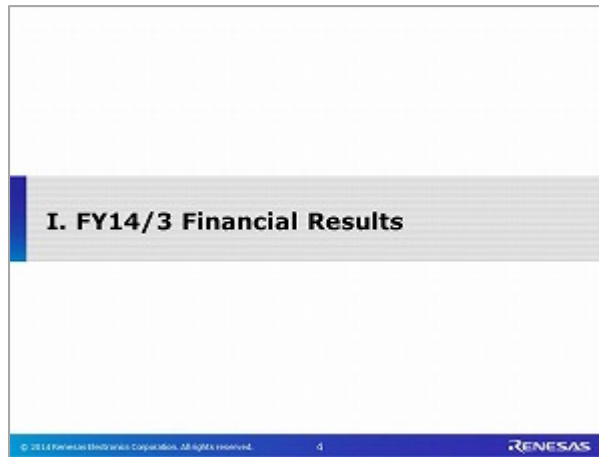
The Group achieved net profit of 7.5 billion yen in the second-half and net loss for full-year improved by 162.3 billion yen from the previous year to 5.3 billion yen.

The second item is the financial forecasts of the first quarter of the fiscal year ending March 31, 2015.

Semiconductor sales of the first quarter are expected to increase slightly both quarter on quarter and year on year to 196.0 billion yen.

The Group expects operating profit of 20.0 billion yen from improving its earning strength through business- and manufacturing-related structural reforms.

The Group expects to return to profitability and achieve quarterly net profit of 14.0 billion yen.



Now let us discuss the financial results for the year ended March 31, 2014.

FY14/3 Financial Results

- Semiconductor sales for full-year were 796.8 billion yen, a 10% increase YoY due to solid growth of automotive and industrial sales throughout the year and influence of the yen appreciation correction.
- Operating income for full-year was 67.6 billion yen largely impacted by cost reduction effects from structural reforms.
- Achieved net profit of 7.5 billion yen in the second-half and net loss for full-year improved by 162.3 billion yen from the previous year to 5.3 billion yen.
- Net sales and net income (loss) for Q4 were both above the Group's expectations owing to the solid growth of automotive and industrial sales covering the seasonal sales decline.

(B Yen)	FY14/3							
	Q4	YoY	QoQ	Difference from previous forecasts	2nd half	Full-year	YoY	Difference from previous forecasts
Net Sales	200.5	+15.1 (+8.2%)	-15.1 (-7.6%)	+10.5 (+5.3%)	416.1	833.0	+47.2 (+6.0%)	+10.5 (+1.3%)
Gross Profit (Ratio)	75.2 (37.5%)	+7.1 (+9.4%)	-8.8 (-11.6%)	-	159.2 (38.2%)	309.7 (37.2%)	+66.9 (+21.6%)	-
Semiconductor Sales	191.8	+17.0 (+9.3%)	-15.8 (-8.2%)	+6.8 (+3.7%)	399.5	796.8	+72.1 (+9.0%)	+6.8 (+0.9%)
Operating Income (Loss)	17.0	+8.9	-13.0	+13.0	46.9	67.6	+90.9	+12.9
Ordinary Income (Loss)	15.4	+6.7	-14.0	+14.4	44.7	58.6	+85.5	+14.4
Net Income (Loss)	-15.5	-9.6	-38.4	+16.5	7.5	-5.3	+162.3	+16.5
[Net] Special Income (Loss)	+27.5	-17.4	-26.0	+1.5	-28.3	+48.1	+82.8	+1.6
1 US\$ =	103 yen	10 yen	4 yen	2 yen	103 yen	100 yen	1 yen	1 yen
1 Euro =	141 yen	23 yen	7 yen	3 yen	137 yen	133 yen	22 yen	1 yen

The figures in this table are rounded to the nearest billion yen.

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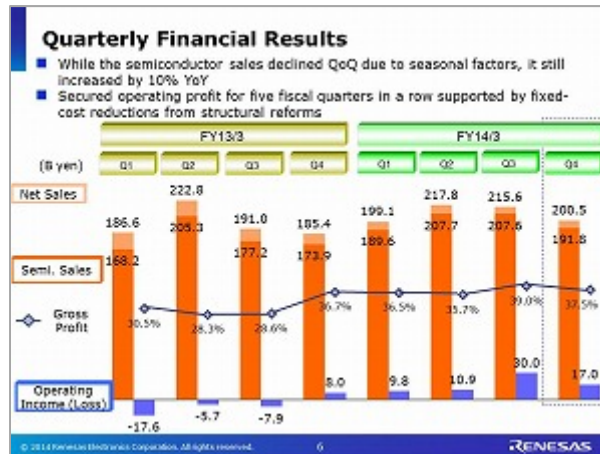
Slide 5 shows the summary of the financial results of the fiscal year ended March 31, 2014.

As previously mentioned, semiconductor sales for full-year were 796.8 billion yen, a 10% increase year on year due to solid growth of automotive and industrial sales throughout the year and influence of the yen appreciation correction.

Operating income for full-year was 67.6 billion yen largely impacted by cost reduction effects from structural reforms.

The Group achieved net profit of 7.5 billion yen in the second-half and net loss for full-year improved by 162.3 billion yen from the previous year to 5.3 billion yen.

Net sales and net income (loss) for the fourth quarter were both above the Group's expectations owing to the solid growth of automotive and industrial sales covering the seasonal sales decline.



Slide 6 shows the trends in quarterly results.

While the semiconductor sales of the fourth quarter declined quarter on quarter due to seasonal factors, it still increased by 10% year on year.

The Group secured operating profit for five fiscal quarters in a row supported by fixed-cost reductions from structural reforms.

FY14/3 Semiconductor Sales by Product Categories (1)

- MCU sales in Q4 remained flat from the previous quarter due to solid growth of automotive and industrial sales covering the seasonal factors
- Full-year sales of MCU and Analog & Power devices showed mid-teen percentage growth thanks to the strong automotive and industrial sales throughout the year

(B Yen)	FY14/3				
	Q4	YoY (%)	QoQ (%)	Full-year	YoY (%)
Semiconductor Sales (Total)	191.8	+10.3%	-7.6%	796.8	+10.0%
MCU	89.2	+15.0%	-0.7%	353.6	+15.9%
Analog & Power	62.5	+14.4%	-13.7%	272.5	+15.9%
SoC	38.8	-0.5%	-11.4%	164.8	-5.0%
Other Semiconductors	1.3			5.9	

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Slide 7 shows the breakdown of semiconductor sales by product categories in the fourth quarter and the fiscal year ended March 31, 2014.

MCU sales in the fourth quarter remained flat from the previous quarter due to solid growth of automotive and industrial sales covering the seasonal factors.

Full-year sales of MCU and Analog & Power devices showed mid-teen percentage growth due to strong automotive and industrial sales throughout the year.



Slide 8 shows the full-year sales by product categories and breakdown of sales by applications.

As for MCUs, although the sales in the previous year were impacted by end of eco-car subsidy in Japan and the slowdown of automotive production by Japanese car makers shipped to China, the sales of automotive MCUs remained solid throughout the fiscal year and increased by 15% year on year.

The sales of general-purpose MCUs increased by 15% year on year thanks to the revitalization of the capital and infrastructure investments and growth in consumer spending spurred by improvement in business confidence especially within the industrial and consumer markets despite a continued downturn of the global market in the previous year.

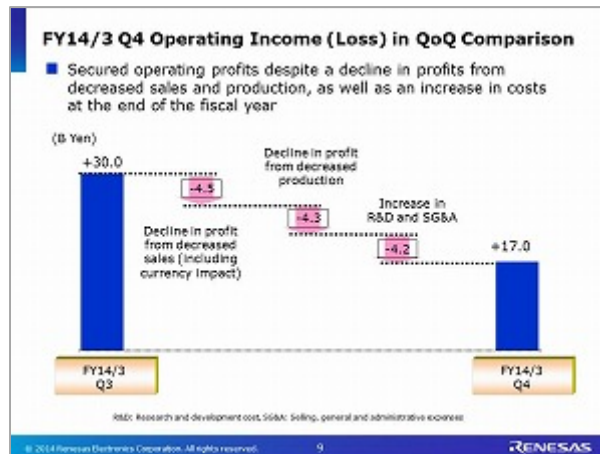
As for Analog & Power devices, sales of both power devices and analog ICs for automotive stayed solid throughout the year and increased by more than 20% year on year.

Sales of display driver IC increased year on year with the rapid increase in demand from smartphone.

Sales of general-purpose analog ICs decreased slightly while sales of general-purpose power devices showed small increase.

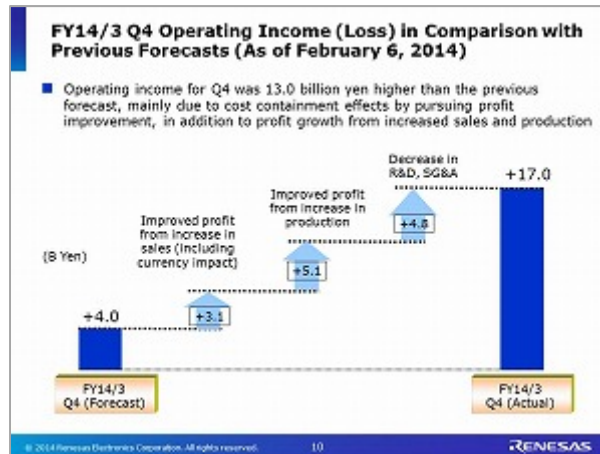
As for SoCs, sales of automotive SoCs increased by approximately 50% year on year due to solid sales of SoCs for car navigation and automotive information devices throughout the year.

Sales of SoCs for consumer and communication decreased year on year as a result of concentration to focus businesses.



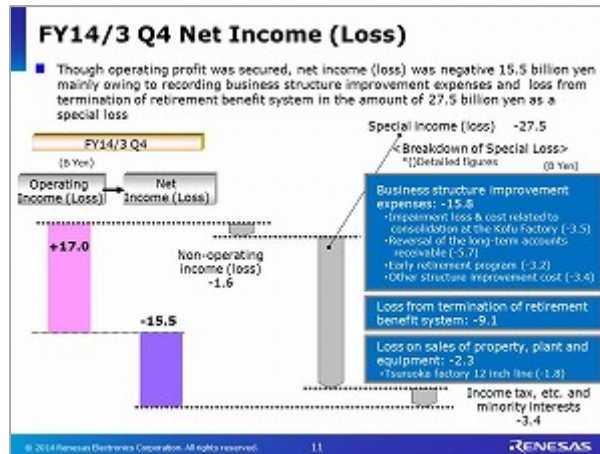
Slide 9 shows the factors affecting the decrease in operating income from the previous quarter.

Despite a decline in profits from decreased sales and production, as well as an increase in costs at the end of the fiscal year, operating profits remained in the black at 17.0 billion.



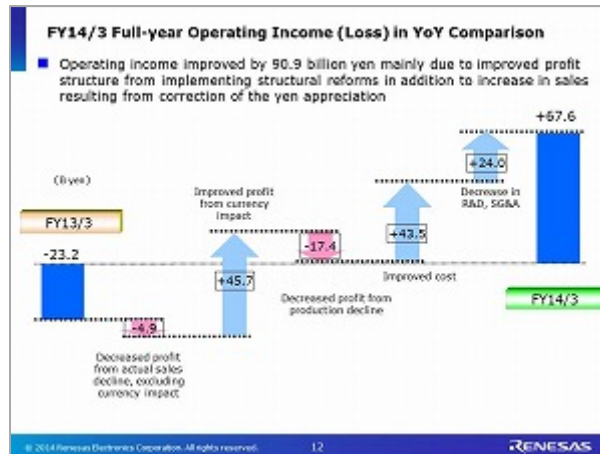
Slide 10 shows the factors affecting the increase in operating income from the previous forecast announced on February 6, 2014.

Operating income for the fourth quarter was 17.0 billion yen, a 13.0 billion yen improvement from 4.0 billion yen, the previous forecast announced on February 6. It was mainly due to cost containment effects by pursuing profit improvement in addition to profit growth from increased sales and production.



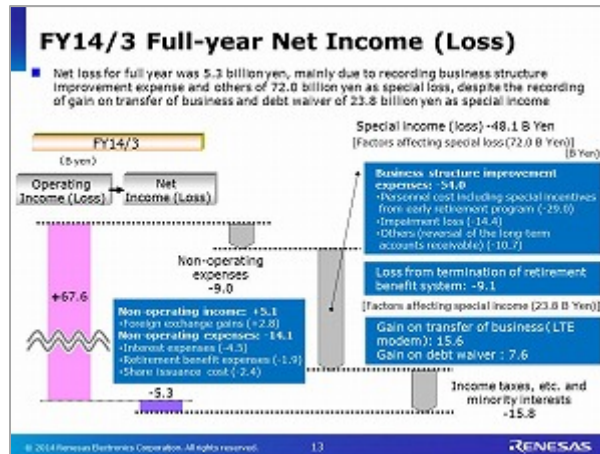
Slide 11 shows factors affecting net loss in the fourth quarter of the fiscal year ended March 31, 2014.

Though operating profit was secured, net income (loss) was negative 15.5 billion yen mainly owing to recording business structure improvement expenses and loss from termination of retirement benefit system in the amount of 27.5 billion yen as a special loss.



From slide 12, we will explain the full-year financial results. First, this slide shows the reason of increase and decrease of operating income and loss year on year.

Operating income was 67.6 billion yen, improved by 90.9 billion yen mainly due to improved profit structure from implementing structural reforms in addition to increase in sales from effects of correction of yen appreciation.



Slide 13 shows factors affecting net loss in the fiscal year ended March 2014.

The Group booked a special income of 23.8 billion yen mainly due to gain on the transfer of LTE modem business and a partial debt waiver from some of its major shareholders who are also creditors.

On the other hand, the Group booked an extraordinary loss of 72.0 billion yen mainly due to business structure improvement expenses such as the implementation of the early retirement program, with the result being a net loss of 5.3 billion yen for the term.

FY14/3 Balance Sheets

■ Equity ratio rose to around 30% and the Group's financial base showed significant improvement

(B Yen)	As of Mar. 31, 2013	As of Dec. 31, 2013	As of Mar. 31, 2014
Total Assets	669.1	795.8	786.0
Cash and Cash Equivalents	77.7	266.0	265.9
Inventories	151.3	128.5	126.1
Liabilities	591.2	543.6	558.7
Interest-Bearing Debt	306.4	280.9	270.9
Shareholders' Equity	75.8	236.0	220.6
Net Assets	77.9	252.2	227.3
D/E Ratio (Gross)	4.59	1.17	1.26
D/E Ratio (Net)	3.43	0.06	0.02
Equity Ratio	10.0%	30.2%	27.3%

Note 1: Cash and Cash Equivalents: Cash and deposits, short-term investment securities.
Note 2: Inventories: Semiconductor and related parts, work in process, raw materials and supplies.
Note 3: Interest-bearing debt: Short-term borrowings, current portion of long-term borrowings, current portion of bank borrowings.
Note 4: Equity: Shareholders' equity, minority and preferred stockholders' equity.

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Slide 14 shows the status of the balance sheets.

Equity ratio rose to around 30% and the Group's financial base showed significant improvement.

FY14/3 Cash Flows

■ Achieved positive free cash flows in all four quarters in FY14/3 and showed significant increase in free cash flows for full-year from the previous year by securing operating profits through promotion of structural reforms

(B Yen)	FY13/2	FY14/3				
	Full-year	Q1	Q2	Q3	Q4	Full-year
Cash Flows from Operating Activities	-54.1	28.4	9.0	33.9	22.4	93.7
Cash Flows from Investing Activities	-43.2	-2.5	-6.5	-3.4	-6.8	-19.2
Free Cash Flows	-97.3	25.9	2.5	30.5	15.6	74.5

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Slide 15 shows the status of the cash flows.

The Group achieved free cash flows in all four quarters in the fiscal year ended March 31, 2014 by securing operating profits through promotion of structural reforms. As a result, free cash flows for full-year was positive 74.5 billion yen, a significant improvement from the previous year.



In the next section, we will explain the Group's outlook for the first quarter of the fiscal year ending March 31, 2015.

FY15/3 Q1 Consolidated Financial Forecasts

- Semiconductor sales are expected to increase by 3.4% YoY to 196.0 billion yen
- Operating income is expected to be 20.0 billion yen from implementing business- and manufacturing-related structural reform measures
- Quarterly net income is expected to improve significantly to 14.0 billion

(B yen)	FY14/3	FY15/3		
	Q1 (Actual)	Q1 (Forecast)	QoQ	YoY
Net Sales	199.1	202.0	+1.5 (+0.7%)	+2.9 (+1.5%)
Gross Profit (Ratio)	72.7 (36.5%)	75.5 (37.4%)	+0.3 (-0.1Pt.)	+2.8 (+0.9Pt.)
Semiconductor Sales	189.6	196.0	+4.2 (+2.2%)	+6.4 (+3.4%)
Operating Income (Loss)	9.8	20.0	+3.0 (+17.9%)	+10.2 (+104.5%)
Ordinary Income (Loss)	8.5	17.5	+2.1 (+13.8%)	+9.0 (+105.0%)
Net Income (Loss)	-4.0	14.0	+29.5	+18.0
(Reference) Special Income (Loss)	-8.7	-1.0	+26.5	+7.7
1US\$=	98 yen	100 yen	3 yen strong	2 yen weak
1 Euro=	127 yen	136 yen	5 yen strong	9 yen weak

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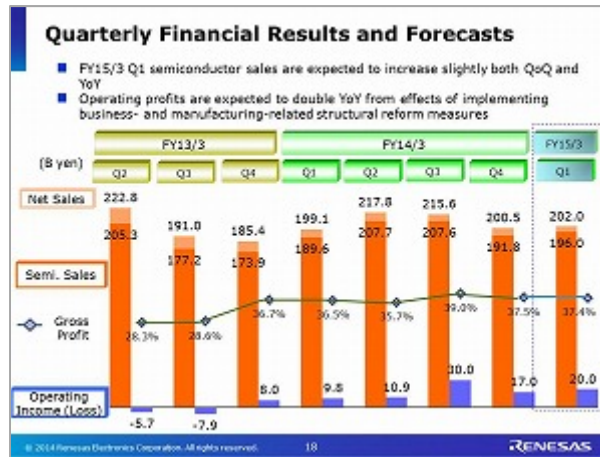
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Slide 17 shows the summary of consolidated financial forecasts for the first quarter.

Semiconductor sales are expected to increase by 3.4% year on year to 196.0 billion yen.

Operating income is expected to be 20.0 billion yen from implementing business- and manufacturing-related structural reform measures.

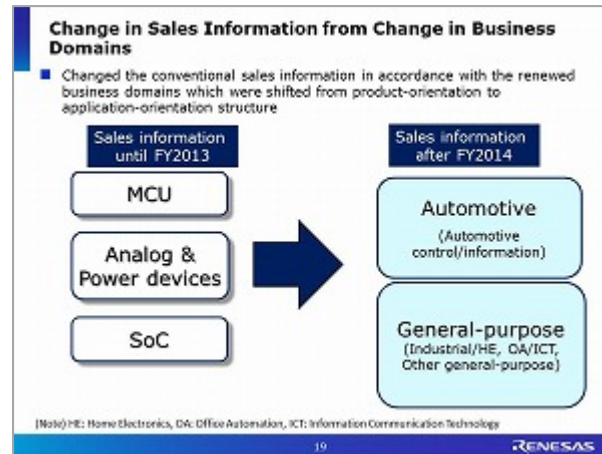
Quarterly net income is expected to improve significantly to 14.0 billion from negative 4.0 billion yen in the first quarter of the previous year.



Slide 18 shows the trends of quarterly financial results and forecasts.

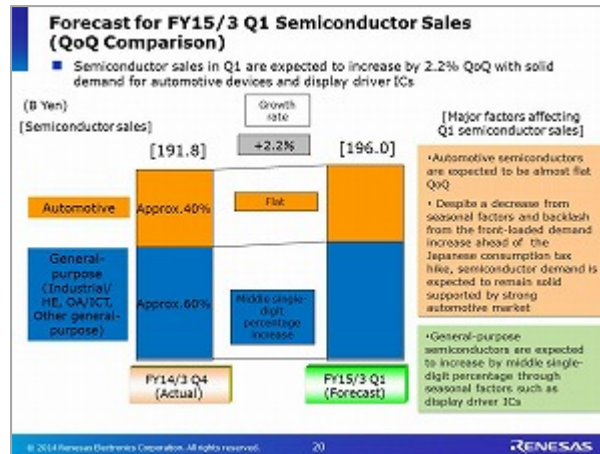
Semiconductor sales for the first quarter of the fiscal year ending March 2015 are expected to increase slightly both quarter on quarter and year on year.

Operating profits of the first quarter are expected to double year on year from effects of implementing business- and manufacturing-related structural reform measures.



Page 19 contains excerpts from the “Reforming Renesas” document released on October 30, 2013. Beginning in December 2013 the Group renewed its business domains, shifting from product-oriented structure comprising MCU, Analog & Power devices and SoC, to application-oriented structure comprising Automotive and General-purpose.

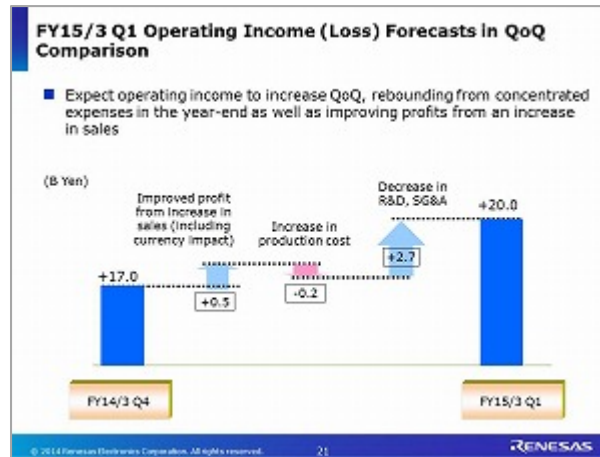
With this shift, from the fiscal year ending March 31, 2015, onward the Group is changing the conventional segment information and sales will henceforth be reported for the automotive and general-purpose application categories.



Slide 20 shows semiconductor sales forecasts for the first quarter, broken down by the new segments.

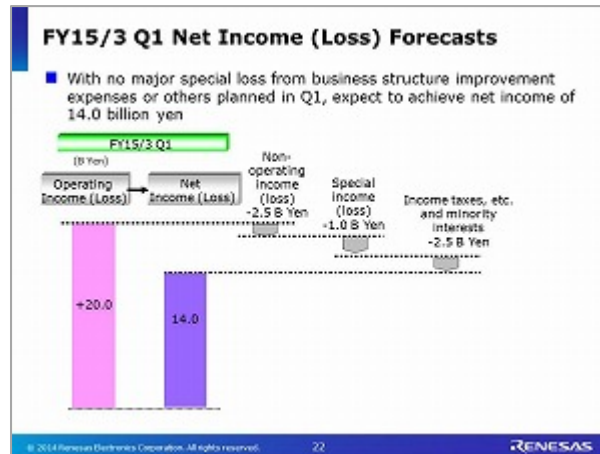
Due to strong demand in the automotive market, first-quarter automotive semiconductor sales are expected to be almost flat quarter on quarter, while first-quarter general-purpose semiconductor sales are expected to increase by approximately middle single digit percentage quarter on quarter, underpinned by a seasonal increase in sales of display driver ICs, etc.

As a result, semiconductor sales in the first quarter are expected to increase by 2.2%, compared with the previous quarter.



Slide 21 shows the reason of increase and decrease of operating income and loss quarter on quarter.

The Group expects the operating income of the first quarter to be 20.0 billion yen, improving by 3.0 billion yen over the previous quarter mainly due to rebounding from concentrated expenses in the year-end as well as improving profits from an increase in sales.



Finally, slide 23 shows factors affecting net income in the first quarter of the fiscal year ending March 31, 2015.

The Group plans no major special losses in the first quarter as in the previous quarters with significant amounts of business structure improvement expenses, etc., therefore we expect to achieve quarterly net income of 14.0 billion yen.

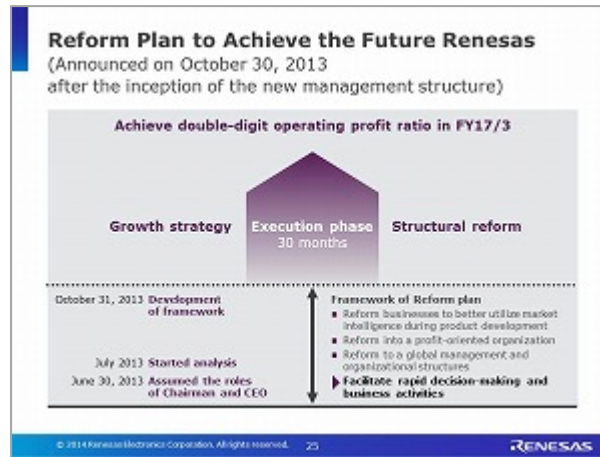
Next up, Hisao Sakuta, our Chairman, will discuss our efforts aimed towards profitable growth.



Hello, I'm Hisao Sakuta. In the next section, I would like to discuss the initiatives we pursued at Renesas Electronics over the past fiscal year and about the operation of our business moving forward.



I took up the position of Chairman of Renesas Electronics at the end of June of last year, and in August I first had the opportunity to explain to all of you the direction our company is aiming for. The Renesas Group plays an extremely large role in society and industry, and I feel that it is an important mission for us to put the management of our company on a healthy basis as soon as possible to enable the further development of society and industry. In order to fulfill this mission to society and industry, it is essential for us to achieve a corporate constitution that can generate stable revenue in a sustained manner, so we have been moving forward with major reforms focusing on business selection and concentration, structural reforms, and operations in order to reform the corporate constitution of the Renesas Group.



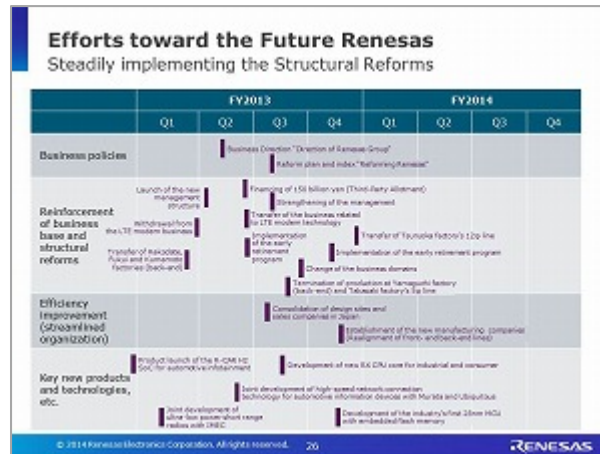
Last August we indicated the future direction of Renesas Electronics, and in October we adopted a plan and entered the execution phase.

As I said before, in order to achieve a corporate constitution that can generate stable revenue in a sustained manner, we must first transform our corporate constitution so as to generate revenue.

Our “reform plan” for changing our corporate constitution has three key components:

1. Reform businesses to better utilize market intelligence during product development
2. Reform into a profit-oriented organization
3. Reform to a global management and organizational structures

We have already entered the execution phase and six months have passed. By resolutely completing our “reform plan” within the remaining 24 months, we aim to reform our corporate constitution into one that can generate stable revenue in a sustained manner and achieve an operating profit ratio in the double digits in fiscal 2016.



In the approximately 10 months since the start of our rebuilding efforts under the new management team, we have implemented a variety of measures based on the “business direction” and “reform plan.”

To strengthen our corporate foundations, we have first stabilized our financial base by realigning our manufacturing system and procuring 150.0 billion yen in capital from a group of eight business enterprises.

In addition, as part of our efforts to divest ourselves of unprofitable businesses, we transferred our LTE modem business to Broadcom Corporation, thereby stemming a significant hemorrhaging of resources.

Also, as part of our efforts to strengthen our corporate constitution and ensure stable revenue, we have reconfigured our manufacturing sites, for example by transferring Tsuruoka Factory to Sony.

To increase the efficiency of our business operations, we have taken steps such as integrating our design subsidiaries and reconfiguring our manufacturing subsidiaries.

Finally, we have not stopped at cost reductions, shifting the domains on which Renesas concentrates from products to applications, strengthening our marketing structure based on a market-orientated approach, and carrying out at the same time a strengthening of our advanced semiconductor technology development in order to boost the competitiveness of our products.

Issues to Address for Profitable Growth

Ensure the Implementation of the Reform Plan

1. Improve profit ratio through structural reforms
2. Achieve further growth in profits through selection and concentration of businesses

- Secure promotion of the manufacturing structural reforms
- Relocate design resources to match the business domains
- Pursue profitability

▶ Promote fundamental reform to achieve profitable growth

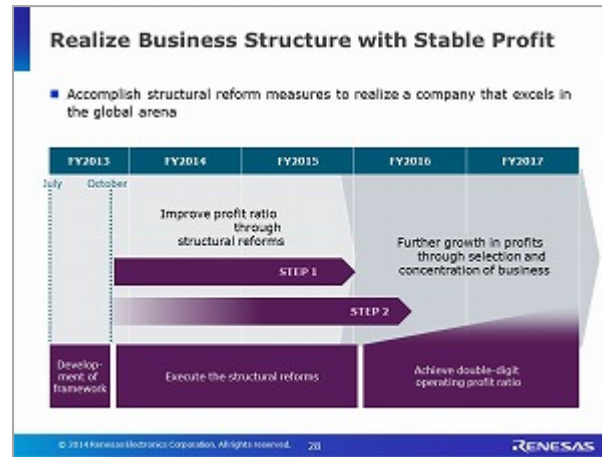
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Next are the initiatives Renesas Electronics will be taking moving forward.

As I mentioned previously, the Renesas Group has been proceeding with structural reforms and measures to strengthen the corporate foundation, and I believe that in order to assure the ability to respond flexibly to changes in the business climate and achieve business growth in the medium-term, still higher profitability is essential. Therefore we will continue to implement “improved profit ratio through structural reforms” based on our “reform plan,” while at the same time realizing “further revenue growth through selection and concentration of businesses” aimed at stable business growth.

In putting this into practice we will continue to promote manufacturing structural reforms while redeploying our design resources to match our business domains.

Moving forward we will continue to carry out powerful reforms from the ground up as we work to achieve revenue growth within the Renesas Group.



This diagram provides an overview of the schedule for our reforms moving forward.

Our goal is to complete the structural reform measures by the end of fiscal 2016, based on the “business direction” and “reform plan,” to transform the corporate constitution of the Group into one capable of consistently generating a double-digit operating profit by fiscal 2016, and to become a truly globally competitive company in the medium and long term.

(FORWARD-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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