

The following is an English translation of the Notice of the 14th Ordinary General Meeting of Shareholders of Renesas Electronics Corporation to be held on June 28, 2016 (as well as the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements with respect to the 14th Business Period, and report on the results of the audit conducted on such Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors), except for translation of the instructions on voting rights and the access map for the place of the meeting in the Notice. The Company provides this translation for your reference and convenience only.

## **Renesas Electronics Corporation**

Securities Code: 6723  
3-2-24 Toyosu, Koto-ku,  
Tokyo

Tetsuya Tsurumaru  
Representative Director,  
President&CEO

June 7, 2016

**To Our Shareholders:**

### **NOTICE OF THE 14TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

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

1. DATE: June 28, 2016 (Tuesday) at 10:00 A.M. (Japan Standard Time)
2. PLACE: Conference Room in Musashi Site of the Company at 5-20-1, Jousui-Honcho, Kodaira, Tokyo, Japan

3. AGENDA OF THE GENERAL MEETING:

**MATTERS TO BE REPORTED UPON**

Report on the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, and report on the results of the audit conducted on the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors with respect to the 14th Business Period from April 1, 2015 to March 31, 2016.

MATTERS TO BE VOTED UPON:

- (1) Partial Amendments to the Articles of Incorporation
- (2) Election of Five Directors
- (3) Election of One Corporate Auditor
- (4) Revision of the amount of remuneration of Directors, and, determination of the amount of remuneration and concrete details of the stock acquisition rights as stock options for Directors

## **Business Report**

(For the Period from April 1, 2015 to March 31, 2016 (the “Period”))

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

#### **(1) Business Progress and Results**

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

During the Period the world economy was marked by a steady trend in the advanced countries of North America and Europe, but this was offset by downward pressure from the worsening economies of resource-supplying countries due to stagnant natural resource prices and the slowdown of the Chinese economy. Reduced demand in the Japanese economy following the consumption tax hike seemed to have run its course, but private consumption and capital investment showed only weak recovery, resulting in no real progress overall.

In an economic climate characterized by regional disparities, the relevant markets of semiconductor devices, which are the main business domain of the Renesas Group (the “Group”), experienced weak growth overall, with steady demand for automotive applications being offset by stagnant demand for industrial and other applications.

In this business climate, aiming to continue to survive and thrive in the dramatically changing and fiercely competitive global semiconductor market, and aspiring to be a global enterprise capable of contributing to the development of society and industry, the Group passed a critical juncture as it entered the final fiscal year of the “Reform Plan” adopted in October 2013, which had as its themes reforming the Group into a market-, profit- and globally-oriented enterprise. As the culmination of these efforts, the Group made all-out efforts during the Period to tackle the two key challenges of “improved profit ratio through restructuring” and “further growth in profits through business selection and concentration,” while at the same time reforming its business operations to support these measures.

Regarding “improved profit ratio through restructuring,” the Group concentrated on a variety of structural reforms covering all areas of its operations in order to establish a firm business structure capable of generating stable operating profits regardless of the business environment.

First, on the manufacturing side, the Group continued to implement the structural reforms that had started earlier with the aim of boosting cost competitiveness and efficiency. Regarding front-end operations (semiconductor wafer processing), a basic agreement was concluded to transfer the assets, etc., of the Tsuruoka Factory of Renesas Semiconductor Manufacturing Co., Ltd., to TDK Corporation and its subsidiary TDK Shonai Corp., and assets, etc., related to the 8-inch wafer production line of the Shiga

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Factory of Renesas Semiconductor Manufacturing Co., Ltd., were sold to ROHM Shiga Co., Ltd., a subsidiary of ROHM Co., Ltd. Due to the difficulty of improving their profitability, it was decided that the production operations of the Kochi Factory of Renesas Semiconductor Manufacturing, Co., Ltd., will be consolidated into other facilities and the factory will be closed. As for back-end operations (semiconductor assembly and testing), the Yanai Factory of Renesas Semiconductor Package & Test Solutions Co., Ltd., was closed, and the semiconductor production equipment of Renesas Semiconductor Singapore Pte. Ltd. was sold to J-Devices Corporation in preparation for the closing of that company.

Next, on the design and development side, in order to improve strength and efficiency of design and development ability, the design and development operations previously carried out by the design and development division of the Company and three domestic subsidiaries were reorganized and integrated, based on their characteristics, into the Company, Renesas System Design Co., Ltd. (formerly Renesas Solutions Corp.), and Renesas Engineering Services, Co., Ltd. At the same time, the Group's design and development locations underwent restructuring and consolidation.

Alongside the above, the Group carried out a drastic reform of its operating foundations which support the Group's business. First, the head office address and headquarters were moved to Toyosu in Koto-ku, Tokyo, an area that has undergone rapid development in recent years, and the Company's capital and capital reserve were reduced to enable a more flexible capital policy. In addition, a new personnel treatment system was introduced at the Group companies mainly in Japan in the preceding fiscal year, based on the concepts of enhancing global competitiveness, inculcating a results-oriented mindset, boosting motivation, and strengthening personnel training, and during the Period this was extended actively to the Group companies overseas in order to realize "One Renesas" globally. To thoroughly instill a results-oriented mindset linked to the consolidated financial results of the Group as a whole, a system was introduced Group-wide under which key performance indicators (KPIs) are established to match the functions of the organizations and the degree to which they are achieved is reflected in performance evaluations. To ensure that the Group's internal decision-making and approval procedures are appropriate and rapid, a common decision-making and approval system for the entire Group and an approval workflow system (electronic approval system) to implement it electronically were introduced. Also, to boost work efficiency, review of all the business processes, from order receipt through production and logistics to delivery, and a business process integration (BPI) initiative was started to implement such review.

Regarding "further growth in profits through business selection and concentration," the Group had identified the five business domains in which it can demonstrate its strengths at the global level and expect stable profit growth: "Automotive control," "Automotive information," "Industrial/Home electronics," "OA/ICT (office automation/information and communication technology)," and "General-purpose products" as the main business domains. From the viewpoint of profitability, the Group worked to reduce products and transactions with poor profit growth prospects and to improve the

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product mix, and as part of its “change of gears” toward the next growth stage, it endeavored aggressively to strengthen its technological expertise and ability to propose solutions to customers.

First, the Group accelerated the concentration of management resources in product areas where high growth and profitability can be anticipated. As a result, the Group brought to market a large number of semiconductor products that meet the needs of the marketplace and customers while providing high added value. These include the R-Car H3, which implements on a single chip the functions needed to build today’s increasingly sophisticated automotive information systems and safe driving assistance systems, and the Renesas Synergy™ platform, which integrates the software and hardware needed to develop devices related to the rapidly growing Internet of Things (IoT) market.

In addition, with the goal of bolstering the Group’s technological expertise, the wellspring of its competitive advantage, the post of Chief Technology Officer (CTO) was established, with responsibility for grasping the trends and demands of customers and the market in a timely manner, and for devising and implementing a future-oriented research and development strategy. An organization and committee to assist the CTO were also established. In this way, a system has been put in place to strengthen the Group’s core technologies, implement its technology strategy, and train and retain technical personnel.

Also, the new campaign slogan “BIG IDEAS FOR EVERY SPACE” was adopted to elevate the power of the Renesas brand at the global level by conveying the message that “Renesas products support ‘BIG IDEAS’ as the heart of technological innovation at every scene.” A global advertising campaign was launched utilizing this slogan.

Finally, Renesas DevCon (developers conference) events were held in Japan and overseas to introduce to customers and partners the Group’s businesses and its most advanced technologies and products. These received a very favorable response.

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

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

### **Consolidated Net sales**

Consolidated net sales for the Period were 693.3 billion yen, a decrease of 12.4% year on year. This was mainly due to decrease in sales from semiconductors, including small- and medium-sized display driver ICs for mobile handsets and consumer electronic devices, resulting from the Group’s ongoing selection and concentration of business, despite the improved exchange rate.

The consolidated net sales of the Group are composed of the main product groups, “Automotive Business” and “General-Purpose Business”, and “Other Semiconductor Business” and “Sales from Others” that fit into neither of the above product categories. Sales of respective areas were as follows:

**(Automotive Business)**

The automotive business includes the product categories “Automotive control,” comprising semiconductor devices for controlling automobile engines and bodies, and “Automotive information,” comprising semiconductor devices used in automotive information systems. The Group supplies microcontrollers, analog & power semiconductor devices, and system-on-chip (SoC) products in each of these categories.

Sales of the Automotive Business for the Period were 321.7 billion yen, a 0.4% decrease year on year. This was mainly due to decreased sales in “Automotive Information” category, despite the increased sales in “Automotive Control” category.

**(General- Purpose Business)**

The general-purpose business includes the product categories “Industrial/Home electronics,” comprising semiconductor devices for industrial equipment, white goods, etc., “OA/ICT,” comprising semiconductor devices for office automation (OA) equipment such as multifunction printers and information and communication technology (ICT) equipment such as network infrastructure, and “General-purpose,” comprising general-purpose semiconductor devices for other applications. The Group supplies microcontrollers, analog & power semiconductor devices, and SoC products in each of these categories.

Sales of the General-Purpose business for the Period were 349.4 billion yen, a 17.9% decrease of year on year. This was mainly due to the Group’s promotion of selection and concentration of businesses which led to decreased sales in the “OA/ICT” and “General-Purpose” categories, despite the increased sales in the “Industrial/Home electronics” that remained flat. In particular, sales in the “General-Purpose” category decreased year on year as a result of transferring all of the shares in Renesas SP Drivers Inc., a consolidated subsidiary of the Group and supplier of small- and medium-sized display driver ICs, to Synaptics Holding GmbH in October, 2014.

**(Other Semiconductor Business)**

Sales of other semiconductor business include production by commissioning and royalties. Sales of other semiconductors for the Period were 4.6 billion yen, a 3.4% decrease year on year.

**(Sales from Others)**

Sales from others include non-semiconductor products sold on a resale basis by the Group’s sales subsidiaries, and development and production by commissioning conducted by the Group’s design and manufacturing subsidiaries. Sales from others for the Period were 17.7 billion yen, a 53.2% decrease year on year. This decrease was mainly due to the end of sales of the former Renesas SP Drivers Inc., products supplied by commissioning that continued even after the transfer of all of the shares in Renesas Drivers Inc., in October, 2014, in addition to the transfer of the LCD resale business of the Group’s overseas subsidiary in April 2015.

**Consolidated Operating Income (Loss)**

Consolidated operating income for the Period was 103.8 billion yen, a 0.6 billion yen decrease year on year. It remained almost the same level as the previous year, mainly due to an improved US dollar exchange rate, in addition to the improved earnings structure, including the improvement of gross profit ratio, from implementing structural reform measures, despite the Group's promotion of selection and concentration of businesses which led to decreased net sales.

**Consolidated Ordinary Income (Loss)**

Consolidated ordinary income for the Period was 102.1 billion yen, a 3.2 billion yen decrease year on year. This was mainly due to decreased non-operating income including foreign exchange gains.

**Consolidated Net Income (Loss) attributable to shareholders of parent company**

Consolidated net income for the Period was 86.3 billion yen, 3.9 billion yen improvement year on year. This was mainly due to decrease in net income attributable to non-controlling interests and income taxes relating to Renesas SP Drivers Inc. as result of the transfer of all of the shares in Renesas SP Drivers Inc. in October, 2014.

We are afraid that we will forego a year-end dividend to our shareholders in order to build a solid profitable financial base that can stably record net income moving forward. The Group will continue to exert its utmost efforts for further improvement of profitability and stabilization of the business toward the resumption of dividends. In this regard, we respectfully ask for our shareholders' continuous understanding and support.

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

As described in "1-(1) Business Progress and Results", the Group was able to maintain the same level of operating income as the previous fiscal year, in spite of a reduction in net sales. This was mainly due to the Group's steady implementation of structural reforms, and efforts to improve its earning structure. Nevertheless, in order to deal flexibly with changes in the business climate and achieve stable business operation, the Group must enhance profitability still further. To do this, moving forward the Group will build on the results gained by carrying out the Reform Plan with efforts organized around three themes: "reform aimed at a more efficient manufacturing structure", "concentrated investment of management resources in focus business", and "putting in place an environment to underpin reform aimed at an efficient manufacturing structure and concentrated investment of management resources in focus business"

In addition, a part of the Group's manufacturing sites has been affected by the earthquake that struck Kumamoto Prefecture in April 2016. The Group is doing its utmost to realize "early recovery from the Kumamoto Earthquake".

**(i) Reform Aimed at a More Efficient Manufacturing Structure**

Based on the reform plan, the Group has been promoting manufacturing structural reforms with the goals of “boosting production efficiency,” “building a flexible production system to respond to rapid market changes,” and “maintaining and continuing in-house plants with advanced technologies and cost competitiveness” and these measures have achieved a certain measure of success. Moving forward, the Group will continue to implement a variety of reforms of the manufacturing structure in order to boost production efficiency still further.

First, there are at present some factories that continue to operate using aging equipment and production processes, so there is a need for further optimize the production structure, working to boost production efficiency and cut production costs still further.

In addition, the Group is focusing on reform of the production operations through efforts to turn the factories into “smart factories” with an aim of delivering high-quality and highly reliable products, achieving high productivity, and shortening production lead time. Specifically, the Group is introducing artificial intelligence (AI) system, gathering and analyzing as “big data” information on individual pieces of production equipment, working to anticipate and prevent quality issues, performing preventative maintenance of the equipment, installing advanced automated conveyor systems, and making factory operations more efficient. At present AI systems employing Group’s own R-IN products have been installed and are undergoing evaluation testing at the Group’s cutting-edge Naka factory. The Group plans to use the results of these tests to accelerate the future implementation of smart factory systems.

**(ii) Concentrated Investment of Management Resources in Focus Businesses**

The Group places its focus on five application fields where the Group possesses unique strength and can compete most effectively: “Automotive Control”, “Automotive Information,” “Industrial/Home Electronics,” “OA/ICT,” and “General-purpose” products. The Group will accelerate selection and concentration of products and business domains aimed at the realization of steady growth in profits, and in this way the Group will improve its product mix and strengthen the competitiveness of its products.

Firstly, during the year ended March 31, 2016, the Group has continued to withdraw from unprofitable product categories and worked to improve its mix of products. Moving forward the Group will carry on its efforts to achieve profit growth through selection and concentration of businesses in order to become capable of maintaining and bolstering its firm strength in focus domains.

Second, with the aim of putting in place a business structure that can achieve and sustain a high level of profitability, the Group is focusing on application with long product life cycle in which it can promote the high quality and excellent reliability of the Group product. Specifically, the Group plans to further break down its business domains based on its strengths and profitability in order to construct a business portfolio from a companywide perspective. This brings increased visibility to the business portfolio the



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Group needs to focus on and enable concentrated investment of management resources within the portfolio. At the same time, steps are being taken to withdraw from businesses that do not fit the business structure the Group is aiming for. Furthermore, to maintain and strengthen its technology development capabilities, the Group is identifying focus common technologies in fields such as intellectual property (IP), design technology, and production technology utilized across multiple products, taking into consideration future necessity and importance as well as the Group's technological position. The Group intends to concentrate its management resources on these focused common technologies.

The Group will also continue to review its business and technology portfolios and work on a realization of profit growth by putting various means into perspective.

**(iii) Putting in Place an Environment to Underpin Reform Aimed at an Efficient Production Structure and Concentrated Investment of Management Resources in Focus Business**

The Group, in order to put in place an environment to underpin the above-mentioned reform aimed at an efficient production structure and concentrated investment of management resources in focus businesses, is rolling out policies on a global scale to promote employee skills development and organizational activation. Specifically, a new personnel system and a KPI-based performance evaluation system was introduced at the Group companies overseas during the Period. In addition to efforts to ensure further development and penetration of these changes, the BPI is being reviewed and smarter workstyles introduced with regard to rectification of information flows among distributors, supply chain management teams, sales companies, and factories, and at the same time information systems are being upgraded as needed.

**(iv) Early Recovery From the Kumamoto Earthquake**

Although there are no human damages in the Group, Kawashiri factory of Renesas Semiconductor Manufacturing Co., Ltd., a front-end site, has been affected by the Kumamoto Earthquake.

The Group is taking measures aimed at early recovery of production including recovery of manufacturing subcontractors and material vendors quickly.

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

**(i) Commercialization of World's most Advanced Automotive SoC Products Featuring Improved Computing Performance and Conforming to Automotive Functional Safety Standard for Autonomous Driving**

In December 2015 the Group started sample shipments of the R-Car H3, the third-generation product in the R-Car series of automotive system-on-chip (SoC) products, which are positioned as new semiconductor

solutions for a broad range of applications, including automotive information systems and safe driving assistance systems.

In recent years safe driving assistance systems have rapidly advanced in sophistication, with moves toward realization of collision avoidance and self-driving functionality. To achieve improved safety, each vehicle needs to be equipped with a large number of cameras and sensors, and to process the data from these sources quickly and accurately to make split-second judgments for collision avoidance etc., which demand computing performance by several times more than that of earlier devices. At the same time, there is a need for display technology that balances safety and comfort, conveying information on the status of the vehicle to the driver in an appropriate and non-burdensome manner, which demands high-level graphics performance.

To deliver the high level of computing performance required, the R-Car H3 is equipped with four ARM® Cortex®-A57 and four Cortex®-A53\*, high-performance 64-bit CPU cores designed by ARM Limited. To these is added a cutting-edge dedicated GPU<sup>1</sup> having significantly high graphics processing performance to boost the ability of displaying the necessary information to drivers. The R-Car H3 also incorporates exclusive Renesas technologies to ease implementation of advanced features such as collision avoidance. These include on-chip SRAM technology<sup>2</sup> that allows images captured by the cameras to be stored in and retrieved from memory quickly, and a camera image processing circuit<sup>3</sup> that delivers extremely fast image distortion correction. To integrate these high-performance features in a single chip, the R-Car H3 is the world's first automotive SoC (as of December 2015) to be fabricated using a cutting-edge ultrafine 16-nanometer<sup>4</sup> process.

In these ways the R-Car H3 expands the scope of potential applications beyond that of the Group's earlier R-Car H2, which was targeted mainly at automotive information systems. It is a new automotive computing platform suitable for safe driving assistance systems and anticipates the age of autonomous vehicles.

Improving the performance of the Group's products in this way makes possible complex processing, enabling automobiles to automatically detect obstacles, monitor the driver's condition, anticipate and avoid hazards, bring enhanced safety and peace of mind to the driving experience, and create a more sophisticated and convenient interface experience. The R-Car H3 also supports the ISO 26262 (ASIL-B) international automotive functional safety standard. By minimizing the risk of failure of the semiconductor device itself, it helps assure the safety of high-level systems as well.

The Group has established the R-Car Consortium to enhance its ability to provide semiconductor solutions for the automotive field. Through this organization the Group collaborates with more than 170 partner companies, expanding the range of solutions available for automotive information systems and safe driving assistance systems, and contributing to the realization of a safer, less stressful, and more convenient driving experience.

**(ii) Introduction of Renesas Synergy™ Platform to Promote Speedier Development of Embedded Devices Such as IoT Products**

The Group rolled out the Renesas Synergy™ platform for the continuously growing IoT and embedded device markets in October 2015 in North America and in December of the same year in Europe and Japan.

The development of IoT devices, which allow objects of all sorts to connect to the Internet, presently requires the introduction of new technologies in areas such as communication and security, and such systems are growing more and more complex. The growing time and cost of developing new devices due to this increasing complexity is a big issue particularly in the IoT market, where new entrants are numerous.

In response, the Group has rolled out a cloud-based gallery called the Renesas Synergy™ platform featuring software and solutions, including software packages whose operation is guaranteed, microcontroller software, development environments, and development examples.

Previously semiconductor software was supplied by the Group or its partner companies, but its operation was not guaranteed on customers' mass produced products. The newly available software packages provide a selection of standard microcontroller software essential to embedded systems. There is also software from partner vendors that enables customers to add extended functionality and whose operation is guaranteed by the Group. The Renesas Synergy™ platform enables customers to focus their efforts on developing their own applications and providing related services. It is intended to prioritize device development by customers and, at the same time, to substantially speed up the development process.

The above products supplied by the Group are supported with continuous software updates, and customer support is centralized. This minimizes the initial cost for customers starting development and lowers overall maintenance costs, contributing to a reduction in both time and labor requirements. With products such as those offered via the Renesas Synergy™ platform, the Group is helping a variety of enterprises succeed in the IoT market and increasing the vitality of the markets for IoT and embedded devices.

(Note) 1. GPU: GPU stands for Graphics Processing Unit. A specialized semiconductor which performs calculation processing for image processing such as displaying 3D graphics.

2. On-chip SRAM technology: The Group announced this at the International Electron Device Meeting 2015 in December 2015.

3. Camera image processing circuit: The Group announced this at the International Solid-State Circuit Conference 2016 in February 2016.

4. Nanometer: One nanometer is one billionth meter.

\* "Arm, Cortex" is a trademark or registered trademark of ARM Limited. The other product and service names that appear in this section are trademarks or registered trademarks of their respective owners.

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

During the Period, the amount of capital investment by the Group was 61.8 billion yen, 28.7 billion yen increase from the previous period. This was mainly used for investment in response to restructuring measures, increasing the manufacturing equipment of front-end and back-end sites and investment in BPI.

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

The Group did not raise funds through issuance of new shares or bonds during the Period.

As of March 31, 2016, debt with interest of the Group was 244.3 billion yen, 15.4 billion yen decrease from March 31, 2015. This is because the Company made payments on existing borrowings and lease payments.

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

(In billions of yen except per share figures)

Business Period Indices	10th Business Period 4/1/11-3/31/12	11th Business Period 4/1/12-3/31/13	12th Business Period 4/1/13-3/31/14	13th Business Period 4/1/14-3/31/15	14th Business Period (the "Period") 4/1/15-3/31/16
Net sales	883.1	785.8	833.0	791.1	693.3
Operating income (loss)	(56.8)	(23.2)	67.6	104.4	103.8
Ordinary income (loss)	(61.2)	(26.9)	58.6	105.3	102.1
Income (loss) before income taxes	(59.6)	(157.8)	10.5	94.1	90.8
Net income (loss) attributable to shareholders of parent company	(62.6)	(167.6)	(5.3)	82.4	86.3
Net income (loss) per share (yen)	(150.08)	(401.76)	(5.07)	49.41	51.76
Total assets	858.2	669.1	786.0	840.1	849.4
Net assets	226.5	77.9	227.3	311.9	381.7

- (Note) 1. "Net income (loss) per share" is calculated based on the average number of shares outstanding during each business period.
2. Major factor of large increase of net assets in 12th Business Period is increase of the capital (*shihonkin*) and capital reserve fund (*shihon-jyunbikin*) based on the third-party allotment implemented as of September 30, 2013

## (7) Principal Subsidiaries (as of March 31, 2016)

Company Name		Capital (Millions of yen)	Investment Ratio (%)	Main Business	Location
Japan	Renesas Semiconductor Manufacturing Co., Ltd.	100	100.0	Manufacture of semiconductors (front-end process)	Hitachinaka-shi, Ibaraki
	Renesas Semiconductor Package & Test Solutions Co., Ltd.	100	100.0	Manufacture of semiconductors (back-end process)	Takasaki-shi, Gunma
	Renesas System Design Co., Ltd.	100	100.0	Design and development of semiconductors	Kodaira-shi, Tokyo
Overseas	Renesas Electronics America Inc.	(1,000USD) 380,800	100.0	Design, development and sale of semiconductors in the U.S.A.	California, U.S.A
	Renesas Electronics Europe GmbH	(1,000Euro) 14,000	*100.0	Design, development and sale of semiconductors in Europe	Dusseldorf, Germany
	Renesas Electronics Hong Kong Limited	(1,000HKD) 15,000	100.0	Sale of semiconductors in Hong Kong	Hong Kong, China
	Renesas Electronics Taiwan Co., Ltd.	(1,000NTD) 170,800	100.0	Sale of semiconductors in Taiwan	Taipei, Taiwan
	Renesas Electronics Singapore Pte. Ltd.	(1,000USD) 32,287	100.0	Sale of semiconductors in ASEAN, India, Oceania and Middle East	Singapore

- (Note) 1. There are a total of 30 consolidated subsidiaries as of March 31, 2016, consisting of 4 domestic companies and 26 overseas companies, including the principal subsidiaries described above.
2. An asterisk denotes the figures which include the indirect ownership.
3. Renesas Solutions Corp. absorbed Renesas System Design Co., Ltd., changed the name to Renesas System Design Co., Ltd and moved the location from Chiyoda-ku, Tokyo to Kodaira-shi, Tokyo in April 2015, as part of the reorganization and integration of design and development operations described in "1.(1).(i) Overview" above. Also, Renesas System Design Co., Ltd reduced its capital from 300 million yen to 100 million yen in December 2015.
4. Renesas Semiconductor Manufacturing Co., Ltd. reduced its capital from 1 billion yen to 100 million yen in December 2015.

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5. Renesas Semiconductor Package & Test Solutions Co., Ltd. reduced its capital from 1 billion yen to 100 million yen in December 2015.
6. There is no “Specific wholly owned subsidiary” which comes under Item4, Article 118 of Ordinance for Enforcement of the Companies Act.

**(8) Main Business of the Group (as of March 31, 2016)**

The Group conducts, as a semiconductor manufacturer, design, development, manufacture, sale and provision of services of semiconductors with focus on Automotive control, Automotive information, Industrial/Home electronics, OA/ICT, and General-purpose products.

**(9) Principal Offices and Plants of the Group (as of March 31, 2016)****(i) The Company**

	Location
Headquarters	Koto-ku, Tokyo
Research and Development Base	Musashi Site (Kodaira-shi, Tokyo)
	Takasaki Site (Takasaki-shi, Gunma)
	Naka Site (Hitachinaka-shi, Ibaraki)

- (Note) 1. The Company moved the Registered Head Office location (Kawasaki-shi, Kanagawa) and Headquarters location (Chiyoda-ku, Tokyo) to Koto-ku, Tokyo in July 2015.
2. The Company closed Kitaitami Site in June 2015 and Tamagawa/Sagamihara Site in September of the same year as part of the reorganization and integration of design and development operations described in “1.(1).(i) Overview” above.

**(ii) Subsidiaries**

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

**(10) Employees of the Group (as of March 31, 2016)**

Number of Employees	Decrease from March 31, 2015
19,160	1,923

- (Note) 1. The above figure is the number of permanent employees (including employees temporarily transferred from outside Group to the Group, and excluding employees temporarily transferred from the Group to outside Group), and the number of temporary employees is excluded.
2. The number of employees decreased by 1,923 from the end of the previous period due to the implementation of rationalization of personnel and structural reform of business and manufacturing.



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**(11) Major Borrowings of the Group (as of March 31, 2016)**

Lenders	Balance of Borrowings (Millions of yen)
Mizuho Bank, Ltd.	66,808
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	61,817
Sumitomo Mitsui Trust Bank, Limited	34,540
Mitsubishi UFJ Trust and Banking Corporation	33,518

## 2. Overview of the Company

### (1) Shares of the Company (as of March 31, 2016)

- (i) **Total Number of Shares Authorized to be Issued** 3,400,000,000 shares
- (ii) **Total Number of Shares Issued** 1,667,121,909 shares  
(excluding treasury stock of 2,581 shares)
- (iii) **Number of Shareholders** 17,978

#### (iv) Major Shareholders

Name of Shareholders	Number of Shares Held (shares)	Percentage of Shares Held (%)
Innovation Network Corporation of Japan	1,152,917,000	69.15
Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited / NEC Corporation pension and severance payments Trust Account)	135,300,000	8.11
Hitachi, Ltd.	127,725,748	7.66
Mitsubishi Electric Corporation	104,502,885	6.26
Toyota Motor Corporation	41,666,600	2.49
Severance indemnities trust account of Nissan Motor Co., Ltd., Trustee: Mizuho Trust & Banking Co., Ltd., Re-trustee: Trust & Custody Services Bank, Ltd.	25,000,000	1.49
NEC Corporation	12,595,857	0.75
Denso Corporation	8,333,300	0.49
Canon Inc.	4,166,600	0.24
Panasonic Corporation	4,166,600	0.24

- (Note) 1. Percentage of shares held is calculated excluding 2,581 shares of treasury stock.
2. Percentage of shares held is calculated by truncating the numbers beyond the third decimal place.
3. 135,300,000 shares (percentage of shares held: 8.11%) owned by Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited / NEC Corporation pension and severance payments Trust Account) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation.
4. 25,000,000 shares (percentage of shares held: 1.49%) owned by Severance indemnities trust account of Nissan Motor Co., Ltd., Trustee: Mizuho Trust & Banking Co., Ltd., Re-trustee: Trust & Custody Services Bank, Ltd. were shares that were contributed by Nissan Motor

(Translation)

Co., Ltd. as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of Nissan Motor Co., Ltd.

**(2) Stock Acquisition Rights, etc. of the Company (as of March 31, 2016)**

Not applicable.

**(3) Directors and Corporate Auditors of the Company**

**(i) Name, etc. of Directors and Corporate Auditors of the Company (as of March 31, 2016)**

Name	Position at the Company	Responsibility and Important Concurrent Positions
Tetsuya Tsurumaru	*Representative Director, President and CEO	Management of important matters relating to the overall business; chairman of General Meeting of Shareholders and Meeting of Board of Directors; hosting of Executive Committee, Corporate Management Meeting and other important meetings; and matters relating to Quality Assurance Division, Internal Audit Office and Purchasing Division (main)
Hidetoshi Shibata	* Executive Vice President, Member of the Board and CFO	Matters relating to Corporate Planning Unit and Purchasing Division (sub)
Takao Endo	Member of the Board	
Tetsuro Toyoda	Member of the Board	Senior Executive Managing Director, Innovation Network Corporation of Japan
Nobuyuki Nakano	Member of the Board	Managing Director, Post Investment Group, Innovation Network Corporation of Japan
Kazuki Fukuda	Corporate Auditor (Full time)	
Yoshinobu Shimizu	Corporate Auditor	Statutory Auditor, Mitsubishi UFJ Trust and Banking Corporation Statutory Auditor, Daio Paper Corporation
Kazuyoshi Yamazaki	Corporate Auditor	Representative, Yamazaki Law Office Statutory Auditor, KENKO Mayonnaise Co., Ltd.
Takeshi Sekine	Corporate Auditor	Executive Managing Director, Business Management Group, Innovation Network Corporation of Japan

(Note)

1. Messrs. Tetsuro Toyoda and Nobuyuki Nakano are outside Directors, as stipulated in Item 15, Article 2 of the Companies Act.
2. Messrs. Kazuki Fukuda, Yoshinobu Shimizu, Kazuyoshi Yamazaki and Takeshi Sekine

(Translation)

- are outside Corporate Auditors, as stipulated in Item 16, Article 2 of the Companies Act.
3. Under the rules stipulated by Tokyo Stock Exchange, Inc., the Company has notified the same of Messrs. Tetsuro Toyoda, Nobuyuki Nakano, Yoshinobu Shimizu, Kazuyoshi Yamazaki and Takeshi Sekine as Independent Executives who will have no conflict of interests with the Company's general shareholders.
  4. Mr. Kazuki Fukuda was involved in accounting operation for many years at NEC Corporation and its affiliated companies, and thus has considerable knowledge of finance and accounting. Messrs. Yoshinobu Shimizu and Takeshi Sekine are Certified Public Accountants and have considerable knowledge of finance and accounting.
  5. The Members of the Board were changed during the Period as follows:
    - i) At the 13th Ordinary General Meeting of Shareholders held on June 24, 2015, Messrs. Takao Endo and Nobuyuki Nakano were newly elected and took office as Members of the Board.
    - ii) Upon the closure of the 13th Ordinary General Meeting of Shareholders held on June 24, 2015, Messrs. Hisao Sakuta and Haruyasu Asakura retired from their positions as Members of the Board due to expiration of term of office as Members of the Board.
    - iii) Directors' Positions at the Company were changed as of December 25, 2015 as follows:

Name	Position at the Company after the change	Position at the Company before the change
Takao Endo	Member of the Board	* Representative Director, Chairman and CEO
Tetsuya Tsurumaru	* Representative Director, President and CEO	* Representative Director, President and COO

6. Innovation Network Corporation of Japan, where Messrs. Tetsuro Toyoda and Nobuyuki Nakano, outside Directors of the Company, and Mr. Takeshi Sekine, an outside Corporate Auditor of the Company, concurrently hold the positions, is a major shareholder of the Company owing 69.15% of Company's share.
7. The Company has a business relating to loans, etc. with Mitsubishi UFJ Trust and Banking Corporation where Mr. Yoshinobu Shimizu, an outside Corporate Auditor of the Company, concurrently holds the position.
8. The Company adopts a corporate officer system and asterisks denote the Directors who have been acting as Corporate Officers. The names of other Corporate Officers (who are not Directors) as of April 1, 2016 are as follows:

Name	Position at the Company	Responsibility
Tsuneo Takahashi	Executive Vice President and CSMO	Management of Global Sales & Marketing Unit
Yoshikazu Yokota	Executive Vice President	Management of 2nd Solution Business Unit
Ryuji Omura	Executive Vice President	Matters relating to 1st Solution Business Unit
Masahiko Nozaki	Executive Vice President	Matters relating to Production and Technology Unit
Manabu Kawashima	Senior Vice President	Matters relating to Global Sales & Marketing Unit (Japan/Asia)
Michael Hannawald	Senior Vice President	Matters relating to Global Sales & Marketing Unit (Europe)
Ali Sebt	Senior Vice President	Matters relating to Global Sales & Marketing Unit (North America/South America)
Hideto Hidaka	Senior Vice President and CTO	Planning technology-related strategies and R&D policy; and matters relating to CTO Office and Intellectual Property Division
Tomomitsu Maoka	Senior Vice President	Matters relating to 2nd Solution Business Unit (General Purpose Analog & Power Business)

## (ii) Outline of Liability Limitation Agreements

The Company executed liability limitation agreements with Messrs. Tetsuro Toyoda and Nobuyuki Nakano, outside Directors of the Company, and Messrs. Yoshinobu Shimizu,

(Translation)

Kazuyoshi Yamazaki and Takeshi Sekine, outside Corporate Auditors of the Company respectively, limiting their liabilities for damages as defined in Paragraph 1, Article 423 of the Companies Act. The liability limitation under such agreements is the minimum liability amount stipulated in the Articles of Incorporation of the Company.

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

	Number / Total Amount Paid
Directors	4 persons / 289 million yen
Corporate Auditors	3 persons / 32 million yen (including 3 outside Corporate Auditors / 32 million yen)
Total	7 persons / 321 million yen (including 3 outside Corporate Auditors / 32 million yen)

- (Note)
1. As of March 31, 2016, there were five (5) Directors (including two (2) outside Directors) and four (4) Corporate Auditors (all were outside Corporate Auditors). The number of Directors and Corporate Auditors above includes one (1) Director who retired upon the closure of the 13th Ordinary General Meeting of Shareholders held on June 24, 2015.
  2. The amount of Directors' remuneration above does not include the amount paid as salary for employees to those Directors who are also employees of the Company.
  3. The amount of Director's remuneration above includes 212 million yen which is scheduled to be paid as bonuses. No bonuses are paid to the outside Directors and Corporate Auditors.
  4. The maximum monthly remuneration for Directors as approved at the General Meeting of Shareholders is 30 million yen, including 6 million yen for outside Directors. (Approved at the Extraordinary General Meeting of Shareholders held on February 24, 2010.)
  5. The maximum monthly remuneration for Corporate Auditors as approved at the General Meeting of Shareholders is 12 million yen. (Approved at the Extraordinary General Meeting of Shareholders held on February 24, 2010.)

**(4) Outside Directors and Outside Corporate Auditors of the Company****(i) Important Concurrent Positions of Outside Directors and Outside Corporate Auditors and Relation Between Organizations where they hold Important Concurrent Positions and the Company (as of March 31, 2016)**

Important concurrent positions and relation between organizations where they hold important concurrent positions and the Company are described in "2-(3)-(i) Name etc. of Directors and Corporate Auditors of the Company" above.

**(ii) Principal Activities during the Period**

Title	Name	Principal Activities
Director	Tetsuro Toyoda	Mr. Tetsuro Toyoda attended all 16 Meetings of Board of Directors held during the Period, and made necessary remarks to discussion of proposals based on his extensive knowledge, experience and deep insight mainly gained from his career in wide investment business at Innovation Network Corporation of Japan.
	Nobuyuki Nakano	Mr. Nobuyuki Nakano attended all 12 Meetings of Board of Directors held after his assumption of office as Member of the Board in June 2015, and made necessary remarks to discussion of proposals based on his extensive knowledge, experience and deep insight mainly gained from his career in wide investment business at Innovation Network Corporation of Japan.

Title	Name	Principal Activities
Corporate Auditor	Kazuki Fukuda	<p>(i) Mr. Kazuki Fukuda attended all 16 Meetings of Board of Directors held during the Period, and made necessary remarks mainly based on his wealth of knowledge of business operations and accounting, so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Kazuki Fukuda attended all 16 Meetings of Corporate Auditors held during the Period. Further, as a full-time Corporate Auditor, mainly based on his wealth of knowledge of business operations and accounting, Mr. Kazuki Fukuda (a) explained the contents of the discussion at the Executive Committee, etc. regarding the matters to be presented to the Meetings of Board of Directors, (b) reported the audit status and results thereof, and (c) answered the questions to the part-time Corporate Auditors.</p>
	Yoshinobu Shimizu	<p>(i) Mr. Yoshinobu Shimizu attended all 16 Meetings of Board of Directors held during the Period, and mainly from accounting point of view as a certified public accountant, made necessary remarks on finance and accounting procedures so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Yoshinobu Shimizu attended 15 of 16 Meetings of Corporate Auditors held during the Period, and from independent and fair position and from accounting point of view as a certified public accountant, made necessary remarks for ensuring appropriate accounting procedure, etc.</p>



	Kazuyoshi Yamazaki	<p>(i) Mr. Kazuyoshi Yamazaki attended 15 of 16 Meetings of Board of Directors held during the Period , and mainly from legal point of view as an attorney-at-law, made necessary remarks for ensuring procedures in accordance with the laws and regulations so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Kazuyoshi Yamazaki attended 14 of 16 Meetings of Corporate Auditors held during the Period, and from independent and fair position and from legal point of view as an attorney-at-law, made necessary remarks regarding establishment and maintenance of the Company's compliance system, etc.</p>
	Takeshi Sekine	<p>(i) Mr. Takeshi Sekine attended all 16 Meetings of Board of Directors held during the Period, and mainly from accounting point of view as a certified public accountant, made necessary remarks on finance and accounting procedures so that decisions at the Meetings of Board of Directors were fairly and properly made.</p> <p>(ii) Mr. Takeshi Sekine attended all 16 Meetings of Corporate Auditors held during the Period, and based on his specialized knowledge, experience and deep insight as a certified public accountant, made necessary remarks for ensuring appropriate accounting procedures, etc.</p>

(Note) In addition to the above Meetings of Board of Directors, there was one (1) Written Resolution pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company, which shall be deemed that the resolution of Meeting of Board of Directors has been made.

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

Classification	Amount (in millions of yen)
(i) The total amount of money and other property benefits to be paid by the Company and its subsidiaries to the Independent Auditors	140
(ii) Remuneration and other amounts to be paid by the Company to the Independent Auditors for the services stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act.	95

- (Note) 1. As a result of getting necessary documents and being reported by the Directors, relevant departments and Independent Auditors as well as studying audit plan for the Period and the previous period, status of actual audit and the appropriateness of the estimated remuneration amount, the Board of Corporate Auditors agreed to the above amount.
2. As there is no explicit distinction in the audit contract (entered into between the Company and the Independent Auditors) between the fees for audits under the Companies Act and the fees for audits based on the Financial Instruments and Exchange Law, and as it is unable to distinguish between these two (2) types of fees, the fees set forth in (ii) above include both of such fees.
3. Four (4) of five (5) overseas subsidiaries described in "1-(7) Principal Subsidiaries" above were audited by other Independent Auditors.

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

The Company paid the Independent Auditor compensation for advisory and information providing services for planning to adopt International Financial Reporting Standards (IFRS) as services other than those under Paragraph 1, Article 2 of the Certified Public Accountants Act (Non-Audit Services).

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

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

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

**(v) Business Suspension Order for the Independent Auditor in the past two (2) years**

Summary of disciplinary actions to Ernst & Young ShinNihon LLC ("the firm") announced by Financial Services Agency as of December 22, 2015 is as follows.

## 1. Details of the actions:

- Business improvement order (improvement of business management system)

- Suspension from accepting new engagements for three (3) months (from January 1, 2016, to March 31 of the same year)

2. The reason for the action:

- Seven (7) partners of the firm had, in negligence of due care, attested the financial statements of other company containing material misstatements as if the statements contained no material misstatements
- The firm's operations were judged to have been significantly inappropriate.

(Note) Recurrence prevention measures taken by the firm for the actions are as follows.

- Strengthen the quality management system of the firm.
- Improve information sharing among the audit teams of the firm and review the organizational structure of the firm such as revising its rotation rules.
- Reform a climate of the firm through outside experts' involvement in the governance of the firm.

#### **(6) Systems Necessary to Ensure the Propriety of Operations of the Company and Operational Status of these Systems**

The Meeting of the Board of Directors made the resolution with respect to the basic policies for the development of systems set forth in Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act ("Internal Control System"). Summaries of those are as follows.

As to the operation status of the Internal Control System during the Period, related important matters were deliberated in the Internal Control Promotion Committee that was held four (4) times with CEO as a chairman and an annual plan of the basic policies and an operational status were monitored and supervised by the Committee. Also, the Group promoted compliance education and, in Japan, carried out CSR Compliance Education of 2015 by using IT in January, 2016 and February of the same year. Further, after confirming that the Internal Control System works effectively based on the evaluation of its operation in the Executive Committee, such results were reported to the Meeting of the Board of Directors.

##### **(i) Systems Necessary to ensure that the execution of duties by Directors, Corporate Officers and employees (hereinafter "Members, etc.") complies with laws and regulations and Articles of Incorporation**

- The Directors shall take the lead in complying with the 'Renesas Electronics Group CSR Charter' and the 'Renesas Electronics Group Code of Conduct' that have been adopted for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations, the Articles of Incorporation and internal rules of the Company by Members,

etc. The Directors shall keep the Company, its subsidiaries and its employees etc. (collectively, “Renesas Electronics Group”) informed of such principles and conduct, and shall have Renesas Electronics Group comply with them.

- The Directors shall stipulate basic matters such as implementation system and educational programs for compliance in ‘Global Rule for Compliance Management within the Renesas Group’, shall oblige attendees to deliberate and resolve matters regarding compliance at “Internal Control Promotion Committee”, and shall offer training programs and the like for the Renesas Electronics Group to be fully aware of compliance.
- The Directors shall set up ‘Renesas Electronics Group Hot Line’ as internal contact points for Renesas Electronics Group and its business partners to report violations or possible violations of compliance. Furthermore, the Directors shall keep Renesas Electronics Group and its business partners informed that they assure the anonymity of informants upon requests from informants and informants shall never be adversely affected.
- The Directors shall keep away from any antisocial force, shall work closely with external specialized institutions, and shall act resolutely in an organized manner when contacted by it.

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

The Directors shall properly prepare, preserve and manage minutes of the General Meetings of Shareholders, Meetings of Board of Directors and other documents in accordance with applicable laws and regulations. The Directors shall also properly prepare, preserve and manage other documents, books and records pertaining to the duties of Members, etc. in accordance with ‘Basic Rule of Document Management and Retention’.

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

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

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

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

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

- The Directors shall guide and support the subsidiaries to establish the Group-wide compliance system in accordance with the 'Renesas Electronics CSR Charter', 'Renesas Electronics Group Code of Conduct' and 'Global Rule for Compliance Management within the Renesas Group'.
- The Directors shall constantly oversee, guide and support the Company's subsidiaries through the divisions responsible for the business and supervision of the subsidiaries and have the matters relating to the execution of duties by directors of the subsidiaries periodically reported, in accordance with 'Basic Rule of Operation and Management of Affiliate Companies'.
- The Directors shall, through a division responsible for risk management, have the subsidiaries establish rules for risk and crisis management, and, make contact lists and action plans in emergency.
- The Directors shall, through the divisions responsible for the business and supervision of the subsidiaries of the Company, have Internal Audit Office audit the Group, and shall have principal subsidiaries allocate internal auditing staff or divisions and cooperate with the Internal Audit Office and the subsidiaries' own Corporate Auditors to ensure appropriate operations of Renesas Electronics Group.

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

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

**(vii) Systems for employees of the Group, corporate auditors of the Company's subsidiaries etc. to report to Corporate Auditors**

Employees of the Group etc. shall, upon requests from the Corporate Auditors, report to the Corporate Auditors on matters such as the execution of their duties.

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

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

(Translation)

## CONSOLIDATED BALANCE SHEET

(As of March 31, 2016)

(In millions of yen)

Assets		Liabilities and net assets	
Accounts	Amount	Accounts	Amount
<b>Current assets</b>	<b>611,843</b>	Liabilities	
Cash and deposits	398,673	<b>Current liabilities</b>	<b>198,531</b>
Notes and accounts receivable-trade	81,866	Electronically recorded obligations	9,246
Merchandise and finished goods	39,028	Notes and accounts payable-trade	76,882
Work in process	62,950	Current portion of long-term borrowings	25,000
Raw materials and supplies	6,376	Current portion of lease obligations	5,229
Deferred tax assets	1,738	Accounts payable-other	33,161
Accounts receivable-other	16,155	Accrued expenses	31,246
Other current assets	5,146	Accrued income taxes	5,041
Allowance for doubtful accounts	(89)	Provision for product warranties	376
<b>Long-term assets</b>	<b>237,533</b>	Provision for business structure improvement	4,273
<b>Property, plant and equipment</b>	<b>173,046</b>	Provision for contingent loss	271
Buildings and structures	64,617	Asset retirement obligations	116
Machinery and equipment	57,903	Other current liabilities	7,690
Vehicles, tools, furniture and fixtures	16,703	<b>Long-term liabilities</b>	<b>269,106</b>
Land	22,516	Long-term borrowings	213,806
Construction in progress	11,307	Lease obligations	307
<b>Intangible assets</b>	<b>25,098</b>	Deferred tax liabilities	9,934
Software	10,111	Provision for business structure improvement	110
Other intangible assets	14,987	Net defined benefit liability	31,850
<b>Investments and other assets</b>	<b>39,389</b>	Asset retirement obligations	2,744
Investment securities	6,196	Other liabilities	10,355
Net defined benefit asset	1,574	<b>Total liabilities</b>	<b>467,637</b>
Deferred tax assets	1,796	Net assets	
Long-term prepaid expenses	27,209	<b>Shareholders' equity</b>	<b>364,134</b>
Other assets	2,617	<b>Common stock</b>	<b>10,000</b>
Allowance for doubtful accounts	(3)	<b>Capital surplus</b>	<b>191,919</b>
		<b>Retained earnings</b>	<b>162,226</b>
		<b>Treasury stock</b>	<b>(11)</b>
		<b>Accumulated other comprehensive income</b>	<b>15,345</b>
		Unrealized gains (losses) on securities	316
		Foreign currency translation adjustments	(201)
		Remeasurements of defined benefit plans	15,230
		<b>Non-controlling interests</b>	<b>2,260</b>
		<b>Total net assets</b>	<b>381,739</b>
<b>Total assets</b>	<b>849,376</b>	<b>Total liabilities and net assets</b>	<b>849,376</b>

(Translation)

## CONSOLIDATED STATEMENT OF OPERATIONS

(For the Year Ended March 31, 2016)

(In millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>693,289</b>
Cost of sales	387,713
<b>Gross profit</b>	<b>305,576</b>
Selling, general and administrative expenses	201,794
<b>Operating income</b>	<b>103,782</b>
<b>Non-operating income</b>	<b>2,989</b>
Interest income	680
Dividends income	127
Equity in earnings of affiliates	5
Foreign exchange gains	30
Insurance income	884
Other non-operating income	1,263
<b>Non-operating expenses</b>	<b>4,671</b>
Interest expenses	2,851
Loss on disposal of long-term assets	483
Other non-operating expenses	1,337
<b>Ordinary income</b>	<b>102,100</b>
<b>Special income</b>	<b>2,536</b>
Gain on sales of property, plant and equipment	1,964
Gain on transfer of business	261
Gain on sales of investment securities	311
<b>Special loss</b>	<b>13,851</b>
Impairment loss	350
Business structure improvement expenses	12,702
Other special loss	799
<b>Income before income taxes</b>	<b>90,785</b>
Income taxes-current	6,018
Income taxes-deferred	(1,696)
<b>Net income</b>	<b>86,463</b>
Net income attributable to non-controlling interests	171
<b>Net income attributable to shareholders of parent company</b>	<b>86,292</b>



(Translation)

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the Year Ended March 31, 2016)

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of the period	228,255	525,413	(475,815)	(11)	277,842
Changes during the period					
Transfer to other capital surplus from common stock	(218,255)	218,255			-
Deficit disposition		(551,749)	551,749		-
Net income attributable to shareholders of parent company			86,292		86,292
Purchase of treasury stock				0	0
Net changes in items other than shareholders' equity					
Total changes during the period	(218,255)	(333,494)	638,041	0	86,292
Balance at the end of the period	10,000	191,919	162,226	(11)	364,134

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gains (losses) on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	716	13,716	17,255	31,687	2,380	311,909
Changes during the period						
Transfer to other capital surplus from common stock						-
Deficit disposition						-
Net income attributable to shareholders of parent company						86,292
Purchase of treasury stock						0
Net changes in items other than shareholders' equity	(400)	(13,917)	(2,025)	(16,342)	(120)	(16,462)
Total changes during the period	(400)	(13,917)	(2,025)	(16,342)	(120)	69,830
Balance at the end of the period	316	(201)	15,230	15,345	2,260	381,739

(Translation)

BALANCE SHEET  
(on a non-consolidated basis)  
(As of March 31, 2016)

(In millions of yen)

Assets		Liabilities and net assets	
Accounts	Amount	Accounts	Amount
<b>Current assets</b>	<b>564,022</b>	<b>Liabilities</b>	
Cash and deposits	363,029	<b>Current liabilities</b>	<b>276,294</b>
Accounts receivable-trade	85,342	Electronically recorded obligations	4,666
Finished goods	25,444	Accounts payable-trade	101,311
Work in process	36,336	Current portion of long-term borrowings	25,000
Raw materials and supplies	1,242	Current portion of lease obligations	5,059
Prepaid expenses	1,149	Accounts payable-other	34,914
Short-term loans receivable	16,392	Accrued expenses	9,152
Accounts receivable-other	34,862	Accrued income taxes	2,991
Other current assets	228	Advances received	813
<b>Long-term assets</b>	<b>234,602</b>	Deposits received	88,105
<b>Property, plant and equipment</b>	<b>94,691</b>	Provision for product warranties	376
Buildings	31,897	Provision for business structure improvement	928
Structures	2,434	Provision for contingent loss	147
Machinery and equipment	24,730	Other current liabilities	2,832
Vehicles	15	<b>Long-term liabilities</b>	<b>239,713</b>
Tools, furniture and fixtures	10,828	Long-term borrowings	213,806
Land	16,392	Lease obligations	17
Construction in progress	8,394	Deferred tax liabilities	3,759
<b>Intangible assets</b>	<b>19,783</b>	Accrued retirement benefits	12,354
Software	8,836	Provision for business structure improvement	175
Other intangible assets	10,947	Asset retirement obligations	1,852
<b>Investments and other assets</b>	<b>120,128</b>	Other liabilities	7,749
Investment securities	105	<b>Total liabilities</b>	<b>516,007</b>
Stocks of subsidiaries and affiliates	91,712	<b>Net assets</b>	
Long-term prepaid expenses	26,948	<b>Shareholders' equity</b>	<b>282,606</b>
Other assets	1,366	<b>Common stock</b>	<b>10,000</b>
Allowance for doubtful accounts	(3)	<b>Capital surplus</b>	<b>207,061</b>
		Other capital surplus	207,061
		<b>Retained earnings</b>	<b>65,555</b>
		Other retained earnings	65,555
		Retained earnings brought forward	65,555
		<b>Treasury stock</b>	<b>(11)</b>
		<b>Valuation and translation adjustments</b>	<b>11</b>
		Unrealized gains (losses) on securities	11
		<b>Total net assets</b>	<b>282,617</b>
<b>Total assets</b>	<b>798,625</b>	<b>Total liabilities and net assets</b>	<b>798,625</b>

(Translation)

STATEMENT OF OPERATIONS  
(on a non-consolidated basis)  
(For the Year Ended March 31, 2016)

(In millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>651,022</b>
Cost of sales	387,642
<b>Gross profit</b>	<b>263,380</b>
Selling, general and administrative expenses	170,360
<b>Operating income</b>	<b>93,020</b>
<b>Non-operating income</b>	<b>1,367</b>
Interest income	367
Dividends income	78
Other non-operating income	923
<b>Non-operating expenses</b>	<b>6,129</b>
Interest expenses	3,219
Foreign exchange losses	2,100
Other non-operating expenses	810
<b>Ordinary income</b>	<b>88,258</b>
<b>Special income</b>	<b>1,698</b>
Gain on sales of property, plant and equipment	1,190
Other special income	508
<b>Special loss</b>	<b>15,817</b>
Business Structure improvement expenses	15,575
Other special loss	241
<b>Income before income taxes</b>	<b>74,140</b>
Income taxes-current	10,033
Income taxes-deferred	(1,449)
<b>Net income</b>	<b>65,555</b>

(Translation)

## STATEMENT OF CHANGES IN NET ASSETS

(on a non-consolidated basis)

(For the Year Ended March 31, 2016)

(In millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus		Retained earnings	Treasury stock	Total Shareholders' equity
		Capital legal reserve	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance at the beginning of the period	228,255	163,789	376,766	(551,749)	(11)	217,050
Changes during the period						
Transfer to other capital surplus from common stock	(218,255)		218,255			-
Transfer to other capital surplus from capital legal reserve		(163,789)	163,789			-
Deficit disposition			(551,749)	551,749		-
Net Income				65,555		65,555
Purchase of treasury stock					0	0
Net changes in items other than shareholders' equity						
Total changes during the period	(218,255)	(163,789)	(169,705)	617,304	0	65,555
Balance at the end of the period	10,000	-	207,061	65,555	(11)	282,606

	Valuation and translation adjustments	Total net assets
	Unrealized gains (losses) on securities	
Balance at the beginning of the period	205	217,255
Changes during the period		
Transfer to other capital surplus from common stock		-
Transfer to other capital surplus from capital legal reserve		-
Deficit disposition		-
Net Income		65,555
Purchase of treasury stock		0
Net changes in items other than shareholders' equity	(193)	(193)
Total changes during the period	(193)	65,362
Balance at the end of the period	11	282,617

[Translation]

**Independent Auditor's Report**

May 9, 2016

The Board of Directors  
Renesas Electronics Corporation

Ernst & Young ShinNihon LLC

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Noriaki Kenmochi  
Certified Public Accountant  
Designated and Engagement Partner

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Noriyasu Hanafuji  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Renesas Electronics Corporation (the "Company") applicable to the fiscal year from April 1, 2015 through March 31, 2016.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Renesas Electronics group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

**Conflicts of Interest**

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

[Translation]

**Independent Auditor's Report**

May 9, 2016

The Board of Directors  
Renesas Electronics Corporation

Ernst & Young ShinNihon LLC

---

Noriaki Kenmochi  
Certified Public Accountant  
Designated and Engagement Partner

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Noriyasu Hanafuji  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operations, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Renesas Electronics Corporation (the "Company") applicable to the 14<sup>th</sup> fiscal year from April 1, 2015 through March 31, 2016.

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

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Renesas Electronics Corporation applicable to the 14<sup>th</sup> fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

**Conflicts of Interest**

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

### Audit Report of Board of Corporate Auditors

The Board of Corporate Auditors, after deliberating the contents, prepares this audit report regarding the execution of the duties by Directors for the 14<sup>th</sup> fiscal year from April 1, 2015 through March 31, 2016 based on the audit reports from each Corporate Auditor, and reports as follows.

1. Auditing Method Employed by the Corporate Auditors and Board of Corporate Auditors and the Details
  - (1) The Board of Corporate Auditors established auditing policies and plans and received reports from each Corporate Auditor on the status of the implementation of audits and the results thereof, as well as reports from Directors and the Independent Auditors regarding the status of execution of their duties, and requested explanations as necessary.
  - (2) On the basis of the Board of Corporate Auditors Rules established by the Board of Corporate Auditors, and in accordance with the auditing policies and plans, each Corporate Auditor sought mutual understanding with Directors, corporate officers, and employees in their efforts to collect information and create an environment for audit, as well as conducted an audit as follows.
    1. Attended meetings of the Board of Directors and other important meetings, and received reports from Directors, corporate officers, and employees regarding performance of their duties, requested explanations as necessary, and perused important documents regarding decisions and approvals made, and investigated the status of operations and the financial position at the Group's head office and principal offices of business. Also, regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchanged information with directors and corporate auditors of the subsidiaries, and, where necessary, visited the subsidiaries, received business reports from the subsidiaries, and examined their operations and assets.
    2. The Board of Corporate Auditors received the periodical reports from the Directors, corporate officers, and employees about its framework and operation status of (i) the contents of the Board of Director's resolutions on establishment of systems as set forth in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act, as systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and to otherwise ensure the appropriateness of the business of a Kabushiki Kaisha and its subsidiaries, as stated in the Business Report, and (ii) the systems established pursuant to such resolution ("Internal Control System"); requested explanations as necessary; and provided opinions on those.
    3. Regarding the Internal Control System for financial reporting, the Board of Corporate Auditors received the reports from the Directors and the Independent Auditors about its assessment and audit and requested explanations as necessary.
    4. The Board of Corporate Auditors audited and verified whether the Independent Auditors maintained their independence and carried out their audits appropriately, received reports from the Independent Auditors regarding the execution of their duties and, where necessary, requested explanations. Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Corporation Accounting Regulations) has been established in accordance with "Quality Control Standards for Auditing" (adopted by the Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary.

Based on the above methods, the Board of Corporate Auditors audited the Business Report and supplementary schedules thereto for the 14<sup>th</sup> fiscal year ended March 31, 2016, the financial statements related to the 14<sup>th</sup> fiscal year ended March 31, 2016 (the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements) and supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets and notes to the consolidated financial statements).

2. Results of Audit
  - (1) Results of the Audit on the Business Report, etc.
    1. We found that the Business Report and supplementary schedules accurately reflect the conditions of the Group in accordance with applicable laws and regulations and the Articles of Incorporation.
    2. No inappropriate conducts concerning the execution of duties by Directors or material facts in

violation of applicable laws and regulations or the Articles of Incorporation were found.  
3. We found that the contents of Board of Directors' resolutions concerning the Internal Control System were appropriate. Further, no material defects were found with respect to Director' execution of duties in regards to the Internal Control System.

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

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

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

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

May 10, 2016

Board of Corporate Auditors of Renesas Electronics Corporation

Corporate Auditor (Full-time)	Kazuki Fukuda
Corporate Auditor	Yoshinobu Shimizu
Corporate Auditor	Kazuyoshi Yamazaki
Corporate Auditor	Takeshi Sekine

Note: Messrs. Kazuki Fukuda, Yoshinobu Shimizu, Kazuyoshi Yamazaki and Takeshi Sekine are outside Corporate Auditors stipulated in item 16, Article 2, and paragraph 3, Article 335 of the Companies Act.



**REFERENCE DOCUMENTS FOR THE GENERAL MEETING****Proposal No. 1: Partial Amendments to the Articles of Incorporation**

## 1. Reasons for Proposal

Currently the Business Year of the Company runs from April 1 each year to March 31 of the following year. However, as the Company's Group intends to further expand its business activities globally moving forward, a decision has been made to change to the Business Year running from January 1 to December 31 of each year in order to simplify comparisons of business performance by synchronizing the fiscal term to match that of other international companies in the same field. The Company therefore proposes to amend Articles 14 (Record Date for Ordinary General Meetings of Shareholders), 34 (Business Year), 35 (Year-end Dividends) and 36 (Interim Dividends) correspondingly.

In addition, as a result of the change of Business Year, 15th Business Year will be nine (9) months from April 1st, 2016 to December 31st, 2016. The Company therefore proposes to add supplementary provisions for this Business Year as a transitional measure.

## 2. Details of Amendments

Details of amendments are as follows. These amendments will take effect upon closure of this General Meeting.

(Underlined are the amended parts)

Current Text	Proposed Amendments
Articles 1 to 13 (omitted)	Articles 1 to 13 (no amendment)
Article 14. (Record Date for Ordinary General Meetings of Shareholders) The record date for voting rights for the ordinary general meetings of shareholders of the Company shall be <u>March</u> 31 of each year.	Article 14. (Record Date for Ordinary General Meetings of Shareholders) The record date for voting rights for the ordinary general meetings of shareholders of the Company shall be <u>December</u> 31 of each year.
Articles 15 to 33 (omitted)	Articles 15 to 33 (no amendment)
Article 34. (Business Year) The Company's business year shall be from <u>April 1st of each year to Mach 31st of the ensuing year.</u>	Article 34. (Business Year) The Company's business year shall be from <u>January 1st to December 31st of each year.</u>
Article 35. (Year-end Dividends) The record date for year-end dividends is <u>March</u> 31st of each year.	Article 35. (Year-end Dividends) The record date for year-end dividends is <u>December</u> 31st of each year.
Article 36. (Interim Dividends) The Company may by a resolution of the Board of Directors make interim dividends provided for in Paragraph 5, Article 454 of the Companies Act of	Article 36. (Interim Dividends) The Company may by a resolution of the Board of Directors make interim dividends provided for in Paragraph 5, Article 454 of the Companies Act of

(Translation)

Current Text	Proposed Amendments
which the record date is <u>September</u> 30th of each year.	which the record date is <u>June</u> 30th of each year.
Article 37 (omitted)	Article 37 (no amendment)
<u>&lt;Newly added&gt;</u>	<p><u>Supplementary Provisions</u></p> <p><u>Article 1 (15th Business Year)</u>  <u>Notwithstanding Article 34, 15th Business Year shall be nine (9) months from April 1st, 2016 to December 31th, 2016.</u></p> <p><u>Article 2 (Interim Dividends of 15th Business Year)</u>  <u>Notwithstanding Article 36, the record date of interim dividends for 15th Business Year shall be September 30th, 2016.</u></p> <p><u>Article 3 (Valid Period of Supplementary Provisions)</u>  <u>All articles of these supplementary provisions will be deleted after the end of 15th Business Year.</u></p>

**Proposal No. 2: Election of Five Directors**

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

The candidates are as follows:

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
1	Tetsuya Tsurumaru (August 29, 1954)	April 1979	Joined Hitachi, Ltd.	9,100
		April 2003	General Manager, Naka Factory, MCU & SOC Business Unit, Renesas Technology Corp. (currently, Renesas Electronics Corporation)	
		April 2006	General Manager, Strategic Production Planning Division, Production and Technology Unit, Renesas Technology Corp.	
		April 2008	Managing Officer, and Executive General	

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
		April 2010	Manager, Production and Technology Unit, Renesas Technology Corp.	
		April 2011	Senior Vice President, and Associate Chief of Production and Technology Unit, the Company	
		June 2012	Senior Vice President, and Chief of Production and Technology Unit, the Company	
		February 2013	Senior Vice President and Member of the Board, the Company	
		June 2013	Representative Director, President, the Company	
		December 2015	Representative Director, President and COO, the Company	
			Representative Director, President and CEO, the Company (to the present)	
<p><b>【Reasons for selectin as a candidate for Director】</b></p> <p>The Company selected the candidate for Director with expectation that he would increase the corporate value by enhancing global capability for semiconductor solutions and strengthen the decision making function of the Board of Directors, leveraging the leadership with abundant knowledge, experiences and achievements based on his work and management experiences in the semiconductor business for more than 30 years.</p>				
No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
2	Bunsei Kure (May 20, 1956) <New candidate>	April 1979	Joined the Industrial Bank of Japan, Limited (currently, Mizuho Bank, Ltd.)	0
		May 2000	Joined GE Capital Japan as Managing Director of Business Development Division	
		January 2001	Joined GE Fleet Services Corporation as Managing Executive Officer	
		May 2003	Representative Director, President and CEO, GE Fleet Service Corporation	
		December 2007	Joined Calsonic Kansei Corporation as	

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
		Jun 2008	Adviser Representative Director, President and CEO, Calsonic Kansei Corporation	
		April 2013	Joined Nidec Corporation as Special Adviser	
		June 2013	Executive Vice President, Nidec Corporation	
		June 2014	Representative Director, Executive Vice President and COO, Nidec Corporation	
		June 2015	Representative Director, Executive Vice President, Nidec Corporation	
		April 2016	Joined the Company as Executive Adviser to CEO (to the present)	
<p><b>【Reasons for selection as a candidate for Director】</b></p> <p>The Company selected the candidate for Director with expectation that he would increase the corporate value by enhancing global capability for semiconductor solutions and strengthen the decision making function of the Board of Directors, leveraging the leadership with abundant knowledge, experiences and achievements based on his service as Director at a wide variety of global companies.</p>				

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
3	Mikihide Katsumata (May 21, 1960) <New candidate>	April 1983	Joined The Industrial Bank of Japan, Limited (currently, Mizuho Bank, Ltd.)	
		August 1999	Joined Merrill Lynch Japan Securities, Global Principal Investments, as Director	
		April 2002	Founded Nippon Mirai Capital Co., Ltd as Partner & Chief Financial Officer	
		April 2007	Founded New Frontier Capital Management Co., Ltd. as Chief Executive Officer	0
		April 2010	Joined Mobile Internet Capital, Inc. as President & Chief Executive Officer	
		February 2015	Joined Innovation Network Corporation of Japan as Senior Executive Managing	

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
		July 2015	Director President and COO/CIO, Innovation Network Corporation of Japan (to the present)  (Important Concurrent Position) President and COO/CIO, Innovation Network Corporation of Japan	
<p><b>【Reasons for selection as a candidate for outside Director】</b>            Mr. Mikihide Katsumata currently serves as President and COO of Innovation Network Corporation of Japan. The Company selected this candidate for an outside Director with expectation that he would oversee and check the overall management of the Company and thereby strengthen the decision making function of the Board of Directors by leveraging his extensive knowledge, experience and deep insight gained from his career in wide-ranging investment business at Innovation Network Corporation of Japan and other companies.</p>				
4	Tetsuro Toyoda (November 10, 1962)	April 1986  July 2001 May 2008  September 2009  June 2012 June 2013  February 2014	Joined Tokio Marine and Fire Insurance Co., Ltd. (currently, Tokio Marine & Nichido Fire Insurance Co., Ltd.) Joined MKS Partners Limited as Partner Joined Deloitte Tohmatsu FAS Co., Ltd. (currently, Deloitte Tohmatsu Financial Advisory Co., Ltd.) as Senior Advisor Joined Innovation Network Corporation of Japan as Managing Director Executive Managing Director, Innovation Network Corporation of Japan Senior Executive Managing Director, Innovation Network Corporation of Japan (to the present) Director, the Company (to the present)  (Important Concurrent Position) Senior Executive Managing Director, Innovation Network Corporation of Japan	0

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
<p><b>【Reasons for selection as a candidate for outside Director】</b></p> <p>Mr. Tetsuro Toyoda currently serves as Senior Executive Managing Director of Innovation Network Corporation of Japan. The Company selected this candidate for an outside Director with expectation that he would oversee and check the overall management of the Company and thereby strengthen the decision making function of the Board of Directors by leveraging his extensive knowledge, experience and deep insight gained from his career in wide-ranging investment business at Innovation Network Corporation of Japan.</p> <p>The term of office of Mr. Tetsuro Toyoda as an outside Director of the Company will be 2 years and 4 months at the closure of this General Meeting.</p>				
No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
5	Jiro Iwasaki (December 6, 1945) <New Candidate>	April 1974 June 1996 June 1998  June 2006 March 2008 October 2008 June 2009  March 2011 April 2011  March 2015	Joined Tokyo Denki Kagaku Kogyo (currently TDK Corporation) Director, General Manager of Human Resources, TDK Corporation Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation Audit and Supervisory Board Member, GCA Savvian Corporation Outside Director, JVC KENWOOD Holdings, Inc. Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administration Division, JVC KENWOOD Holdings, Inc. Audit and Supervisory Board Member, SBS Holdings, Inc. Professor at Teikyo University, Faculty of Economics/Department of Business Administration	0

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
		April 2015	Outside Director, SBS Holdings, Inc.(to the present)	
		March 2016	Audit and Supervisory Board Member (Full-time), GCA Savvian Corporation	
			Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation (to the present)	
			(Important Concurrent Position)	
			Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation	
			Outside Director, SBS Holdings, Inc.	
	<p><b>【Reasons for selection as a candidate for outside Director】</b>  Mr. Jiro Iwasaki has served as Director at plural companies for a long time and thus possesses experiences in business operations. He currently serves as Director or Supervisory Committee Member at other companies. The Company selected this candidate for an outside Director with expectation that he would oversee and check the overall management of the Company and thereby strengthen the decision making function of the Board of Directors by leveraging his extensive knowledge, experience and deep insight gained from the above career.</p>			

(Note)

1. Innovation Network Corporation of Japan, where Messrs. Mikihide Katsumata and Tetsuro Toyoda have concurrent positions, is a major shareholder of the Company owning 69.15 percent of voting rights.
2. Except as described in Note 1 above, none of the candidates have any special interest in the Company.
3. In addition to what is described for in the “Brief Employment History, Position, Responsibility and Important Concurrent Positions” section above, responsibilities in the Company of each candidate who is currently Director of the Company are described in the Business Report (p. 19).
4. Messrs. Mikihide Katsumata, Tetsuro Toyoda and Jiro Iwasaki are candidates for outside Directors. The Company will notify Tokyo Stock Exchange of them as Independent Directors under the Code of Corporate Conduct.
5. If the appointment of Messrs. Mikihide Katsumata and Jiro Iwasaki is approved, the Company will enter into a liability limitation agreement with them, limiting his liabilities as defined in

(Translation)

Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in our articles of incorporation.

- The Company has already entered into a liability limitation agreement with Mr. Tetsuro Toyoda, limiting his liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in our articles of incorporation, and if his reappointment is approved, the Company will renew such liability limitation agreement with him.

**Proposal No. 3: Election of One Corporate Auditor**

Upon closure of this General Meeting, the term of office held by Mr. Kazuki Fukuda will expire. We therefore propose that one Corporate Auditor be elected. The consent of the Board of Corporate Auditors for this Proposal has been obtained.

The candidate is as follows:

Name (Date of Birth)	Brief Employment History, Position and Important Concurrent Positions		Number of the Company's Shares Held
Kazuki Fukuda (November 15, 1950)	April 1974 April 2000  December 2000  July 2005  June 2010  June 2012	Joined NEC Corporation Department Manager, Finance Systems & Finance Affairs Office, Corporate Finance & Controller Division, NEC Corporation Senior Vice President, NEC (China) Co., Ltd. Associate Senior Vice President, NEC Soft, Ltd. (currently, NEC Solution Innovators) Corporate Auditor, NEC Mobiling, Ltd. (currently, MX Mobiling Co., Ltd.) Corporate Auditor (full time), the Company (to the present)	4,100
<b>【Reasons for selection as a candidate for outside Corporate Auditor】</b> The Company selected this candidate for an outside Corporate Auditor because he is familiar with the Company's business having served as an its outside Corporate Auditor for 4 years of the Company and the Company expects that he would audit the overall management of the Company by leveraging his extensive knowledge, experience and deep insight gained from his long-term accounting experiences at NEC Corporation and experiences of business operation at a subsidiary of NEC Corporation as a corporate officer. The term of office of Mr. Kazuki Fukuda as an outside Corporate Auditor of the Company will be 4 years at the closure of this General Meeting.			



(Note)

1. The candidate does not have any special interest in the Company.
2. Mr. Kazuki Fukuda is a candidate for an outside Corporate Auditor.

**Proposal No. 4:** Revision of the amount of remuneration of Directors, and, determination of the amount of remuneration and concrete details of the stock acquisition rights as stock options for Directors

As of the Extraordinary General Meeting of Shareholders held on February 24, 2010, the amount of remuneration for Directors of the Company was approved at not more than JPY 30 million per month (including the remuneration for outside Directors at not more than JPY 6 million per month), and since then these amounts have been maintained. In order to (i) enable introduction of dynamic policies with regard to remuneration for Directors (including outside Directors) and (ii) issue stock acquisition rights as stock options to Directors (excluding outside Directors), it is proposed that the maximum amount of remuneration for Directors (including outside Directors) comprising basic remuneration, bonuses and stock options (outside Directors are not eligible for stock options) be revised from per month basis to per year basis and to not more than JPY 500 million per year (including the remuneration for Outside Directors at not more than JPY 100 million per year).

The Company proposes that the amount of remuneration for Directors shall not include the compensation which corresponds to their duties as employees of the Company as before.

Furthermore, the Company proposes to allot stock acquisition rights as stock options as follows within the range of above amount (JPY 500 million per year), in order to motivate Directors of the Company (excluding outside Directors) to contribute to increasing the stock price and corporate value by sharing merits of stock price increase and risks of stock price decrease with the shareholders.

These stock options are “stock compensation type stock options” with a paid-in amount of JPY 1 per share of stock that can be provided upon exercise. The Company has determined the same after comprehensive consideration level of contribution by Directors of the Company and other various factors and therefore believes it is appropriate.

The Company plans for payment to be set off against remuneration claims of Directors (excluding outside Directors) for the remuneration in the form of stock acquisition rights as stock options under this proposal, in place of the payment of an amount defined as a fair price at the time of allotment.

The current number of Directors is five (including two outside Directors). If Proposal No. 2 is approved as proposed, the number will be five (including three outside Directors).

1. Class and number of stocks to be allotted upon exercise of the stock acquisition rights

The class of stocks to be allotted upon exercise of the stock acquisition rights shall be the Company’s ordinary stocks, and the number of stocks to be allotted upon exercise of each stock acquisition right (hereinafter “Number of Stocks Granted”) shall be 100. However, in the event that the Company conducts a stock split (including a gratis allotment of ordinary stocks; the same applies to all stock splits hereinafter) or reverse stock split on or after the date of resolution of this proposal (hereinafter “Resolution Date”), the Number of Stocks Granted shall be adjusted according to the following formula. Fractions less than one share generated as a result of the adjustment shall be rounded down.

(Adjusted Number of Stocks Granted) = (Number of Stocks Granted prior to adjustment) × (Stock split or reverse stock split ratio)

In addition to the above, if, at any time on or after the Resolution Date, the Company undergoes a merger or company split, or other similar situation whereby an adjustment of the Number of Stocks Granted is necessary, the Company may appropriately adjust the Number of Stocks Granted within the reasonable range. Furthermore, if, at any time on or after the Resolution Date, the Company conducts an adjustment of the number of share unit (excluding a stock split or reverse stock split; the same applies to all adjustments of the number of share unit hereafter), the Company may appropriately adjust the Number of Stocks Granted within the reasonable range in proportion to the ratio of the said adjustment of the number of share unit, with regard to the stock acquisition rights allotment of which is resolved by the Meeting of Board of Directors on or after the date that the said adjustment of the number of share unit takes effect.

2. Total number of stock acquisition rights to be allotted

The maximum number of stock acquisition rights to be allotted is limited to the number (with any decimal fractions rounded down) through dividing the amount of remuneration granted as stock options to Directors by the fair price of a stock acquisition right as calculated using a fair calculation method such as the Black-Scholes Model based on the closing price of the Company's common stock on the immediately preceding business day of the Meeting of the Board of Directors at which the allotment of stock acquisition rights is resolved (or, if there is no closing price, the reference price of the next business day).

3. Amount to be paid in for stock acquisition rights

The amount to be paid in for each unit of stock acquisition rights shall be an amount determined at the Meeting of the Board of Directors based on a fair price for the stock acquisition right as calculated using a fair calculation method such as the Black-Scholes Model when the stock acquisition right is allotted.

4. The amount to be contributed when exercising stock acquisition rights

The amount to be contributed when exercising each stock acquisition right shall be the paid-in amount of JPY 1 per stock that can be granted by exercising the stock acquisition right, multiplied by the Number of Stocks Granted.

5. Exercise Period for stock acquisition rights

The period shall be determined by the Meeting of Board of Directors within the range of 10 years from the following day after the stock acquisition rights are allotted (hereinafter "Allotment Date").

6. Restrictions on acquisition of stock acquisition rights by transfer

Acquisition of stock acquisition rights by transfer requires approval by a resolution of the Meeting of Board of Directors.

7. Conditions for exercise of stock acquisition rights

In principle, a person granted an allotment of stock acquisition right may exercise the said right starting on the day when one year has passed from the next day of the Allotment Date. However, when such a person lose his/her position as both of Director and Senior Vice President due to, for example, expiration of the term of office, the said person may exercise the stock acquisition right on the next day following the date of such loss of position. Other conditions for exercise of stock acquisition rights shall be decided by the Meeting of Board of Directors.

(Translation)

8. Other items of stock acquisition rights

Other items of stock acquisition rights shall be determined by the Meeting of Board of Directors that resolves subscription requirements etc. of stock acquisition rights.

(Reference)

The Company expects, following the closure of this General Meeting, to grant the same stock acquisition rights as above to the Company's senior vice presidents (excluding senior vice presidents who is Member of the Board of Directors) and employees, and, members of the board of directors (excluding outside directors), senior vice presidents and employees of the Company's consolidated subsidiary companies.

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