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The following is an English translation of the Notice of the Extraordinary General Meeting of Shareholders of NEC Electronics Corporation to be held on February 24, 2010. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

**NEC Electronics Corporation**

1753, Shimonumabe, Nakahara-ku,  
Kawasaki, Kanagawa

Junshi Yamaguchi  
President

February 2, 2010

**To Our Shareholders:**

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

The Extraordinary General Meeting of Shareholders (the "General Meeting") of NEC Electronics Corporation (the "Company") will be held as follows:

1. DATE: February 24, 2010 (Wednesday) at 10:00 A.M. (Japan Standard Time)
2. PLACE: Tamagawa Renaissance City Hall located at 1753, Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa, Japan
3. AGENDA OF THE GENERAL MEETING  
MATTERS TO BE VOTED UPON:
  - (1) Approval of the Merger Agreement between the Company and Renesas Technology Corp.
  - (2) Partial Amendment to the Articles of Incorporation
  - (3) Election of Seven Directors
  - (4) Election of One Corporate Auditor
  - (5) Revision of the Amount of Remuneration for Directors and Corporate Auditors
  - (6) Issuance of New Shares Offered by way of Third Party Allotment
4. EXERCISE OF VOTING RIGHTS
  - (1) If shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right via postal mail, the Company shall treat such cases as

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indication of acceptance.

- (2) In the event that a shareholder exercises a voting right by electromagnetic method (the Internet), even if the voting form is returned to us by postal mail, the Company shall treat the shareholder's vote by electromagnetic method (the Internet) as the effective exercise of the voting right.
- (3) In the event that a shareholder exercises a voting right on multiple occasions, the Company shall treat the shareholder's final vote by electromagnetic method (the Internet) as the effective exercise of the voting right.
- (4) A shareholder may exercise his/her voting rights by designating one proxy who is another shareholder of the Company with voting rights. In such cases, please submit to the Company a document proving the proxy's power of representation (power of attorney) together with the voting form enclosed herewith at the reception desk of the meeting.

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## REFERENCE DOCUMENTS FOR THE GENERAL MEETING

### **Proposal No. 1: Approval of the Merger Agreement between the Company and Renesas Technology Corp.**

#### 1. Rationale of the Merger

The Company, spun off from NEC Corporation (“NEC”) in November 2002, today operates its business as a pure semiconductor company in and out of Japan, placing the three major product groups, namely SoC (system on chip), microcomputers and discrete products as its core business.

The condition of the semiconductor market where the Company is operating its business is getting more and more difficult recently, as global competition intensifies in performance, prices, quality and other factors of semiconductors, and also as the market structure changes, such as declines in product prices, owing to the growth of the low price market in emerging countries.

Under such circumstances, the Company, from February 2007, has promoted the business structural reform including thorough selection and concentration of development resources, reconstruction of the production system, and improvement of management efficiency. Furthermore, in order to respond appropriately and flexibly to such changes in business environment in the future and to achieve further growth as a pure semiconductor company, it is essential to establish a more balanced and more robust business foundation and financial standing, and to construct an organization which enables the Company to create globally competitive technologies and products.

The Company, based on above recognition, decided that the integration of business operations with Renesas Technology Corp. (“Renesas”), a pure semiconductor company operating similar businesses to the Company, is the best choice to increase the corporate value and shareholder value of the Company. In and after April 2009, the Company, with its parent company NEC, had discussed the integration of business operations among Renesas, and its shareholders Hitachi, Ltd. (investment ratio to Renesas: 55%, “Hitachi”) and Mitsubishi Electric Corporation (investment ratio to Renesas: 45%, “Mitsubishi Electric”), and on September 16, 2009, the Company entered into a master integration agreement setting forth the basic terms on such integration of business operations (the “Definitive Agreement”). The outline of the Definitive Agreement is as follows:

- (1) The Company and Renesas shall integrate their business operation by way of absorption type merger (the “Merger”), the Company being the surviving company and Renesas being the absorbed company, on the effective date scheduled on April 1, 2010.

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- (2) For the implementation of the Merger, Renesas shall increase its capital in a total amount of approximately JPY 71.7 billion (See “Note” below) by way of share allotments to shareholders, to Hitachi and Mitsubishi Electric, by the date preceding the effective date of the Merger, and the new company after the Merger shall conduct a capital increase in an amount of approximately JPY 134.6 billion (See “Note” below) by way of third party allotments to NEC, Hitachi and Mitsubishi Electric on the effective date of the Merger.

(Note) The amounts of the capital increase of Renesas by way of share allotments to shareholders and the capital increase of the new company by way of third party allotments were initially planned to be approximately JPY 78 billion and JPY 122 billion respectively; however, each amount was amended based on the adjustment provisions set forth in the Definitive Agreement.

Thereafter, the Company and Renesas, in accordance with the Definitive Agreement, considered and consulted in detail in respect of the terms and conditions of the Merger, and on December 15, 2009, reached an agreement on the implementation of the Merger on April 1, 2010, as the effective date based on the merger agreement stated below.

Renesas, the counterparty of the Merger, is now holding the global top sales share in the field of microcomputers, as well as advantages in the fields of system LSI and discrete products. The Company believes that, as a result of the Merger, high synergy effects may be obtained in respect of expansion of business and profits in the future global market, enabling it not only to hold globally high sales share product groups, but also to create technologies and products that are highly competitive in the global market.

The new company after the Merger, placing the three major product groups; microcomputer (MCUs: microcontroller units), system LSI (SoC) and discrete products (analog and power semiconductors) as a core of its business, will maximize the synergy effects of the Merger and realize the efficiency in management in an early stage, and also will aim at further expansion of sales and profits by accelerating growth of global businesses. Specifically, so as to further exercise the advantages that both companies have cultivated, the new company will, in each of these business sections, promote the selection and concentration of the development resources and focus on the fostering highly competitive product groups, and will aim to expand the solution business which offers the products of three product groups packaged together to all types of application products. In addition, the new company will make efforts to expand overseas businesses by strengthening the fields of green economy (environmental conservation economy) which is expected to grow in the future, product development or marketing organizations for emerging countries, etc. Furthermore, the Company and Renesas will continue to promote various business structural reforms, as each have respectively worked on business structural reforms so far, aiming at a “strong pure

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semiconductor company” which can bear the fluctuation in the semiconductor market condition.

Please note that, as one hundred shares of common stock of the Company held by Renesas are included in Renesas’ assets which are to be succeeded by the Merger, such common shares will be acquired by the Company by the Merger.

Depending on the necessary procedures under the Competition Law in and out of Japan and the progress situation of such procedures, the effective date of the Merger may be amended.

We appreciate shareholders’ consent to the substance of the Merger and approval of the merger agreement.

2. Outline of the Content of the Merger Agreement

Merger Agreement (Copy)

NEC Electronics Corporation (hereinafter referred to as “NECEL”) and Renesas Technology Corp. (hereinafter referred to as “Renesas”) enter into this Merger Agreement as set forth below (hereinafter referred to as this “Agreement”) as of December 15, 2009 (hereinafter referred to as the “Execution Date”) with respect to the merger between NECEL and Renesas (hereinafter referred to as the “Merger”).

Article 1 Parties and Manner of Merger

1. NECEL as surviving company for absorption type merger and Renesas as dissolving company for absorption type merger, NECEL and Renesas shall implement a merger.
2. Trade name and address of NECEL which is the surviving company for absorption type merger and Renesas which is the dissolving company for absorption type merger, is as set forth below.
  - (1) Surviving company for absorption type merger  
Trade name: NEC Electronics Corporation  
Address: 1753 Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa
  - (2) Dissolving company for absorption type merger  
Trade name: Renesas Technology Corp.  
Address: 6-2, Ote-machi 2-chome, Chiyoda-ku, Tokyo

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3. From and after the day on which the Merger becomes effective (hereinafter referred to as the “Effective Date”) the trade name of NECEL shall be “Renesas Electronics Kabushiki Kaisha, and in English Renesas Electronics Corporation,” and the principle place of business shall be located at “1753 Shimonumabe, Nakahara-Ku, Kawasaki, Kanagawa”.

**Article 2 Number of Shares to be Delivered upon the Merger and Matters concerning Allotment of such Shares**

1. Upon the Merger, NECEL shall, newly issue common stocks in the number derived by multiplying 20.5 to the total number of common stocks of Renesas held by shareholders stated or recorded on the latest shareholders register of Renesas on the day immediately preceding the Effective Date, and shall allot and deliver to shareholders of Renesas common stocks of NECEL at the ratio of 20.5 common stocks of NECEL for one (1) common stock of Renesas held thereby.
2. In the event of the preceding paragraph, if there is a fraction below one (1) share for the number of common stock of NECEL that should be delivered to the shareholders prescribed in such paragraph, NECEL shall treat such fraction in accordance with Article 234 of the Companies Act (Law No. 86 of 2005, hereinafter the same).

**Article 3 Stated Capital and Reserves to be Increased upon the Merger**

Each of the stated capital, reserves, and other capital surplus of NECEL to be increased upon the Merger is as follows.

- |     |                        |  |
|-----|------------------------|--|
| (1) | Stated capital:        | JPY 0 -                                  |
| (2) | Capital reserve:       | JPY 0 -                                  |
| (3) | Other capital surplus: | Amount of change of shareholders' equity |
| (4) | Revenue reserve:       | JPY 0 -                                  |

**Article 4 Effective Date**

The Effective Date shall be April 1, 2010; provided, however, NECEL and Renesas may

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change the Effective Date after consultation and agreement between themselves as necessary to conform with merger procedures or other events.

**Article 5 General Meeting of Shareholders for Approval of Merger**

NECEL shall, on February 24, 2010, and Renesas shall, on February 24, 2010, each hold a general meeting of shareholders (hereinafter referred to as “Merger Approval Meeting”), and request for approval of this Agreement and approval of matters that are necessary for the Merger; provided, however, NECEL and Renesas may change the date of the Merger Approval Meeting after consultation and agreement between themselves as necessary to conform with merger procedures or other events. Further, Renesas may request for such approval of its shareholders in the way set forth in Paragraph 1, Article 319 of the Companies Act, instead of holding its Merger Approval Meeting.

**Article 6 Amendment to Articles of Incorporation**

At the Merger Approval Meeting of NECEL, NECEL shall submit an agenda concerning amendment of the Articles of Incorporation of NECEL as of the Effective Date in the manner set forth in “Proposed Amendments to the Articles of Incorporation” attached to this Agreement, which amendment shall be subject to effectuation of the Merger, and request for approval thereof.

**Article 7 Directors and Corporate Auditors to assume office upon the Merger**

1. The persons to newly assume office as directors and corporate auditors of NECEL (hereinafter referred to as “Newly Appointed Officers”) are as follows; provided, however, Newly Appointed Officers shall assume their respective offices from the Effective Date.

Directors: Yasushi Akao, Kazuaki Ogura, Shozo Iwakuma, Toyoaki Nakamura, Nobuhiro Endo, Noritomo Hashimoto and one outside Director specified in Item 15, Article 2 of the Companies Act to be separately agreed upon by NECEL and Renesas

Corporate auditor: Junichiro Nishi

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2. Among the directors and corporate auditors of NECEL as of the Execution Date, the following persons shall remain in their respective office as director and corporate auditor of NECEL from and after the Effective Date.

Directors: Junshi Yamaguchi, Yoichi Yano, Masaki Kato and Hajime Matsukura

Corporate auditors: Keiji Suzuki, Hiroki Kawamura and Yasuyuki Shibata

3. At the Merger Approval Meeting of NECEL, NECEL shall submit an agendum concerning appointment of the Newly Appointed Officers as directors and corporate auditors of NECEL as of the Effective Date, which appointment will be subject to effectuation of the Merger, and request for approval thereof.

#### Article 8 Succession of Company's Property

On the Effective Date, NECEL shall succeed to any and all assets, liabilities, and rights and obligations of Renesas.

#### Article 9 Duty of Care as a Good Manager

NECEL and Renesas shall, during the period until the Effective Date, with the care as a good manager, unless otherwise obtaining prior written consent from the other party, carry out its business in its ordinary course (including, to take appropriate measures to prevent any material impediments to the financing of each parties), shall not, beyond the ordinary course of business, implement disposition of material asset, or assumption of material obligation or liability, or otherwise implement actions that will have a material adverse effect on its business. Each of NECEL and Renesas shall, respectively, record its books in accordance with continuously applied generally accepted accounting principles, and shall perform obligations related to its business in good faith.

#### Article 10 Maintenance of Listing of Shares of NECEL

NECEL and Renesas shall, upon the Merger, take necessary procedures to maintain listing of common stocks of NECEL at the first division of the Tokyo Stock Exchange.



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Article 11 Retirement Allowance for Officers

1. Retirement allowance payable to directors and/or corporate auditors of Renesas (regardless of whether he/she is a Newly Appointed Officer) as of the Execution Date who has not received payment of retirement allowance corresponding to his/her term in office on the day immediately prior to the Effective Date, shall be booked by Renesas as accrued liability, in accordance with a resolution of the general meeting of shareholders of Renesas, and the calculation standard of retirement allowance of Renesas effective as of the Execution Date.
2. NECEL shall, without delay after the Merger (with respect to those who are not a Newly Appointed Officer among the directors and/or corporate auditors of Renesas as of the Execution Date), and at the time he/she retires from his/her office (with respect to Newly Appointed Officers among such directors and corporate auditors), pay retirement allowance, in accordance with the resolution of the Merger Approval Meeting of Renesas, and the calculation standard of retirement allowance of Renesas effective as of the Execution Date; provided, however, if such director and/or corporate auditor resigns from his/her office on or before the day immediately prior to the Effective Date, Renesas shall, without delay after such resignation, pay retirement allowance to such director and/or corporate auditor in accordance with resolution of the Merger Approval Meeting of Renesas, and the calculation standard of retirement allowance of Renesas effective as of the Execution Date.
3. NECEL shall, pay retirement allowance to directors and/or corporate auditors of NECEL as of the Execution Date who resign from their office on or before the day immediately prior to the Effective Date, in accordance with resolution of general meeting of shareholders of NECEL, and the calculation standard of retirement allowance of NECEL effective as of the date of such resolution.

Article 12 Grant of Voting Rights at the General Meeting of Shareholders of NECEL

With respect to NECEL's shares to be allotted and delivered to shareholders of Renesas upon the Merger in accordance with Paragraph 1 of Article 2, NECEL shall, in accordance with Paragraph 4, Article 124 of the Companies Act, determine all persons acquiring shares through

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such allotment and delivery, as persons permitted to exercise voting rights at general meeting of shareholders of NECEL to be held from and after the Effective Date with a reference date for determining shareholders permitted to exercise voting rights before the Effective Date.

Article 13 Amendment to the Terms and Conditions of Merger and Termination of this Agreement

During the period from the Execution Date until the Effective Date, if any material event that may be an impediment to the implementation of the Merger in accordance with this Agreement occurs or is revealed (including, events already revealed on the Execution Date, which is revealed to be material after the Execution Date.), NECEL and Renesas may, without delay, consult with each other in good faith, and agree on the amendment or termination of this Agreement.

Article 14 Capital Increase

1. NECEL and Renesas acknowledge and agree the plan for capital increase of Renesas in the amount of JPY 16,700,172,000 by Hitachi, Ltd. and Mitsubishi Electric Corporation as subscribers (hereinafter referred to as “Pre-Consolidation Capital Increase”) setting the payment date thereof on or before the day immediately prior to the Effective Date (including such day).
2. NECEL and Renesas acknowledge and agree the plan for capital increase of NECEL in the amount of JPY 134,600,001,830 by Hitachi, Ltd., Mitsubishi Electric Corporation, and NEC Corporation setting the payment date thereof on the Effective Date.

Article 15 Effect of this Agreement

This Agreement shall lose its effect in the following event.

- (1) This Agreement or any of the agenda submitted in accordance with this Agreement is not approved at the Merger Approval Meeting of either NECEL or Renesas set forth in Article 5
- (2) Pre-Consolidation Capital Increase is not effectuated by the day (including such



**Proposed Amendment to the Articles of Incorporation**

(Underline indicates amended portion)

<b>Current Articles of Incorporation</b>	<b>Proposed Amendment</b>
<p>Article 1. (Trade Name)</p> <p>The Company is called <u>NEC Electronics Kabushiki Kaisha</u>. Its English expression shall be <u>NEC Electronics Corporation</u>.</p> <p>Article 2. (Object)</p> <p>The object of the Company is to carry on the following businesses:</p> <p>(1) To research, develop, manufacture, sell or otherwise dispose of, electronic components such as semiconductor devices and integrated circuits;</p> <p>(2) To research, develop, manufacture, sell or otherwise dispose of, parts and materials for use in or in connection with electrical equipment, electronic equipment or communications equipment;</p> <p>(3) To develop, design, produce, sell or provide maintenance services for, software relating to any of the preceding items;</p> <p>(4) To provide consultation services in association with the activities mentioned in any of the preceding items;</p> <p>(5) To engage in any and all businesses incident to or associated with any of the preceding items; and</p>	<p>Article 1. (Trade Name)</p> <p>The Company is called <u>Renesas Electronics Kabushiki Kaisha</u>. Its English expression shall be <u>Renesas Electronics Corporation</u>.</p> <p>Article 2. (Object)</p> <p>The object of the Company is to carry on the following businesses:</p> <p>(1) To research, develop, <u>design</u>, manufacture, sell or otherwise dispose of, electronic components such as semiconductor devices and integrated circuits;</p> <p>(2) To research, develop, <u>design</u>, manufacture, sell or otherwise dispose of, parts and materials for use in or in connection with electrical equipment, electronic equipment or communications equipment;</p> <p>(3) To develop, design, produce, sell or provide maintenance services for, software relating to any of the preceding items;</p> <p>(4) To provide consultation services in association with the activities mentioned in any of the preceding items;</p> <p>(5) To engage in any and all businesses incident to or associated with any of the preceding items; and</p>

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Current Articles of Incorporation	Proposed Amendment
<p>(6) To invest in businesses mentioned in any of the preceding items that are under the administration of others.</p> <p>Article 3. to Article 5. (Omitted)</p> <p>Article 6. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>four hundred million (400,000,000)</u>.</p> <p>Article 7. to Article 14. (Omitted)</p> <p>Article 15.(Convener and Chairman)</p> <p>1. The <u>Representative Director</u> shall convene a general meeting of shareholders and act as chairman thereat.</p> <p>2. In case where the Company has <u>two or more Representative Directors or the Representative Director</u> is unable to act as convener and chairman, <u>a Representative Director or other Director</u>, in accordance with an order previously determined by the Board of Directors, shall convene <u>a general meeting of shareholders</u> and act as chairman thereat.</p> <p>Article 16. to Article 18. (Omitted)</p> <p>Article 19.(Number) The Company shall have Directors not exceeding <u>ten</u> in number.</p>	<p>(6) To invest in businesses mentioned in any of the preceding items that are under the administration of others.</p> <p>Article 3. to Article 5. <i>[Not amended]</i></p> <p>Article 6. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>eight hundred million (800,000,000)</u>.</p> <p>Article 7. to Article 14. <i>[Not amended]</i></p> <p>Article 15.(Convener and Chairman)</p> <p>1. The <u>Chairman</u> shall convene a general meeting of shareholders and act as chairman thereat.</p> <p>2. In case where <u>the Chairman</u> is unable to act as convener and chairman, <u>President shall convene a general meeting of shareholder and act as chairman thereat, and in case where the President is unable to act as convener and chairman,</u> other Director, in accordance with an order previously determined by the Board of Directors, shall convene <u>such meeting</u> and act as chairman thereat.</p> <p>Article 16. to Article 18. <i>[Not amended]</i></p> <p>Article 19.(Number) The Company shall have Directors not exceeding <u>fifteen</u> in number.</p>

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Current Articles of Incorporation	Proposed Amendment
<p>Article 20. to Article 21. (Omitted)</p> <p>Article 22. (Representative Director) The Board of Directors shall elect Representative Director(s) by its resolution.</p> <p>[New Article]</p>	<p>Article 20. to Article 21. <i>[Not amended]</i></p> <p>Article 22. (Representative Director, etc.)</p> <p>1. The Board of Directors shall elect Representative Director(s) by its resolution.</p> <p>2. <u>The Board of Directors shall elect one Chairman and one President by its resolution.</u></p>
<p>Article 23. to Article 25. (Omitted)</p>	<p>Article 23. to Article 25. <i>[Not amended]</i></p>
<p>Article 26. (Release of Directors' Liability)</p> <p>1. The Company may, pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, release the Directors (including those who had been Directors) of their liability for damages arising from negligence of their duties by a resolution of the Board of Directors, to the extent permitted by the applicable laws and regulations.</p> <p>2. The Company may, pursuant to the provision of Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Directors to limit their liability to the Company for damages arising from negligence of their duties, <u>to the minimum limited liability amount stipulated in the same Paragraph of the same Article of the Companies Act.</u></p>	<p>Article 26. (Release of Directors' Liability)</p> <p>1. The Company may, pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, release the Directors (including those who had been Directors) of their liability for damages arising from negligence of their duties by a resolution of the Board of Directors, to the extent permitted by the applicable laws and regulations.</p> <p>2. The Company may, pursuant to the provision of Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Directors to limit their liabilities to the Company for damages arising from negligence of their duties; <u>provided, however, that the liability amount of the Outside Director under such contract shall be limited to the higher of either (i) the amount to be fixed which is not less than ten million yen (10,000,000 yen) or (ii) the minimum liability amount stipulated in the applicable laws and regulations.</u></p>

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Current Articles of Incorporation	Proposed Amendment
<p>Article 27. (Number) The Company shall have Corporate Auditors not exceeding <u>five</u> in number.</p>	<p>Article 27. (Number) The Company shall have Corporate Auditors not exceeding <u>six</u> in number.</p>
<p>Article 28. to Article 32. (Omitted)</p>	<p>Article 28. to Article 32. <i>[Not amended]</i></p>
<p>Article 33. (Release of Corporate Auditors' Liability)</p> <ol style="list-style-type: none"><li data-bbox="277 734 788 1196">1. The Company may, pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, release its Corporate Auditors (including those who had been Corporate Auditors) of their liability to the Company for damages arising from negligence of their duties by a resolution of the Board of Directors, to the extent permitted by applicable laws and regulations.</li><li data-bbox="277 1218 788 1680">2. The Company may, pursuant to the provision in Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Corporate Auditors to limit their liability to the Company for damages arising from negligence of their duties, <u>to the minimum limited liability amount stipulated in the same Paragraph of the same Article of the Companies Act.</u></li></ol>	<p>Article 33. (Release of Corporate Auditors' Liability)</p> <ol style="list-style-type: none"><li data-bbox="863 734 1374 1196">1. The Company may, pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, release its Corporate Auditors (including those who had been Corporate Auditors) of their liability to the Company for damages arising from negligence of their duties by a resolution of the Board of Directors, to the extent permitted by applicable laws and regulations.</li><li data-bbox="863 1218 1374 1917">2. The Company may, pursuant to the provision in Paragraph 1, Article 427 of the Companies Act, enter into a contract with its outside Corporate Auditors to limit their liability to the Company for damages arising from negligence of their duties; <u>provided, however, that the liability amount of the Outside Corporate Auditor under such contract shall be limited to the higher of either (i) the amount to be fixed which is not less than ten million yen (10,000,000 yen) or (ii) the minimum liability amount stipulated in the applicable laws and regulations.</u></li></ol>
<p>Article 34. to Article 37. (Omitted)</p>	<p>Article 34. to Article 37. <i>[Not amended]</i></p>

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3. The Outline of the Matters Prescribed in Article 191 of Enforcement Regulations of the Companies Act
  - (1) Matters relating to the appropriateness of the merger consideration prescribed in Items 2 and 3, Paragraph 1, Article 794 of the Companies Act (Item 1, Article 191 of the Enforcement Regulations of the Companies Act)
    - (i) Merger Ratio

The Company, upon the Merger, shall allot and deliver the common stock of the Company to the shareholders registered or recorded in the latest shareholder register of Renesas as of the date immediately preceding the effective date of the Merger, and such allotment shall be made at the ratio of 20.5 shares of the Company common stock for each of Renesas common stock (“Merger Ratio”). In addition, pursuant to Paragraph 4, Article 124 of the Companies Act, the Company has resolved at the meeting of its Board of Directors held on December 15, 2009 that the Company shall grant the voting rights to be exercised at its 8th Ordinary General Meeting of Shareholders scheduled to be held in June 2010 to the parties to which the shares are allotted and delivered upon the Merger, in order to appropriately reflect the intention of the shareholders.

The Merger Ratio is based on the Integration Ratio (The Integration Ratio shall mean the share value ratio of (i) the number of the outstanding common stock (not including the residual shares) of the Company as of the date immediately preceding the effective date of the Merger to (ii) the number of common stock delivered by the Company to shareholders of Renesas upon the Merger which is 1 to 1.189. This shall be the same hereinafter.) set forth in the Definitive Agreement and calculated as described below. The Integration Ratio is premised on a condition that Renesas completes the capital increase of JPY 71.7 billion by way of share allotment to Hitachi and Mitsubishi Electric by the date preceding the effective date of the Merger. Of such capital increase amount, Renesas has completed a portion of such capital increase in the amount of JPY 55 Billion by September 29, 2009, which is the due date of the payment, and is scheduled to complete the remainder of the capital increase in the amount of approximately JPY 16.7 billion by the date preceding the effective date of the Merger.

<Calculation Method of the Merger Ratio>

$$\text{Merger Ratio (D)} = (\text{A}) \times (\text{B}) \div (\text{C})$$

- (A): The number of outstanding common stock of the Company  
as of the date preceding the effective date of the Merger    123,500,000 (shares)
- (B): Integration Ratio    1.189



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(C): The number of outstanding common stock of Renesas as of the date preceding the effective date of the Merger	7,163,000 (shares)
(D): Merger Ratio	20.5

(ii) Basis and Process of Calculation

The Company selected Goldman Sachs Japan Co., Ltd. (“Goldman Sachs”) and Daiwa Securities SMBC Co. Ltd. (“Daiwa SMBC”), and Renesas selected Mitsubishi UFJ Securities, Co. Ltd. (“Mitsubishi UFJ Securities”), and Mizuho Securities Co., Ltd. (“Mizuho Securities”) as their respective financial advisors in connection with the Merger in each case, and in order to support the fairness of the calculation of the Integration Ratio, based on which the Merger Ratio was determined, the Company requested Goldman Sachs and Renesas requested Mitsubishi UFJ Securities to perform financial analyses relating to the Integration Ratio under the Merger.

In performing its financial analyses relating to the Integration Ratio, Goldman Sachs performed a comparable companies analysis and a discounted cash flow (DCF) analysis based upon publicly available information and projections prepared by the Company management, as approved for Goldman Sachs’ use by the Company. Goldman Sachs also performed a contribution analysis and an accretion / dilution analysis. No company used in the comparable companies analysis as a comparison is directly comparable to the Company and Renesas.

The results of Goldman Sachs’ respective analyses are shown below. The ranges of the Integration Ratio are for a number of the Company shares to be issued to Hitachi and Mitsubishi Electric as a result of the Merger stated as a multiple of the number of the Company shares outstanding immediately before the Merger, assuming that the pre-merger capital increase of Renesas in the amount of JPY 78 billion (the amount before the change) (Note 1) has been funded to Renesas. Goldman Sachs reviewed and considered such analyses as a whole in preparing its opinion (as described below) and did not attribute any particular weight to any factor or analysis considered by it.

	Adopted Method	Range of Integration Ratio	
		The Company	Renesas
①	Comparable Companies Analysis	1	0.591~1.310
②	DCF Analysis	1	1.162~1.410

The Company received from Goldman Sachs a written opinion, approved by a fairness committee of Goldman, Sachs & Co., that, as of September 16, 2009, and based

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upon and subject to certain limitations and conditions, including the factors, assumptions and procedures set forth therein and described below in Note 2, the Integration Ratio in connection with the Merger pursuant to the Definitive Agreement was fair from a financial point of view to the Company. Goldman Sachs provided its advisory services and the opinion solely for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Merger and such opinion does not constitute a recommendation as to how any shareholder of the Company should vote with respect to the transactions contemplated by the Definitive Agreement, the merger agreement or any other matter. Goldman Sachs did not recommend any specific Integration Ratio to the Company or its Board of Directors or that any specific Integration Ratio constituted the only appropriate Integration Ratio.

In connection with rendering the opinion and performing its related financial analyses, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it and does not assume any liability for any such information. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company or Renesas or any of their respective subsidiaries and Goldman Sachs has not been furnished with any such evaluation or appraisal. Goldman Sachs' analyses and opinion are necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, September 16, 2009, on which the Integration Ratio in connection with the Merger was determined, and Goldman Sachs has assumed no responsibility for updating, revising or reaffirming this analyses based on circumstances, developments or events occurring after such date. The quantitative information used in Goldman Sachs' financial analyses, to the extent it is based on market data, is based on market data as it existed on or before September 10, 2009 and is not necessarily indicative of current market conditions. Please refer to Note 2 below for a more detailed description about the assumptions and disclaimers for the analyses and opinion of Goldman Sachs.

On the other hand Mitsubishi UFJ Securities has adopted the DCF analysis, as well as the comparable peer company analysis and contribution analysis, for calculating the Integration Ratio. The results of the calculations based on each method are as follows. The range of Integration Ratio shows the ratio of equity value for the Company and Renesas immediately before the Merger, assuming that the pre-merger capital increase of Renesas in the amount of JPY 78 billion (the amount before the change) (Note 1) has been funded to Renesas.

**(Translation)**

	Adopted Method	Range of Integration Ratio
①	DCF Analysis	0.64 - 1.29
②	Comparable Peer Company Analysis	0.58 - 1.50
③	Contribution Analysis	0.68 - 1.32

Mitsubishi UFJ Securities has used the information provided by the Company and Renesas, in addition to publicly available information, to conduct its analysis. Mitsubishi UFJ Securities has not conducted any independent verification of the accuracy and completeness of this information, but rather has assumed that all such information are accurate and complete. In addition, Mitsubishi UFJ Securities has not made any independent evaluation, appraisal or assessment of the assets or liabilities (including contingent liabilities) of either party or their affiliates, nor has Mitsubishi UFJ Securities independently analyzed or assessed each individual asset and liability. Mitsubishi UFJ Securities has not appointed any third party for appraisal or assessment. Mitsubishi UFJ Securities calculated the Integration Ratio based on information and economic conditions as of September 10, 2009, and Mitsubishi UFJ Securities assumes that the financial projections (including the profit plan and other information) reported by the Company and Renesas have been rationally prepared on the basis of the best possible estimates and judgment available at that point of time from the management of each of the Company and Renesas.

Renesas obtained a written opinion from Mitsubishi UFJ Securities dated as of September 15, 2009, stating that from a financial point of view, the agreed Integration Ratio was fair to the shareholders of Renesas, subject to the conditions set forth hereunder and certain other conditions.

The Company, Renesas, NEC, Hitachi and Mitsubishi Electric determined that the Integration Ratio of 1:1.189 is appropriate and entered into the Definitive Agreement, which sets for the Integration Ratio, on September 16, 2009 after discussions and negotiations as well as consideration of various factors, including the financial results, assets, liabilities and prospects of the Company and Renesas, and the benefits of the Merger and the capital increases described in section 1. "Rationale of the Merger" and the financial analyses performed by the financial advisors to the Company and Renesas, respectively.

The Company and Renesas entered into the merger agreement, which set for the Merger Ratio calculated based on the Integration Ratio, on December 15, 2009,

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confirming that there was no material change to the conditions, based upon which the Integration Ratio was determined, after the date of the Definitive Agreement.

The Company chose its common shares as compensation for the Merger in order that the shareholders who receive the shares as a result of the Merger benefit from the development of the Company.

(iii) Relationship with Financial Advisors

None of Goldman Sachs, Daiwa SMBC (the financial advisors to the Company), Mitsubishi UFJ Securities, or Mizuho Securities (the financial advisors to Renesas) is a related party (*kanren-toujisha*) of the Company or Renesas, and have no material interest in the Merger. Please refer to Note 2 below for a more detailed description of Goldman Sachs in this regard.

(Note 1) The amount of the pre-merger capital increase of Renesas has been changed to approximately JPY 71.7 billion in total as described in section 1. "Rationale of the Merger".

(Note 2) Please refer to Note below for a more detailed description about the assumptions and disclaimers for the analyses and opinion of Goldman Sachs. Please note that the amounts of the pre-merger capital increase of Renesas by way of share allotments to Hitachi and Mitsubishi Electric and the post-merger capital increase of the new company by way of third party allotments to NEC, Hitachi and Mitsubishi Electric have been changed to approximately JPY 71.7 billion and JPY 134.6 billion respectively as described in section 1. "Rationale of the Merger" above.

"Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of third parties, the Company, Renesas, NEC, Hitachi, Mitsubishi Electric and any of their respective affiliates or any currency or commodity that may be involved in the transactions contemplated by the Definitive Agreement for their own account and for the accounts of their customers. Goldman Sachs has acted as financial advisor to the Company in connection with, and has participated in certain of the negotiations leading to, the Merger. Goldman Sachs expects to receive fees for its services in connection with the transactions contemplated by the Definitive Agreement, a portion of which is contingent upon consummation of the Merger, and the Company has agreed to reimburse Goldman Sachs' expenses arising, and indemnify

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Goldman Sachs against certain liabilities that may arise, out of Goldman Sachs' engagement. In addition, Goldman Sachs has provided certain investment banking and other financial services to the Company and its affiliates from time to time. Goldman Sachs also may provide investment banking and other financial services to the Company, Renesas, NEC, Hitachi, Mitsubishi Electric and their respective affiliates in the future. In connection with the above-described services, Goldman Sachs has received, and may receive, compensation.

In connection with rendering the opinion and performing its related financial analyses, Goldman Sachs reviewed, among other things, the Definitive Agreement; the annual securities reports (*yuka-shoken-hokokusho*) of the Company for the three fiscal years ended March 31, 2009; certain interim reports to stockholders and the quarterly securities reports (*shi-hanki-hokokusho*) of the Company; certain other communications from the Company and Renesas to their respective stockholders and the public; certain publicly available research analyst reports for the Company; certain audited financial statements of Renesas for the fiscal year ended March 31, 2009 and unaudited financial statements of Renesas for the two fiscal years ended March 31, 2008 and the quarter ended June 30, 2009; certain internal financial analyses and forecasts for Renesas prepared by its management; and certain internal financial analyses and forecasts for the Company prepared by its management, both stand-alone and giving effect to the transactions, and certain financial analyses and forecasts for Renesas prepared by the management of the Company, in each case as approved for Goldman Sachs' use by the Company (the "Forecasts"), including certain cost savings and operating synergies projected by the managements of the Company and Renesas to result from the transactions contemplated by the Definitive Agreement as approved for Goldman Sachs' use by the Company (the "Synergies"). Goldman Sachs also held discussions with members of the senior managements of the Company and Renesas regarding their assessment of the past and current business operations, financial condition and future prospects of Renesas and the strategic rationale for, and the potential benefits of, the transactions contemplated by the Definitive Agreement, and with the members of senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of the Company common stock, compared certain financial and stock market information for the Company and certain financial information for Renesas with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the semiconductor industry specifically and performed such other studies and analyses, and considered such other factors, as Goldman Sachs considered appropriate.

In connection with rendering the opinion and performing its related financial analyses, Goldman Sachs relied upon and assumed, without assuming any responsibility for

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independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it and does not assume any liability for any such information. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company or Renesas or any of their respective subsidiaries and Goldman Sachs has not been furnished with any such evaluation or appraisal. In addition, Goldman Sachs assumed that the transactions contemplated by the Definitive Agreement, including the pre-merger capital increase of Renesas in the total amount of JPY 78 billion by way of share allotment to Hitachi and Mitsubishi Electric to be completed by the date immediately preceding the effective date of the Merger and the post-merger capital increase of approximately JPY 122 billion to the new company by way of third party allotments to NEC, Hitachi and Mitsubishi Electric to be completed on the effective date of the Merger, will be consummated in accordance with their respective terms set forth in the Definitive Agreement, without any waiver or modification of any term or condition the effect of which will have any adverse effect on the Company or Renesas or on the expected benefits of the transactions contemplated by the Definitive Agreement in anyway meaningful to its analysis. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transactions contemplated by the Definitive Agreement will be obtained without any adverse effect on the Company or Renesas or on the expected benefits of the transactions contemplated by the Definitive Agreement in any way meaningful to Goldman Sachs' analysis. In addition, Goldman Sachs also assumed with the Company's consent that the Forecasts, including the Synergies, had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Company and Renesas. Goldman Sachs did not express any opinion on the impact of the transactions contemplated by the Definitive Agreement on the solvency or viability of the Company or Renesas or the ability of any of the Company or Renesas to pay its obligations when they come due, nor does Goldman Sachs express an opinion on any legal, regulatory, tax or accounting matters. In addition, Goldman Sachs did not express any opinion that addresses the underlying business decision of the Company to engage in the transactions contemplated by the Definitive Agreement or the relative merits of the transactions contemplated by the Definitive Agreement as compared to any strategic alternatives that may be available to the Company. The Company informed Goldman Sachs, and Goldman Sachs has assumed, that the shares of common stock of the Company will continue to be listed on the first section of the Tokyo Stock Exchange following consummation of the Merger.

Goldman Sachs' opinion addresses only the fairness from a financial point of view of the Integration Ratio in connection with the Merger pursuant to the Definitive Agreement to the

**(Translation)**

Company as of the date of the opinion. Goldman Sachs' opinion does not express any view on, and does not address, any other term or aspect of the Definitive Agreement or the transactions contemplated thereby, including, without limitation, the fairness of the transactions contemplated by the Definitive Agreement to, or any consideration received in connection therewith by, the holders of any class of securities, creditors or other constituencies of the Company or Renesas; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company or Renesas, or class of other persons in connection with the transactions contemplated by the Definitive Agreement, whether relative to the Integration Ratio in connection with the Merger or otherwise. In addition, Goldman Sachs has not expressed any view on, and its opinion does not address any term of the pre-merger capital increase or the post-merger capital increase. Goldman Sachs does not express any opinion as to the prices at which shares of the common stock of the Company will trade at any time.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.”

- (2) Matters related to the appropriateness concerning the amount of capital (*shihonkin*) and reserve funds (*jyunbikin*) of the Company set forth in Item 2 (a), Paragraph 1, Article 749 of the Companies Act (Item 1, Article 191 of Enforcement Regulations of the Companies Act)

Upon the Merger, the amounts of the capital (*shihonkin*), reserve funds (*jyunbikin*) and other capital surplus (*sonota-shihon-jyoyokin*) to be increased shall be as set forth below;

- (i) Capital (*shihonkin*): JPY 0
- (ii) Capital Reserve Funds (*shihon-jyunbikin*): JPY 0
- (iii) Other Capital Surplus (*sonota-shihon-jyoyokin*): The amount of changes in equity etc. (*kabunushi-shihonto-hendougaku*)
- (iv) Earnings Reserve Funds (*rieki-jyunbikin*): JPY 0

In order to achieve agile and flexible capital policy, the Company has set the amounts of capital (*shihonkin*), reserve funds (*jyunbikin*) and other capital surplus (*sonota-shihon-jyoyokin*) to be increased by the Merger, upon consideration of Rules of

**(Translation)**

Account Settlement of Corporations (*kaisha-keisan-kisoku*) and other fair accounting standards, etc., and determined that such amounts are appropriate.

- (3) Results of financial statements, etc., for the most recent fiscal year of Renesas (Item 3 (a), Article 191 of Enforcement Regulations of the Companies Act)

Please refer to the financial statements, etc., for the most recent fiscal year of Renesas which are stated in pages 39 to 71 of the Attachment.

- (4) Events that materially affect the condition of company property that occurred after the last day of the most recent fiscal year of the merging companies, such as disposal of important assets, burden of significant debts.

- (i) The Company (Item 5 (a), Article 191 of Enforcement Regulations of the Companies Act)

In order to ensure that the requirements of the financial statements, etc. after the Merger are appropriately and promptly addressed, and to uniform accounting standards prior to the Merger, the Company has resolved, at the meeting of its Board of Directors held on December 24, 2009, to change its accounting principles for preparing consolidated financial statements from U.S. generally accepted accounting principles (“GAAP”) to Japanese GAAP. This change will take effect beginning with the third quarter of the fiscal year ending March 2010 (From April 1, 2009 through December 31, 2009).

- (ii) Renesas (Item 3 (c), Article 191 of Enforcement Regulations of the Companies Act)

Renesas issued new shares offered after the last day of the most recent fiscal year, as follows;

- (a) Class and number of shares offered:

550,000 shares of common stock

- (b) Amount to be paid:

JPY100,000 per share

- (c) Total amount to be paid:

JPY55,000,000,000

- (d) Matters relating to an increase in capital (*shihonkin*) and capital reserve fund (*shihon-jyunbikin*) to be increased:

Amount of capital (*shihonkin*) to be increased: JPY50,000 per share

Amount of capital reserve fund (*shihon-jyunbikin*) to be increased:

JPY50,000 per share

- (e) Method of offering:

By way of share allotment to shareholders



**(Translation)**

- (f) Due date of the payment:  
September 29, 2009
- (g) Allotted party and number of allotted shares:
  - Hitachi: 302,500 shares
  - Mitsubishi Electric: 247,500 shares

In addition to the aforementioned, Renesas is scheduled to issue new shares by the date preceding the effective date of the Merger, as follows;

- (a) Class and number of shares offered:  
1,073,000 shares of common stock
- (b) Amount to be paid:  
JPY15,564 per share
- (c) Total amount to be paid:  
JPY16,700,172,000
- (d) Matters relating to an increase in capital (*shihonkin*) and capital reserve fund (*shihon-jyunbikin*):
  - Amount of capital (*shihonkin*) to be increased: JPY7,782 per share
  - Amount of capital reserve fund (*shihon-jyunbikin*) to be increased:  
JPY7,782 per share
- (e) Method of offering:  
By way of share allotment to shareholders
- (f) Due date of the Payment:  
March 30, 2010
- (g) Allotted party and number of allotted shares:
  - Hitachi: 590,150 shares
  - Mitsubishi Electric: 482,850 shares

**Proposal No. 2: Partial Amendment to the Articles of Incorporation**

It is proposed that current Articles of Incorporation be partially amended as follows.

1. Reasons for Amendment

For the Merger and the issuance of shares for subscription when Proposal 6 “Issuance of New Shares Offered through Third Party Allotment” have been approved as proposed in the original proposal, the proposal is to amend Articles 1, 2, 6, 15, 19 and 27, 22, and 26 and 33 of the Articles of Incorporation of the Company in order to change the trade name, partially amend the wording of the business purpose, increase the total number of authorized shares,

**(Translation)**

change the convener and the chairman (*gicho*) of the shareholders meeting, increase the headcount of directors and corporate auditors, add provisions in relation to establishing the roles of the chairman (*kaicho*) and president, and set the liability limit amount without reference to the amount of remuneration.

Please be informed that all corporate auditors have approved to submit the proposal to amend Article 26 (Release of Directors' Liability).

Further, the amendments to the Articles of Incorporation shall become effective on the effective date of the Merger (Scheduled to be on April 1, 2010) subject to the conditions precedent that Proposal 1 "Approval of the Merger Agreement between the Company and Renesas Technology Corp." is approved as proposed in the original proposal, and that the Merger becomes effective.

2. The Substance of the Amendments

The substance of the amendments is as set forth from pages 12 to 15.

**Proposal No. 3: Election of Seven Directors**

It is proposed that seven Directors to assume office upon the Merger be elected. The candidates are as follows.

The election of all these candidates for Directors pursuant to this Proposal shall become effective as of the effective date of the Merger (scheduled to be on April 1, 2010) subject to the conditions precedent that Proposal 1 "Approval of the Merger Agreement between the Company and Renesas Technology Corp." is approved as proposed in the original proposal and that the Merger become effective.

(Translation)

	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
1	Yasushi Akao (August 7, 1954)	April 1979	Joined Hitachi, Ltd.	0
		April 2003	Deputy General Manager, SOC Division, Renesas Technology Corp.	
		October 2003	Deputy General Manager, Corporate Strategy Planning Division, Renesas Technology Corp.	
		April 2004	Managing Officer, and General Manager, Corporate Strategy Planning Division, Renesas Technology Corp.	
		December 2004	Managing Officer, and Deputy Executive General Manager, System Solution Business Group, Renesas Technology Corp.	
		April 2007	Director, and Deputy Executive General Manager, MCU Business Group, Renesas Technology Corp.	
		April 2008	Director, and Executive General Manager, MCU Business Group, Renesas Technology Corp.	
		April 2009	Representative Director and President, Renesas Technology Corp. (to the present) (Representative Status in Other Companies, etc.) Representative Director and President, Renesas Technology Corp.	
2	Kazuaki Ogura (November 28, 1949)	April 1974	Joined Mitsubishi Electric Corporation	0
		April 2004	General Manager, Planning & Administration Department, Public Utility Systems Group, Mitsubishi Electric Corporation	
		October 2006	Group Senior Vice President, Energy and	

(Translation)

	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
		April 2007	Industrial Systems, Mitsubishi Electric Corporation General Manager, Corporate Auditing Division, Mitsubishi Electric Corporation	
		April 2009	General Manager, Audit Committee Office, Mitsubishi Electric Corporation	
		May 2009	General Manager, Associated Companies Division, Mitsubishi Electric Corporation	
		October 2009	General Manager, Merger Preparation Office, Renesas Technology Corp. (to the present)	
3	Shozo Iwakuma (August 19, 1955)	April 1980	Joined Hitachi, Ltd.	
		April 2003	Department Manager, Human Resources Department, Human Resources & General Affairs Division, Renesas Technology Corp.	
		June 2004	Deputy General Manager, Human Resources & General Affairs Division, Renesas Technology Corp.	
		April 2005	General Manager, Human Resources & General Affairs Division, Renesas Technology Corp.	0
		April 2007	Managing Officer, and General Manager, Human Resources & General Affairs Division, Renesas Technology Corp.	
		April 2009	Director, and General Manager, Human Resources & General Affairs Division, Renesas Technology Corp. (to the present)	

(Translation)

	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
4	Toyoaki Nakamura (August 3, 1952)	April 1975 January 2006 April 2007 June 2007 June 2009	Joined Hitachi, Ltd. General Manager, Finance Department-1, Hitachi, Ltd. Representative Executive Officer, and Senior Vice President and Executive Officer, Hitachi, Ltd. Director, Representative Executive Officer, and Senior Vice President and Executive Officer, Hitachi, Ltd.; Corporate Auditor (part-time), Renesas Technology Corp. Representative Executive Officer , and Senior Vice President and Executive Officer, Hitachi, Ltd. (to the present) (Representative Status in Other Companies, etc.) Representative Executive Officer, and Senior Vice President and Executive Officer, Hitachi, Ltd.	0
5	Nobuhiro Endo (November 8, 1953)	April 1981 July 2005 April 2006 April 2009 June 2009	Joined NEC Corporation Senior General Manager, Mobile Network Operations Unit, NEC Corporation Associate Senior Vice President, and Executive General Manager, Mobile Network Operations Unit, NEC Corporation Senior Vice President, NEC Corporation Director and Senior Vice President , NEC Corporation, responsible for management of important matters relating to Corporate Strategy and Business Development Division, Corporate Alliance Division, Affiliated Company Division, Corporate	0

(Translation)

	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
			Communications Division, Marketing Division and Human Resources Development Division (to the present)	
6	Noritomo Hashimoto (July 30, 1954)	April 1977 April 2005  October 2006  April 2008  April 2009  June 2009	Joined Mitsubishi Electric Corporation General Manager, LCD Division, Semiconductor & Device Group, Mitsubishi Electric Corporation General Manager, Planning & Administration Division, Semiconductor & Device Group, Mitsubishi Electric Corporation General Manager, Corporate Human Resources Division, Mitsubishi Electric Corporation Executive Officer, and General Manager, Corporate Human Resources Division, Mitsubishi Electric Corporation; Director (part-time), Renesas Technology Corp. (to the present) Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, and General Manager, Corporate Human Resources Division, Mitsubishi Electric Corporation (to the present)	0
7	Susumu Furukawa (July 12, 1954)	February 1979 May 1986  November 1991  May 2000	Joined ASCII Corporation Left ASCII Corporation; President, Microsoft Co., Ltd. Chairman and CEO, Microsoft Co., Ltd., and Director, Far East Research and Development, Microsoft Corporation Vice President, Consumer Strategy, Microsoft Corporation	0

**(Translation)**

	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
		January 2002	Vice President, Advanced Strategies and Policy, Microsoft Corporation	
		February 2004	Vice President, Advanced Strategies and Policy, Microsoft Corporation, and Executive Officer and Chief Technical Officer, Microsoft Co., Ltd.	
		June 2005	Left Microsoft Corporation and Microsoft Co., Ltd.	
		April 2006	Professor, Research Institute for Digital Media and Content, Keio University	
		April 2008	Professor, Graduate School of Media Design, Keio University (to the present)	

- (Note) 1. Mr. Toyoaki Nakamura is currently Representative Executive Officer, and Senior Vice President and Executive Officer of Hitachi, Ltd., which has a business relationship with the Company, such as, entrusted development of system LSI and sales of such system LSI.
2. Except for paragraph 1 above, none of the candidates have a special conflict of interest with the Company.
3. Mr. Nobuhiro Endo is currently and has been involved in the execution of operations (as defined in Item 6, Paragraph 3, Article 2 of the Enforcement Regulations of the Companies Act) of NEC Corporation during the past 5 years. His positions and responsibilities are described in the ‘Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.’ section above. He has been received salaries, etc. as an employee of NEC Corporation during the past 2 years. NEC Corporation is a “Special Related Party” as defined in Item 19, Paragraph 3, Article 2 of the Enforcement Regulations of the Companies Act.
4. Messrs. Toyoaki Nakamura, Nobuhiro Endo, Noritomo Hashimoto and Susumu Furukawa are candidates for outside Directors. The reasons for selecting them as candidates for outside Directors are as follows:
- (i) Mr. Toyoaki Nakamura is served as Representative Executive Officer, and Senior Vice President and Executive Officer of Hitachi, Ltd.; Mr. Nobuhiro Endo is served as Director and Senior Vice President of NEC Corporation; and Mr. Noritomo Hashimoto is served as Director and Executive Officer of Mitsubishi

**(Translation)**

Electric Corporation; and the Company has selected them as candidates for outside Directors with the expectation that they oversee and check the overall management of the Company by leveraging their great deal of knowledge, experience and depthful insight, etc. gained from their many years of experience as an executive or officer.

- (ii) The Company has selected Mr. Susumu Furukawa as a candidate for outside Director with the expectation that he oversees and checks the overall management of the Company by leveraging his extensive experience at Microsoft Corporation and its subsidiary, Microsoft Co., Ltd, and his great deal of knowledge, experience and depthful insight, etc. gained from his activities as professor of Graduate School of Keio University, etc.
5. If the new appointment of Messrs. Toyooki Nakamura, Nobuhiro Endo, Noritomo Hashimoto and Susumu Furukawa is approved, the Company will enter into a liability limitation agreement with each of them, limiting his liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the higher of either (i) the amount to be fixed which is not less than ten million yen (10,000,000 yen) or (ii) the minimum liability amount stipulated in the applicable laws and regulations.

**Proposal No. 4: Election of One Corporate Auditor**

It is proposed that one Corporate Auditor to assume office upon the Merger be elected.

The consent of the Board of Corporate Auditors for this Proposal has been obtained.

The candidate is as follows.

The election of the candidate for Corporate Auditor pursuant to this Proposal shall become effective as of the effective date of the Merger (scheduled to be on April 1, 2010) subject to the conditions precedent that Proposal 1 “Approval of the Merger Agreement between the Company and Renesas Technology Corp.” is approved as proposed in the original proposal and that the Merger become effective.

If this Proposal is approved in the original proposal, Mr. Kaoru Ikenaga, Corporate Auditor of the Company, will resign from his office on the day immediately prior to the Effective Date.



**(Translation)**

	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
1	Junichiro Nishi (November 14, 1953)	April 1976	Joined Mitsubishi Electric Corporation	0
		April 2003	Deputy General Manager, Finance & Accounting Controls Division, Renesas Technology Corp.	
		April 2007	Executive Manager, Finance & Accounting Controls Division, Renesas Technology Corp.	
		April 2008	Executive General Manager, Business Support Unit, Renesas Design Corp.	
		June 2008	Director, and Executive General Manager, Business Support Unit, Renesas Design Corp. (to the present)	
		April 2009	Executive Manager, Finance & Accounting Controls Division, Renesas Technology Corp. (to the present)	

- (Note) 1. The candidate has no special conflict of interest with the Company.
2. Mr. Junichiro Nishi is currently Director of Renesas Design Corp., a wholly-owned subsidiary of Renesas, but will resign from his office on the day immediately prior to the Effective Date.

**Proposal No. 5: Revision of the Amount of Remuneration for Directors and Corporate Auditors**

As of the 2nd Ordinary General Meeting of Shareholders held on June 25, 2004, the amount of remuneration was approved at not more than JPY 20 million per month for Directors of the Company and at not more than JPY 10 million per month for Corporate Auditors of the Company respectively, and since then those amounts have been retained thus far. Taking into consideration the fact that the number of Directors will be increased by seven (7) members if Proposal 1 “Approval of the Merger Agreement between the Company and Renesas Technology Corp.” and Proposal 3 “Appointment of Seven Directors” are approved thereat as proposed in the original proposal, and considering various matters such as in order to cope with possible circumstances where the number of Directors and Corporate

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Auditors will be required to be increased in the future, it is proposed that the amount of the remuneration for Directors be revised to not more than JPY 30 million per month (not more than JPY 6 million per month for Outside Director(s) thereof) and the aggregate amount of the remuneration for Corporate Auditors be revised to not more than JPY 12 million per month.

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

The current number of Directors and of Corporate Auditors is four (4), respectively. If Proposal 3 “Appointment of Seven Directors” and Proposal 4 “Appointment of One Corporate Auditor” are approved as proposed in the original proposal, the number of Directors would be eleven (11) (five (5) Outside Directors thereof) and Corporate Auditors would be four (4) (two (2) Outside Corporate Auditors thereof), respectively, as of the effective date of the Merger.

The revised amount of remuneration for Directors and Corporate Auditors pursuant to this Proposal shall become effective as of the effective date of the Merger (scheduled to be on April 1, 2010) subject to the conditions precedent that Proposal 1 “Approval of the Merger Agreement between the Company and Renesas Technology Corp.” is approved as proposed in the original proposal and that the Merger become effective.

**Proposal No. 6 Issuance of New Shares Offered by way of Third Party Allotment**

1. Reason for Making the Offer to Allot New Shares

(1) Reason for Proposal

New shares will be issued by way of third party allotment under this proposal (the “Third Party Allotment”) to NEC, Hitachi and Mitsubishi Electric, which are major shareholders of the new company, to carry out capital reinforcement for the purpose of ensuring stable and long-term growth and for enhancing the profitability of the new company after the Merger carried out pursuant to Proposal 1 “Approval of Merger Agreement between the Company and Renesas Technology Corp.,” whereby the strengthened financial base, enhancement of research and development to improve the profitability and investment in the expansion of overseas marketing and promotion of business structural reform are intended to be achieved.

The Company judged at the meeting of the Board of Directors concerning the approval of the Third Party Allotment held on September 16, 2009 that the Third Party Allotment did not constitute any “offering at prices particularly favorable to subscribers (*yuri-hakko*)” in reference to the market price of the common stock of the Company during the period immediately preceding the date of resolution of the said meeting of

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Board of Directors. However, since the due date of the payment for the Third Party Allotment is scheduled to be on April 1, 2010, after an elapse of a substantial period of time from the date of above-mentioned resolution of the Meeting of Board of Directors, it is possible that the substantial discrepancy between the issue price and the market price of the common stock of the Company as of the due date of the payment occur and that such Third Party Allotment transaction may fall under an “offering at prices particularly favorable to subscribers (*yuri-hakko*)”, and, additionally, in light of the possibility that capital increase by way of such Third Party Allotment may cause a dilution of stock to a significant degree, the Third Party Allotment is subject to the approval of the shareholders at the extraordinary general meeting of shareholders concerning the Merger as a precautionary step, and the Company therefore will seek the approval of the shareholders at the said General Meeting.

The approval of this Proposal shall be subject to the conditions precedent that: (i) Proposal 1 “Approval of the Merger Agreement between the Company and Renesas Technology Corp.” and Proposal 2 “Partial Amendment of the Articles of Incorporation” are approved as proposed in the original proposals; and (ii) the Merger and the amendment of the Articles of Incorporation become effective.

In addition, pursuant to Paragraph 4, Article 124 of the Companies Act, the Company has resolved at the meeting of its Board of Directors held on December 15, 2009 that the Company shall grant the voting rights to be exercised at its 8th Ordinary General Meeting of Shareholders scheduled to be held in June 2010 to the parties to which the shares are allotted by way of such Third Party Allotment in order to appropriately reflect the intention of the shareholders.

(2) Specific Use of Capital to be Procured

The amount of capital to be procured through the Third Party Allotment will be appropriated for investment in research and development for the new company to create highly competitive products group in a global market, investment in the expansion of overseas marketing, expenditures for business structural reform and a fund for the repayment of interest-bearing debts. Specifically, for investment in research and development, the procured amount therefrom will be invested for the enhancement of the development of the microcomputer business, the development of novel technology that will attain energy savings and sound ecology and the expansion of overseas basis for research and development. For investment in the expansion of overseas marketing, the procured amount will be invested in the reconstruction and enhancement of sales channels in North America, Europe and Asia, China and India in particular, in which further substantial growth is expected in the future. For expenditures for the business

## **(Translation)**

structural reform, the procured amount will be appropriated for the expenses necessary for various reconstructions to improve cost structure and to enhance the price competitiveness of the new company.

Through the above-mentioned steps, (i) sales increases resulting from the enhancement of the performance of products and marketing; (ii) increases in the gross profit margin ratio due to reduced costs effected by the business structural reform; and in addition, (iii) reduced interest costs through a reduction of interest-bearing debts are expected, and it is further expected that those will contribute to the improvement of management practices and financial conditions of the new company, reinforcement of profit earning capacity and enhancement of profitability in the future, which are expected to further contribute to increase the corporate value and the shareholder value of the new company.

### **(3) Basis of Calculation of Amount to be Paid and Details**

The Company determined at the meeting of its Board of Directors held on September 16, 2009 that the amount to be paid shall be JPY917 per share by comprehensively taking into account those factors, including the performance trend of the Company, the number of shares to be issued by way of the Third Party Allotment, the market trend as of then and trend of the stock price of the Company. The amount to be paid (JPY917) represents: (i) a premium of 4.3% over the closing stock price (the “Closing Stock Price”) of the Company stock (JPY879) on the Tokyo Stock Exchange as of September 15, 2009, which was the business day immediately preceding the date of the resolution of the meeting of the Board of Directors (the “Immediately Preceding Business Day”); (ii) a discount of 0.7% from the simple arithmetic average of the Closing Stock Price of the Company stock (JPY924) during the one (1) month period prior to the Immediately Preceding Business Day; (iii) a premium of 0.8% over the simple arithmetic average of the Closing Stock Price of the Company stock (JPY909) during the three (3) month period prior to the Immediately Preceding Business Day; and (iv) a premium of 2.3% over the simple arithmetic average of the Closing Stock Price of the Company stock (JPY896) during the six (6) month period prior to the Immediately Preceding Business Day.

### **(4) Grounds for Decision on Reasonableness of the Number of Shares Issued and the Extent of Dilution**

The number of shares to be issued by way of the Third Party Allotment which is subject to the offering is 54.3% of the number of the voting rights (scheduled) with respect to the outstanding shares of common stock to be issued after the effective date of

**(Translation)**

the Merger, and 118.9% of the voting rights with respect to the outstanding shares of common stock issued prior to the date of resolution of the meeting of the Board of Directors of the Company (September 16, 2009). The procured amount therefrom will be appropriated for the investment in the research and development, investment in the overseas marketing expansion, expenditures for business structural reform and a fund for the repayment of interest-bearing debts in the new company, and as a result (i) sales increase resulting from the enhancement of performance of products and marketing; (ii) increase in the gross profit margin ratio due to the reduced costs effected by the business structural reform; and in addition (iii) reduced interest costs through a reduction of interest-bearing debts are expected, and it is further expected that those will contribute to the improvement of the management practices and financial conditions of the new company, reinforcement of profit earning capacity and enhancement of profitability in the future. For these reasons, this transaction is considered to be reasonable, in light of the prospected contribution to the increase in the corporate value and the shareholder value of the new company.

2. Details of Issuance of Shares Offered

The details of the issuance of shares offered are as follows:

- (1) Class and number of shares offered:  
146,782,990 shares of Common stock
- (2) Amount to be paid:  
JPY917
- (3) Total amount to be paid:  
JPY134,600,001,830
- (4) Matters relating to an increase in capital (*shihonkin*) and capital reserve fund (*shihon-jyunbikin*):  
Amount of capital (*shihonkin*) to be increased: JPY458.5 per share  
Amount of capital reserve fund (*shihon-jyunbikin*) to be increased: JPY458.5 per share
- (5) Method of offering:  
Third Party Allotment
- (6) Due date of payment:  
April 1, 2010 (Note)
- (7) Allotted party and number of allotted shares:  
NEC: 61,395,857 shares  
Hitachi: 46,962,923 shares

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Mitsubishi Electric: 38,424,210 shares

- (8) The above respective items shall be subject to the conditions precedent that: (i) the Merger pursuant to Proposal 1 “Approval of the Merger Agreement between the Company and Renesas Technology Corp.”; and (ii) the amendment to the Articles of Incorporation pursuant to Proposal 2 “Partial Amendment to the Articles of Incorporation” become effective.

(Note) If the effective date of the Merger is changed, such changed effective date shall be the due date of the payment.

*Annual Report for Renesas Technology Corp. for the Period April 1, 2008 to March 31, 2009*

## **1. Items on the Current Status of the Company**

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

The worldwide economy slowed rapidly during this period with the US at the center of the storm due to problems in the financial markets. These problems started with the subprime loan problems in the US in the first half of last year, with the slowing of the US housing market, and with rises in prices of raw materials. These problems became even worse in the second half of the period due to the financial crisis that started with the collapse of certain US financial institutions in September. The effects on the economy were severe. The economic slowdown could be plainly seen in the deterioration in the performance of basic industries, both manufacturing and financial, and the slowing of consumer spending due to the worsening employment environment. Furthermore, the economies of the developing countries, especially in Asia and the BRICs, slowed significantly due to these problems.

Japan's economy also reflected the deterioration of the export environment due to the slowing of the foreign economies and the rise in the value of the yen. This resulted in rapid adjustments to manufacturing output and reduction in capital expenditures. Furthermore, the falls in employment, personal income, and stock prices have had a negative impact on consumer spending, resulting in a bleak economic situation.

The semiconductor device market we work in is linked to the worldwide economic downturn, and due to customer reductions in their component inventories even faster than the reduction overall demand in the electric and electronic equipment and automotive industries, we saw an accelerating reduction in demand for semiconductor devices in all areas in the second half of this period.

Given this business environment, we implemented policies to strengthen our sales capabilities and our company-wide cost competitiveness to improve and strengthen our corporate structure. We also worked to implement company-wide short-term performance measures, such as reducing fixed costs.

In the microcontroller area, to further strengthen our microcontroller business, we released the RX610 Group of 32-bit microcontrollers as the first release in RX Family of microcontrollers, which will play a central role in our future microcontroller business, as described in section (5), Research and Development Status.

In the System on Chip (SoC) area, we carried out a joint development effort with six companies, including NTT DoCoMo, Inc. (NTT DoCoMo), Fujitsu Limited (Fujitsu) and Sharp Corporation (Sharp). The result of this effort was the SH-Mobile G3 high-speed/high-performance system IC for 3G (third generation) cell phones. This device succeeds in combining a baseband IC with the SH-Mobile application processor\*<sup>1</sup>, and we started mass production. We also released the SH7776 (SH-Navi3) dual core SoC, which integrates even higher performance graphics functions than earlier Renesas products with high-functionality image processing circuits. This device is designed for high-functionality car navigation products.

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In the analog and power semiconductor business, we released the R2A20114 Series of power factor correction control ICs that adopt a new technique that achieves lower noise, higher efficiency, and further miniaturization for power supply units in high-power equipment such as servers and air conditioners.

In our efforts to improve cost competitiveness in the manufacturing area and to promote resource optimization and efficient utilization at our manufacturing bases around the world, we transferred our German semiconductor front-end wafer processing plant to a German company that specializes in contract semiconductor fabrication in November 2008. We also improved the wafer production capacity of our Kofu plant, mainly in the analog and power semiconductor business area. Furthermore, to improve development efficiency, we reviewed our leading-edge development system and started transferring our development functions from the Kitaitami Site to the Naka Site.

As part of our efforts to improve sales, following our efforts in Singapore and Taiwan the previous fiscal year, in July 2008 we integrated our sales and application technology companies in China and in Hong Kong. At the same time as aiming for rapid decision making and improved sales efficiency, these efforts allow us to provide extensive customer support based on integrated sales and technology functions, especially for our Chinese customers. Also, in Japan we reached an agreement over merging Renesas Devices Sales, Co., Ltd. with the major semiconductor device sales company Easton Co., Ltd. At the same time as aiming for even further strengthening and increased efficiency in our sales resources, this merger also aims at expanding business by combining these two companies, which had few areas where they competed with each other.

Despite these efforts, due to the severe economic environment in which demand for electronic equipment and other products fell due to the worldwide recession and rapid inventory cutbacks developed, sales fell to 527.1 billion yen, a drop of 201.1 billion yen from the previous year. Although we implemented a wide range of large-scale cost reduction measures, due to not only the influence of falling sales, but also structural reform costs, the write-off of deferred tax assets, and other items, we posted net loss of 197.2 billion yen, which was a performance 202.4 billion yen worse than the previous fiscal year.

Note: \*1. A processor that runs applications (such as games or audio playback) other than voice communications.

**Performance Summary by Business Group**

<b>Business Group</b>	<b>Net Sales(non-consolidated)</b>
	<b>Fiscal 2008 (current period)</b>
<b>System Solution</b>	217.7 billion yen
<b>Microcontroller</b>	190.8 billion yen
<b>Standard Product</b>	118.6 billion yen
<b>Total</b>	527.1 billion yen

• **System Solutions Business Group**

Due to falling demand for SoC and high-frequency signal-processing semiconductors due to the stagnation of the worldwide cell phone market and sluggish sales of SoC devices for digital home electronics, sales in this period were 217.7 billion yen.

The System Solutions Business Group produces SoC products for the mobile and automotive areas and



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for PCs and digital home electronics, mixed-signal semiconductor devices, and high-frequency signal-processing semiconductor devices.

- **Microcontroller Business Group**

Due to sluggish sales of cars not only in the North American market, but in the European and Japanese markets as well, and due to reduced demand from the consumer and standard product industrial areas, sales in this period were 190.8 billion yen.

- **Standard Product Business Group**

Due to reduced demand for computers and digital home electronics, and due to reduced demand for LCD drivers for cell phones, sales in this period were 118.6 billion yen. The Standard Product Business Group produces mixed-signal semiconductor devices, power semiconductor devices, LCD drivers, discrete semiconductor devices such as diodes and transistors, SRAM, and flash memory.

## **(2) Issues to be Resolved**

This recent recession can be seen a turning point that represents the demise of the world economic expansion that had been fueled by excessive spending in the US, and a long time may be required for the economy to recover. At the same time, the switchover to digital control in electronic equipment and the increasing use of electronics in cars will continue to accelerate, and in addition, it is also expected that new markets in the environmental, energy, medical, and security areas will arise and be supported by economic stimulus policies. Therefore, there is no change in our expectation that, in the medium term, worldwide demand for electronics will continue on a growth path, albeit a gradual one.

Given this background, we think that the main issues for the semiconductor industry are (1) the construction of a corporate structure that can withstand the current economic stagnation, (2) carrying out in parallel both the assurance of liquidity for stable continuity of business operations and laying the foundation for development and sales in future growth areas, and to strive for market recovery and medium-term growth. To build a solid business foundation in this environment, we are accelerating the selection and concentration of our business portfolio even more than we had been previously, and are working to increase our product competitiveness and sales capabilities as a business strategy aimed at assuring profitability. At the same time as redefining our major business fields and concentrating our development investment and personnel in those areas, we are pushing forward with radical improvements in efficiency in our design and development. We are also, at the same time, working to improve our cost structure with efforts centered on, for example, even further reductions in fixed costs.

To achieve the above objectives, we feel that we must focus on the following issues.

### **Strengthening our product competitiveness**

We will aim for steady growth based on three pillars: in addition to microcontrollers, which represent our core competence, we will also focus on SoC devices and on analog and power semiconductor products which strive for synergy with our microcontrollers. We will also strive to maintain and improve our excellent market position by taking advantage of our extensive product lineup, which extends from low-end general-purpose microcontrollers to high-end solution microcontrollers, all of which have proven track

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records and a rich development environment. In particular, we are integrating and concentrating our previous seven-CPU family into a three-CPU family centered on the new RX family CPUs. We are also deploying our platform design method developed for SoC products in our microcontroller development and are achieving short development times for multi-product deployment to strengthen our business.

We are striving for unified synergistic effects with our microcontroller business in both technology and markets in our SoC products. In addition, we are focusing on fields where we have real competitiveness and at the same time as solidifying our positions in each area, we are working to improve our profitability.

In the analog and power device area, we are focusing on growth markets (automotive, power supply, and video), and are deploying businesses for a wide range of customers mainly in Japan and Asia. We are also promoting sales of standard products by taking advantage of the high customer appeal of our microcontrollers.

**Cost Structure Improvements**

To strengthen and improve our business foundation so that we can withstand market stagnation and fluctuations, we are moving forward with cost structure improvements centered on reducing fixed costs. In particular, we are aiming at improving our production efficiency by improving our production structure by reorganizing our 5 and 6 inch lines and moving to larger wafer sizes at our front-end wafer processing sites. Also, to reduce costs and improve efficiency in leading-edge process development, we are moving our development center from the Kitaitami Site to the Naka Site. For the back-end assembly process, we are moving forward with cost reduction efforts based on expanding overseas production and reorganizing our domestic sites.

In the design area, we are working to reduce development costs by aiming for improved development efficiency by reassigning personnel in conjunction with our business selection and concentration efforts, by strengthening our overseas design centers, and by accelerating our use of platform-based design.

In addition to our earlier efforts in the personnel costs area, namely slimming our operations and shifting to overseas operations, we are also implementing a wide range of personnel policies to reduce these costs further.

**Strengthening Sales Capabilities**

While strengthening our service and sales abilities for global customers by making use of our global sales network and strengthening our cross-regional sales capabilities and technological support, we are also improving our customer-oriented support specialized to the local region and aiming at growing the business.

In the Asia region, we are making even further efforts to strengthen our sales capabilities by combining sales companies and application technology companies and unifying sales and application technology to make efficient allocation and utilization of technological resources possible. In Europe, we are working to strengthen our sales capabilities for automotive, cell phone, and industrial sales by transferring our sales operations from England to Germany to create an even more customer-oriented sales system.

In Japan, in addition to strengthening our service and sales capabilities for global customers, we are working to expand sales by deploying highly detailed sales activities aimed at certain small and medium-scale customers using our new sales structure created by merging Renesas Devices Sales Co., Ltd. with Easton Co., Ltd..

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### **(3) Financing activity status**

During this period we issued 540,000 shares of new stock (at a price per share of 100,000 yen for a total issue value of 54.0 billion yen) through an issue to shareholders to stabilize operations and strengthen our financial foundation. As a result, we increased our capital and our capital surplus by 27.0 billion yen each. Also, to compensate for reductions in cash on hand due to rapid market fluctuations, we borrowed 30.0 billion yen in short-term funds based on a commitment line contract. In addition, we also procured funding to use as working capital. As a result of these, our outstanding debt balance increased by 50.0 billion yen over the previous period.

### **(4) Facility investment status**

We invested a total of 10.8 billion yen in plant and equipment this period, which corresponds to 36.2 billion yen less than the previous period. This breaks down into 7.2 billion yen for improvements to front-end wafer processing production equipment and 3.6 billion yen for investment in design-related fields in non-manufacturing divisions and investment in development divisions.

### **(5) Research and development status**

In this period, we invested 147.5 billion yen in research and development, which corresponds to 28% of sales and 89% of the amount for the previous fiscal year. In addition to our main in-house research and development efforts, we also pushed forward with research and development based on contracts with other companies in our aim to develop new technologies and improve our product competitiveness. We present the main results of these research and development efforts below.

#### **Commercial release of the RX610 Group as the first release in the RX\*<sup>1</sup> Family**

We released the RX610 Group as the first release in the RX Family of microcontrollers, which will play a core role in the future microcontroller industry, in which we hold the top share. The RX610 microcontrollers are optimal for use in high-end office automation equipment and digital consumer products which require high speed and high performance. We will start sample shipment of these products on an individual product basis in June 2009.

The RX Family products are all based on the RX CPU, and are next generation microcontrollers that unify our existing line of 16-bit and 32-bit microcontrollers employing CISC \*<sup>2</sup>architecture. We plan to develop two series of products: a series that strives for high speed and high performance, the RX600 Series, and a series that aims for low voltage operation and low power consumptions, the RX200 Series. The RX CPU achieves the industry's top class of total performance in terms of processing capabilities, code efficiency\*<sup>3</sup>, and low power. These devices not only include even higher functionality flash memory systems, but also feature an extensive set of peripheral functions.

Note: \*1. RX: Renesas eXtreme. Indicates the extreme performance and ease of use this CPU provides.

\*2. CISC: Complex instruction set computer.

\*3. A measure that indicates the compactness of application programs.

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### **Commercial release of the SH7776 (SH-Navi3) with built-in image processing for automotive information terminals**

We released the SH7776 (SH-Navi3), which achieves high processing functionality by including two CPU cores for the next generation automotive information terminals evolving from current car navigation equipment. This device also includes high-level graphics functions and image recognition processing functions integrated on the same chip.

Car navigation systems are now evolving to become next generation automotive information centers that form the core of car information processing and control. The SH7776 released this fiscal year achieves, in a single chip, the functionality and performance required for these next generation automotive information centers, and also makes it possible to implement road marking line recognition and lead car following functions with its extensive set of realistic 3D graphics display functions, graphical user interface\*<sup>1</sup> display functions for improved operability, and image recognition processing functions.

Note that the image recognition processing circuit used in this product was developed jointly with Hitachi, Ltd.

Note: \*1. A user interface that can display information graphically and that allows direct manipulations using a pointing device.

### **Joint development by NTT DoCoMo, Fujitsu, Sharp, and Renesas of a cell phone platform that supports HSUPA\*<sup>1</sup>**

We, along with NTT DoCoMo, Fujitsu, and Sharp, developed the single-chip SH-Mobile G4 cell phone IC that supports HSUPA, HSDPA\*<sup>2</sup>, and W-CDMA as well as GSM, GPRS, and EDGE\*<sup>3</sup>. In addition to starting sample shipment in February 2009, we are also developing a cell phone platform that includes this chip.

The SH-Mobile G4 is the fourth product in the SH-Mobile G Series and integrates a baseband IC and an application processor on the same chip. This device is fabricated in a new 45 nm process to improve processing speeds and make it possible to achieve improved 3D graphics performance and higher application functionality. The addition of HSDPA and HSUPA support makes high-speed bidirectional data transfers between the terminal and base station possible.

Cell phone manufacturers can reduce development times and development costs by adopting and taking advantage of this platform. We are planning to provide this platform not only for the Japanese market, but for the worldwide cell phone market as well.

Note: \*1. HSUPA: High speed uplink packet access. A standard that improves the speed of the 3G W-CDMA uplink (terminal to base station) direction.

\*2. HSDPA: High speed downlink packet access. A standard that improves the speed of the 3G W-CDMA downlink (base station to terminal) direction.

\*3. GSM: Global System for Mobile Communications

GPRS: General Packet Radio Service

EDGE: Enhanced Data GSM Environment

GSM is a wireless communication method used in digital cell phones. GPRS is a data transmission technology that uses a GSM cell phone network. EDGE is a data transmission technology that corresponds to a follow-on technology to the GPRS method.

## **(Translation)**

### **Commercial release of the R2A20114 Series power factor correction control ICs**

We released the R2A20114 Series power factor correction control ICs that adopt a new technique to achieve lower noise, higher efficiency, and smaller power supply units in equipment such as servers and air conditioners that requires high power (1 kW and higher).

The power factor correction control IC reduces the upper harmonics\*<sup>1</sup> and reactive power that occur when converting AC to DC in the power supply units in various equipment. Inclusion of such an IC in power supply units has now become standard to save energy and conform to international regulations on upper harmonics. Renesas already mass produces power factor correction control ICs for the middle load area (under 1 kW) that are widely used in products such as PCs and flat-panel TV sets.

The new R2A20114 Series products adopt a new control technique for high power applications to reduce noise and these devices achieve high power conversion efficiency. This allows components used in power supply units to be miniaturized even further for even smaller and thinner power supply units.

Note: \*<sup>1</sup>. Refers to sine waves with frequencies that are integer multiples of the 50 or 60 Hz commercial power line frequency.

## **(6) Status of important technology tie ups**

### **Licensing of the MIFARE contactless communication technology**

Renesas has concluded a contract with NXP Semiconductors Netherlands B.V. to license their MIFARE™ contactless communication technology. MIFARE is the world's most widely used contactless IC card technology, and this contract allows us to aim for increased sales of secure microcontrollers for new IC card markets, including financial transaction and NFC\*<sup>1</sup> systems.

Note: \*<sup>1</sup>. NFC: Near Field Communication. A short-distance wireless communications standard that uses the 13.56 MHz band and was developed by NXP and Sony Corporation.

### **Joint research on RF transceiver IC technology**

Renesas has agreed to a joint research project on RF transceiver IC technology using a 45 nm fabrication process with Interuniversitair Micro-Elektronica Centrum vzw (IMEC), an independent European nano-electronic research organization. This contract will allow Renesas to support next generation cell phone communication standards such as 3GPP-LTE\*<sup>1</sup> and enter the market for RF transceiver ICs with products that are highly competitive in all aspects, including cost, performance, and power consumption.

Note: \*<sup>1</sup>. 3GPP-LTE: A high-speed data communication standard in which standardization is progressing as "Long Term Evolution" (LTE) in the 3GPP standardization group for W-CDMA.

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## (7) Changes in the status of assets and profits and losses(non-consolidated)

Division	FY2005 (period 3)	FY2006 (period 4)	FY2007 (period 5)	FY2008 (period 6: current period)
Net Sales	674.9 billion yen	706.0 billion yen	728.2 billion yen	527.1 billion yen
Ordinary income(loss)	(19.0 billion yen)	(5.8 billion yen)	10.9 billion yen	(115.5 billion yen)
Net income(loss)	(26.8 billion yen)	(5.0 billion yen)	5.2 billion yen	(197.8 billion yen)
Net income(loss) per share	(5,356.69 yen)	(991.66 yen)	1,040.06 yen	(39,534.08 yen)
Total assets	731.2 billion yen	727.9 billion yen	737.4 billion yen	558.4 billion yen

Note: In FY2007, we changed the depreciation method for tangible fixed assets from the declining balance method to the straight line method.

## (8) Status of major parent and subsidiary companies

### Relationship with parent companies

Hitachi, Ltd. holds 3,047,000 shares (share of voting rights: 55%) and Mitsubishi Electric Corporation holds 2,493,000 shares (share of voting rights: 45%).

At the same time as selling semiconductor products, we also have business relationship with these companies in manufacturing certain products, performing research and development, undertaking certain administrative work, and leasing certain properties and buildings used for business operations.

### Status of major subsidiaries (as of March 31, 2009)

	Company	Capital	Share of voting rights	Main business
1	Renesas SP Drivers Inc.	5,000 million yen	55.0%	Development, design, manufacture, and sale of LCD drivers
2	Renesas Northern Japan Semiconductor, Inc.	2,550 million yen	100.0%	Development, design, and manufacture of ICs and electronic equipment
3	Renesas Technology Sales Co., Ltd.	2,500 million yen	100.0%	Sale of ICs, electronic components, and electronic application equipment
4	Renesas Eastern Japan Semiconductor, Inc.	2,060 million yen	100.0%	Development, design, and manufacture of ICs and manufacturing equipment

**(Translation)**

	<b>Company</b>	<b>Capital</b>	<b>Share of voting rights</b>	<b>Main business</b>
5	Renesas Kyushu Semiconductor Corp.	500 million yen	100.0%	Manufacture of ICs
6	Key Stream Corp.	498 million yen	86.3%	Development and design of ICs
7	Renesas Devices Sales Co., Ltd.	450 million yen	100.0%	Sale of ICs, electronic components, and electronic application equipment
8	Renesas Design Corp.	400 million yen	100.0%	Development and design of ICs
9	Renesas Solutions Corp.	300 million yen	100.0%	Development of semiconductor technology
10	Renacentis IT Services Co., Ltd.	100 million yen	51.0%	Development, maintenance, and operation of information systems. Maintenance and operation of IT infrastructure
11	Renesas Technology Europe Limited	47,808 thousand Euro	100.0%	Sale of ICs and electronic components. Development of semiconductor application technology
12	Renesas Semiconductor (Beijing) Co., Ltd.	66,467 thousand US dollars	92.9%	Manufacture of ICs
13	Renesas Semiconductor (Suzhou) Co., Ltd.	43,226 thousand US dollars	93.6%	Manufacture of ICs
14	Renesas Technology America, Inc.	38,000 thousand US dollars	100.0%	Sale of ICs and electronic components. Development of semiconductor application technology
15	Renesas Semiconductor (Malaysia) Sdn. Bhd.	84,000 thousand Malaysian ringgits	90.0%	Manufacture of ICs
16	Renesas Design Vietnam Co., Ltd.	10,200 thousand US dollars	100.0%	Development and design of ICs
17	Renesas Semiconductor Design (Beijing) Co., Ltd.	7,000 thousand US dollars	100.0%	Development and design of ICs
18	Renesas Technology (China) Co., Ltd.	6,100 thousand US dollars	100.0%	Business strategy determination, investment management, and technology research and development management
19	Renesas Design France S.A.S	3,000 thousand Euro	100.0%	Development and design of ICs

**(Translation)**

	<b>Company</b>	<b>Capital</b>	<b>Share of voting rights</b>	<b>Main business</b>
20	Renesas Technology Singapore Pte. Ltd.	6,200 thousand Singapore dollars	54.0%	Sale of ICs and electronic components. Development of semiconductor application technology
21	Renesas Technology Taiwan Co., Ltd.	100,000 thousand Taiwan dollars	100.0%	Sale of ICs and electronic components. Development of semiconductor application technology
22	Renesas Technology Hong Kong Ltd.	15,000 thousand Hong Kong dollars	100.0%	Sale of ICs and electronic components
23	Renesas SP Drivers Taiwan Inc.	50,000 thousand Taiwan dollars	28.1%	Development, design, manufacture, and sale of LCD drivers
24	Renesas Technology (Shanghai) Co., Ltd.	1,000 thousand US dollars	100.0%	Sale of ICs and electronic components

\*: Companies with a capital of 100 million yen or higher are listed.

## Notes:

1. Renesas Nagano Semiconductor Corp. was dissolved on November 30, 2008. Special liquidation procedures were completed on March 27, 2009 and the company was closed.
2. We agreed to take over the wireless LAN business from Key Stream Corp., a Renesas subsidiary on April 1, 2009. Also, we acquired 4,000 shares of Key Stream stock from Ant Capital Partners Co., Ltd. on March 6, 2009 and 4,000 shares from Ubiquitous Corporation on March 31, 2009. Thus our equity stake in Key Stream Corp. became 86.3%. Key Stream Corp. was dissolved as of April 21, 2009, and corporate liquidation proceedings were started.
3. We acquired all shares of stock in Renesas Devices Sales Co., Ltd. from Renesas Technology Sales Co., Ltd. on February 27, 2009. As of April 1, 2009, Renesas Devices Sales Co., Ltd. was merged with Easton Co., Ltd. The name of the merged company was changed to Renesas Easton Co., Ltd. As a result of this merger, our equity share in Renesas Easton Co., Ltd. became 30.0%.
4. The name of the Renesas subsidiary Renesas Semiconductor Europe (Landshut) GmbH was changed to Landshut Silicon Foundry GmbH on October 23, 2008 and all shares of stock in that company were transferred to Silicon Foundry Holding GmbH on November 21, 2008.
5. The Renesas subsidiary Renesas SP Drivers Inc. invested 25,500 thousand Taiwan dollars in Renesas SP Drivers Taiwan Inc. on September 5, 2008, which is an affiliate of Powerchip Semiconductor Corp. and thus the Renesas SP Drivers Inc. equity share became 51.0%. As a result, our indirect equity share in Renesas SP Drivers Taiwan Inc. became 28.1%.
6. Renesas System Solutions (Beijing) Co., Ltd., which is a Renesas subsidiary, transferred its assets and personnel to Renesas Technology (Shanghai) Co., Ltd. on July 1, 2008 and is now in liquidation proceedings.
7. The Renesas subsidiary Renesas System Solutions Hong Kong Ltd. transferred its assets and personnel to Renesas Technology Hong Kong Ltd. on July 1, 2008 and is now in liquidation proceedings.

**Results of Business Affiliation**

Our consolidated net sales for this fiscal year were 702.7 billion yen and our consolidated net loss was 203.3 billion yen. Note that there are 45 companies that are the object of consolidation, including the above companies, and there are five companies that are equity method affiliates.



(Translation)

### Consolidated Statement Overview

<b>Division</b>	<b>FY2005 (period 3)</b>	<b>FY2006 (period 4)</b>	<b>FY2007 (period 5)</b>	<b>FY2008 (period 6: current period)</b>
<b>Net Sales</b>	906.0 billion yen	952.6 billion yen	950.5 billion yen	702.7 billion yen
<b>Ordinary income(loss)</b>	2.5 billion yen	15.9 billion yen	29.2 billion yen	(102.8 billion yen)
<b>Net income(loss)</b>	(2.5 billion yen)	8.7 billion yen	9.5 billion yen	(203.3 billion yen)
<b>Total assets</b>	889.4 billion yen	889.7 billion yen	876.5 billion yen	682.9 billion yen

Note: In FY2007, we changed the depreciation method for tangible fixed assets from the declining balance method to the straight line method.

### (9) Main Business Activities

<b>Business Group</b>	<b>Main business activity</b>	<b>Percentage of sales (this fiscal year)</b>
<b>System Solution</b>	Development, design, and manufacture of SoC devices for mobile, automotive, personal computer, and digital home electronic products; mixed-signal semiconductor devices, high-frequency signal-processing semiconductors, and other products	41%
<b>Microcontroller</b>	Development, design, and manufacture of microcontrollers	36%
<b>Standard Product</b>	Development, design, and manufacture of mixed-signal semiconductor devices, discrete semiconductor devices, and other products. Manufacture of LCD drivers and other products	23%

(Translation)

**(10) Main Business Sites and Factories (as of March 31, 2009)**

Name		Location
Main office		Chiyoda Ward, Tokyo
Sales division		Chiyoda Ward, Tokyo
Research, development, and design division	Musashi Site	Kodaira City, Tokyo
	Kitaitami Site	Itami City, Hyogo Prefecture
	Takasaki Site	Takasaki City, Gunma Prefecture
Manufacturing division	Naka Site (Naka Factory 1 · Naka Factory 2)	Hitachinaka City, Ibaraki Prefecture
	Takasaki Site (Takasaki Factory)	Takasaki City, Gunma Prefecture
	Kofu Site (Kofu Factory)	Kai City, Yamanashi Prefecture
	Saijo Site (Saijo Factory)	Saijo City, Ehime Prefecture
	Kochi Site (Kochi Factory)	Konan City, Kochi Prefecture

**(11) Personnel (as of March 31, 2009)**

Division	Number of employees	Average age	Average length of employment
Total	9,070	42.1	19.8

Note: When temporary employees (including employees temporarily seconded from affiliated companies) are included, the total employee count becomes 9,568 employees.

**(12) Main Lenders (as of March 31, 2009)**

Lender	Outstanding loans
The Bank of Tokyo - Mitsubishi UFJ, Ltd.	42,500 million yen
Mizuho Corporate Bank, Ltd.	32,500 million yen
Mitsubishi UFJ Trust and Banking Corporation	22,000 million yen

Note: In addition to the above, Renesas also has taken out 51,100 million yen in syndicated loans and 30,000 million yen in loans based on commitment line contracts.

(Translation)

## 2. Renesas Stock

- Total number of shares issued: 5,540,000 shares
- Number of shareholders: Two
- Status of major stockholders

Stockholder	Number of shares held	Share of voting rights
Hitachi, Ltd.	3,047,000 shares	55%
Mitsubishi Electric Corporation	2,493,000 shares	45%

## 3. Directors and Company Auditors of the Company

Names of Directors and Company Auditors (As of the March 31, 2009)

Position	Name	Responsibilities	Status as representative or other role in other corporations or organizations
Representative Director Chairman & CEO	Satoru Ito	Overall management	Semiconductor Technology Academic Research Center Chairman
Representative Director President & COO	Katsuhiro Tsukamoto	Overall management	
Representative Director Executive Vice President, Director	Shigeo Uoya	Corporate Export Control Division, Quality Assurance Div., Standard Product Business Group	
Senior Vice President, Director	Takeo Kawano	CFO, Corporate Auditor's Office, Finance & Accounting Controls Division	
Senior Vice President, Director	Shiro Baba	System Solution Business Group	
Director	Atsushi Asari	CSR Management Division, Business Innovation Management Div., Human Resources & General Affairs Div., Purchasing Div.	
Director	Tadashi Nishimura	Intellectual Property Div., Production and Technology Unit	
Director	Yasushi Akao	MCU Business Group, Application engineering	
Director	Masao Nakaya	Corporate Planning and	

**(Translation)**

<b>Position</b>	<b>Name</b>	<b>Responsibilities</b>	<b>Status as representative or other role in other corporations or organizations</b>
		Development Division, Product Technology Group	
Director	Tetsuro Kitano	Sales Management Group	Renesas Technology Sales Co., Ltd. President & CEO
Director	Kazuo Kyuma		Mitsubishi Electric Corporation Senior Executive Officer Research & Development
Director	Junzo Kawakami		Hitachi, Ltd. Representative Executive Officer, Executive Vice President and Executive Officer
Company Auditor (full-time)	Toshio Nohara		
Company Auditor (full-time)	Chikara Onishi		
Company Auditor	Hideo Inoue		Mitsubishi Electric Corporation Associated Companies Division General Manager
Company Auditor	Mitsuaki Nishiyama		Hitachi, Ltd. Finance Department1 General Manager

- Note:
1. Of the Directors, Kazuo Kyuma and Junzo Kawakami are the outside Directors stipulated under Article 2 Paragraph 15 of the Companies Act .
  2. Of the Company Auditors, Toshio Nohara, Hideo Inoue, and Mitsuaki Nishiyama are the outside Auditors stipulated under Article 2 Paragraph 16 of the Companies Act.
  3. The two Company Auditors Hideo Inoue and Mitsuaki Nishiyama have experience in financial and accounting divisions, and have significant expertise in finance and accounting.
  4. The six Directors Satoru Ito (Chairman & CEO), Shigeo Uoya (Executive Vice President, Director), Shiro Baba (Senior Vice President, Director), Atsushi Asari (Director), Kazuo Kyuma (Director), and Junzo Kawakami (Director) have resigned as of March 31, 2009.
  5. As of April 1, 2009, Kunio Kobayashi has been selected and assumed office as a new Senior Vice President, Director and the five persons Toshikazu Nishino, Shunsuke Hosomi, Shigeo Mizugaki, Shozo Iwakuma, and Noritomo Hashimoto have been selected and assumed office as new Directors. Also, Michiharu Nakamura has been selected and assumed office as a new Company Auditor. Note that Noritomo Hashimoto is the outside Director stipulated under Article 2 Paragraph 15 of the Companies Act.
  6. As of April 1, 2009, Katsuhiro Tsukamoto (President & COO) has become the new Chairman, and Yasushi Akao (Director) has become the new President.
  7. As a result of the above changes, the Directors and Company Auditors as of April 1, 2009 are as follows.

**(Translation)**

<b>Position</b>	<b>Name</b>	<b>Responsibilities</b>	<b>Status as representative or other role in other corporations or organizations</b>
Representative Director Chairman	Katsuhiro Tsukamoto	Overall management	
Representative Director President	Yasushi Akao	Overall management, Corporate Export Control Division	Reliability Center for Electronic Components of Japan Director General
Senior Vice President, Director	Takeo Kawano	Corporate Auditor's Office, Finance & Accounting Controls Division	
Senior Vice President, Director	Kunio Kobayashi	System Solution Business Group	
Director	Tadashi Nishimura	Production and Technology Unit, Purchasing Div.	
Director	Masao Nakaya	Corporate Planning & Development Div., Business Innovation Management Div., Intellectual Property Div., Quality Assurance Div.	
Director	Tetsuro Kitano	Sales Management Group	Renesas Technology Sales Co., Ltd. President & CEO
Director	Toshikazu Nishino	Design and Development Unit, System Solution Business Group	
Director	Shunsuke Hosomi	Standard Product Business Group	
Director	Shigeo Mizugaki	MCU Business Group, Application engineering	
Director	Shozo Iwakuma	Human Resources & General Affairs Div., CSR Management Division	
Director	Noritomo Hashimoto		Mitsubishi Electric Corporation Executive Officer, Corporate Human Resources Division, General Manager
Company Auditor (full-time)	Toshio Nohara		
Company Auditor (full-time)	Chikara Onishi		

(Translation)

Position	Name	Responsibilities	Status as representative or other role in other corporations or organizations
Company Auditor	Hideo Inoue		Mitsubishi Electric Corporation Associated Companies Division General Manager
Company Auditor	Mitsuaki Nishiyama		Hitachi, Ltd. Finance Department 1, General Manager
Company Auditor	Michiharu Nakamura		Hitachi, Ltd. Director

## 4. Accounting Auditor Status

### (1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

### (2) Amount of Accounting Auditor remuneration for this fiscal year

- Auditing remuneration under article 2 paragraph 1 of the Certified Public Accountants Act: 34 million yen
- Remuneration for work other than that falling under article 2 paragraph 1 of the Certified Public Accountants Act: 5 million yen

### (3) Work other than audit

Advisory services related to implementation, operation, and evaluation of internal control for financial reporting

### (4) Policy for determining dismissal or non reappointment of an Accounting Auditor

Our policy is to dismiss the Accounting Auditor when the Board of Auditors has determined that any item of article 340, paragraph 1 of the Companies Act applies.

## 5. System to assure the appropriateness of business carried out by the company

Renesas provides a system for assuring the appropriateness of business carried out as described below.

(Translation)

**(1) System for assuring that the carrying out of duties by Directors and employees conforms to both laws and the articles of incorporation.**

- We have created both a CSR Charter and a Corporate Ethics Program under the "Renesas-ism" corporate culture, we assure thoroughgoing compliance by all Directors, Company Auditors and employees in the Renesas Group, and work to CSR awareness.
- Based on our CSR Activities Promotion Rule, we have established a CSR Committee with the Chairman of the Renesas as its chair and set up annual policies and basic plans for CSR. We are working to promote compliance by the whole Renesas Group by appointing a Director in charge of CSR and creating the CSR Management Division, which is a dedicated promotion section.
- We implement the required training for employees of the Renesas Group and work on continuing education and promotional activities to increase our employees awareness of compliance.
- The Corporate Auditor's Office audits each division and group company's work process and other aspects, and strives to discover and prevent impropriety and to improve company processes. It reports its plans and results to both the Management Committee and the Board of Auditors.
- We have created a Renesas Group Corporate Ethics Hotline, and thus provide a system that allows Directors, Company Auditors, and employees of the Renesas Group to report, for example, actions that might be illegal.
- Events that are significant from a compliance standpoint that could affect the whole company are reported to the Management Committee, the Board of Directors, and the Company Auditors.
- At the same time as severing all relationships with antisocial forces, we will oppose resolutely at the organization level any inappropriate demands and work together with external specialist authorities.

**(2) System for storing and managing information related to performance of duties by Directors**

- Necessary documents (including electronic records) are managed and stored appropriately based on laws, Board of Directors Rule, and Document Retention Rule. These documents are provided for viewing immediately when requested by a Director or Company Auditor.
- At the same time as implementing information management and inappropriate access prevention policies according to the importance of the information under a group-wide information management system based on Information Security Policy, we also promote education and enlightenment programs.
- We disclose important information concerning the group when appropriate based on Information Disclosure Rule.
- We report important issues described above to the Management Committee and Board of Directors as required.

(Translation)

### **(3) Systems, including rules, concerning managing risks of loss**

- At the same time as discussing substantially risk management in the Management Committee, we provide a risk management system for the whole Renesas Group based on comprehensive rules on risk management.
- For risks inherent in business strategies, we aim to analyze individually and handle appropriately the details of the risk and our response for each business characteristic.
- We handle risks that should be managed with a company-wide focus by, for example, establishing rules and guidelines, providing education, and creating and distributing manuals within each of the divisions in charge.
- We perform audits by both the Corporate Auditor's Office and each of the groups in charge of areas such as environment, accident prevention, safety, quality, information security, and export management. The Corporate Auditor's Office audits are reported regularly to both the Management Committee and the Board of Directors.
- Important items for the management of risks that could affect the whole company are reported to both the Management Committee and the Board of Directors.

### **(4) System for assuring that the responsibilities of the Directors are performed efficiently**

- To create company-wide goals, the Medium-Term Planning Committee creates a medium-term business plan with a three fiscal year period.
- As a principle, we assign priorities to research and development, plant and equipment investment, and new business projects by considering their contribution to our medium-term plan. At the same time, we perform efficient allocation of human resources to each business division. Also, in the Business Planning Committee, every fiscal year we create a business plan for the fiscal year with the medium-term plan as the reference, and set up business targets for each business division based on that plan.
- The Directors and Executive General Managers in charge of each business division determine an efficient organization for business operations, including the concrete policies and resource allocations that must be performed for the corresponding business division.
- The monthly performance results of Renesas itself and each group company are quickly rendered as data in our IT system and reported to both the Management Committee and the Board of Directors.
- The Management Committee reviews the business performance every month and has the Directors and Executive General Managers in charge of any division that does not meet its goals report an improvement plan. When necessary, the targets are revised.



(Translation)

**(5) System for assuring the appropriateness of business performed in company group**

- In addition to the group-wide efforts in items (1) to (4) above, under the shared corporate group ideals of the Renesas Group, we establish Management & Administration Rule for Associated Companies and carry out appropriate business management and oversight based on a Renesas decision system and a system of reporting to Renesas.
- We also provide systems according to items (1) to (4) above as implemented by Renesas itself for our group companies.
- The Corporate Auditor's Office also audits the group companies, and verifies the effectiveness of the internal systems within the group. Also, in addition to implementing internal control system auditing for group companies, to increase the effectiveness of the group audit, the Company Auditors keep in close contact with Company Auditors at group companies through meetings and other means.
- We carry out transactions on an arm's length basis with our parent companies.

**(6) System for reporting items that could affect internal control to the Board of Directors and the Company Auditors**

We have instituted a system in which items that could influence the effectiveness of the systems mentioned in items (1) to (5) above are periodically reported to the Board of Directors and the Company Auditors.

**(7) Item related to employees assigned when the Company Auditors require employees to assist them**

To improve the effectiveness of the audit performed by the Company Auditors, when the Company Auditors require either full or part-time assistance, the Director in charge shall take the necessary steps according to that request.

**(8) Item related to the independence of the employees in item (7) above from the Director**

The employees mentioned in item (7) above shall receive no orders or monitoring from the Director in performing their assistance to the Company Auditors.

**(9) Items concerning the system for reporting to the Company Auditors by the Director and assigned employees and other reporting systems**

- The Director and the assigned employees must report the items specified below to the Company Auditors or the Board of Auditors.
  - Items decided by or reported to the Management Committee
  - Items that could cause the company severe harm
  - Audit plans and results of their implementation by the Accounting Auditor or the Corporate Auditor's Office

**(Translation)**

- Items that might correspond to a severe infraction of laws or the articles of incorporation
  - Items of importance for compliance, such as the status of Renesas Group Corporate Ethics Hotline reports concerning corporate ethics or the content of such reports
  - Other reporting items as may be determined in advance between the Company Auditors and the Directors
- The Company Auditors may, as required, demand reports on the status of the performance of their duties from the Directors and any employees.

**(10) Additional systems for assuring that the Company Auditors' audit is performed effectively**

- The Company Auditors shall have periodic meetings with the representative Directors and they shall exchange opinions.
- The Company Auditors shall exchange opinions with the Accounting Auditor on items required for an effective audit.
- The Directors and Board of Directors shall strive to provide an auditing environment as stipulated in Code of Company Auditors' Auditing Standards and Audit Practice Standards for Internal Control Systems.

**6. Important items related to the company**

In April 2009, Renesas Technology Corp. agreed with NEC Electronics Corporation to start discussions aimed at merging the two companies.

(Translation)

## Balance Sheet

(on a non-consolidated basis)

(as of March 31, 2009)

(Units: million yen)

Assets		Liabilities	
Account title	Amount	Account title	Amount
<b>Current assets</b>	<b>279,433</b>	<b>Current liabilities</b>	<b>322,354</b>
Cash and deposits	28,787	Accounts payable-trade	94,751
Accounts receivable-trade	55,611	Short-term loans payable	157,500
Marketable securities	50,000	Accounts payable-other	30,722
Finished goods	35,030	Accrued expenses	19,502
Raw materials	6,098	Accrued income taxes	127
Work in process	40,750	Accrued business establishment taxes	35
Prepaid expenses	4,447	Deposits payable	9,184
Accounts receivable-other	32,253	Provision for loss on order received	4,841
Short-term loans receivable	25,574	Provision for loss on business liquidation	3,920
Others	883	Others	1,772
<b>Fixed assets</b>	<b>278,995</b>	<b>Long-term liabilities</b>	<b>125,557</b>
<b>Property, plant and equipment</b>	<b>167,251</b>	Long-term loans payable	99,100
Buildings	53,086	Retirement and severance benefits	14,789
Structures other than buildings	3,585	Accrued retirement benefits for directors	293
Machinery and equipment	70,306	Noncurrent portion of provision for loss on business liquidation	2,040
Vehicles and delivery equipment	31	Others	9,335
Tools, furniture and fixtures	17,881	<b>Total liabilities</b>	<b>447,911</b>
Land	6,094		
Leased assets	3,677		
Construction in progress	12,592		
<b>Intangible fixed assets</b>	<b>55,646</b>	<b>Net assets</b>	
Facility use rights	189	Common stock	77,000
Software	24,081	Capital surplus	270,503
Software under development	6,013	Capital legal reserve	270,503
Know-how	21,742	Earned surplus	- 236,995
Others	3,621	Other earned surplus	- 236,995
<b>Investments and other assets</b>	<b>56,097</b>	Earned surplus brought forward	- 236,995
Investment securities	2,160	Difference of appreciation and conversion	
Stock in affiliated companies	26,720	Unrealized gains on investments in securities	9
Investments in affiliated companies	14,111	<b>Total net assets</b>	<b>110,517</b>
Long-term loans receivable	663		
Others	13,113		
Allowance for bad debts	- 670		
<b>Total assets</b>	<b>558,428</b>	<b>Total liabilities and net assets</b>	<b>558,428</b>

(Translation)

## Statement of Operations

(on a non-consolidated basis)

(For the Period from April 1, 2008 to March 31, 2009)

(Units: million yen)

Account title	Amount	
<b>Net sales</b>		527,148
<b>Cost of sales</b>		531,237
<b>Gross margin</b>		- 4,089
Selling, general and administrative expenses		105,021
<b>Operating income(loss)</b>		- 109,110
<b>Non-operating income</b>		
Interest income	493	
Dividends income	260	
Other	2,921	3,673
<b>Non-operating expenses</b>		
Interest expense	2,966	
Other	7,092	10,057
<b>Ordinary income(loss)</b>		- 115,494
<b>Extraordinary income</b>		
Gain on liquidation of affiliated companies	5,191	
Gain on sales of fixed assets	2,712	7,904
<b>Extraordinary losses</b>		
Business structure improvement expenses	10,991	
Losses on valuation of stocks in affiliated companies	2,108	
Loss on disposal of investment in affiliated company	4,006	
Losses on valuation of investment securities	1,483	
Loss on liquidation of affiliated company	1,248	
Impairment losses	9,133	28,970
<b>Net income(loss) before income taxes</b>		- 136,560
Current income taxes	- 258	
Deferred income taxes	61,485	61,227
<b>Net income(loss)</b>		- 197,787

(Translation)

## Statement of Changes in Net assets

(on a non-consolidated basis)

(For the period from April 1, 2008 to March 31, 2009)

(Units: million yen)

	Shareholders' Equity					Difference of appreciation and conversion		Total net assets
	Common stock	Capital surplus	Earned surplus		Total shareholder s' equity	Unrealized gain on investments in securities	Total difference of appreciation and conversion	
		Capital legal reserve	Legal earned surplus	Other earned surplus				
				Earned surplus brought forward				
Balance at March 31,2008	50,000	243,503		- 39,207	254,295	41	41	254,337
Changes during the annual period								
New stocks issued	27,000	27,000			54,000			54,000
Net loss				- 197,787	- 197,787			- 197,787
Net changes other than shareholders' equity						- 32	- 32	- 32
Total changes during the annual period	27,000	27,000		- 197,787	- 143,787	- 32	- 32	- 143,820
Balance at March 31,2009	77,000	270,503		- 236,995	110,508	9	9	110,517

(Translation)

## Notes

1. Amounts are rounded to the nearest 1,000,000 yen.

### 2. Notes to significant accounting policies

#### (1) Basis and method of valuation of assets

Securities	Stocks of subsidiaries and affiliated companies	Moving average cost method	
	Held to maturity securities	Amortized cost method	
	Other securities	Marketable securities	Fair value method based on market value at closing date (The difference relative to the valuation is handled with the full net asset entry method and the cost of securities sold is based on a moving average method.)
Others		Moving average cost method	
Derivatives	Fair value method		
Inventories	Finished goods, work in process, and raw materials	Gross average cost method with necessary write down based on the decrease in their profitability.	

#### (2) Depreciation methods for fixed assets

- **Tangible assets (Excluding leased assets):** Straight line method
- **Intangible assets (Excluding leased assets):**

For software used in-house, we use a straight line method based on the period the software can be used by the company (5 years).

Software for sales purpose, we compare depreciation expense based on expected sales quantities with an equal allocation based on the remaining lifetime of the product and allocate the larger of the two. For items other than the above, we allocate equal allocation amounts based on the remaining period of validity in most cases.
- **Leased assets:** For finance lease transactions that transfer ownership, we adopt a method that is equivalent to the depreciation method applied to owned-assets. For finance lease transactions that do not transfer ownership, we adopt a straight line method that takes the lease period as the asset lifetime and takes the residual value to be zero.

Any finance lease transactions that do not transfer ownership, executed prior to the beginning of the year ended March 31, 2009, the first year of application of “Accounting Standard for Lease

(Translation)

Transactions”(Accounting Standards Board of Japan(“ASBJ”)Statement No.13) is accounted for as ordinary rental transaction.

### **(3) Basis for provision for allowance**

- **Allowance for bad debts:** To prepare for bad debt losses due to accounts receivable, loans, or other issues, we analyze our general accounts and loans receivables based on the realized loss ratio and we analyze specific accounts and loans receivables such as going to be probable bad debts individually based on collectability and enter the amount that we expect will not be collectable.
- **Provision for loss on order received:** To prepare for future losses associated with contract development, for which loss is expected at the end of the current fiscal year, we enter the expected amounts of those losses.
- **Retirement and severance benefits:** To prepare for retirement benefit payments to employees, we enter an amount based on the expected value of pension liabilities and our pension assets at the end of the current fiscal year.  
For differences that occur when accounting principles change, we amortize with the same amount annually for the amortizing period (10 years) of each divesting company had applied.  
For prior service costs, we apply amortize with the same amount annually based on the remaining average service period for employees present at the time of occurrence.  
For differences arising in numerical calculations, we amortize with the same amount annually based on the remaining average service period for employees present at the time of occurrence starting with the next fiscal period after their occurrence.
- **Accrued retirement benefits for Directors and Company Auditors:** To prepare for retirement and service bonus payments to Directors and Company Auditors, we allocate 100% of the amount required for payment at the end of the period regulated in the company
- **Provision for loss on business liquidation:** To prepare for our parts of losses from discontinued operations of partner companies, we allocate an amount that can be estimated logically for costs that are expected to occur in the future.

(Translation)

#### **(4) Other important items that are basic for the creation of other statements**

- **Accounting for the (Japanese) consumption tax:** We use the net of tax method for the (Japanese) consumption and local consumption taxes.
- **Application of the consolidated tax payment system:** We are a consolidated tax payment parent company, and we apply the consolidated tax payment system.

### **3. Notes on Changes of Accounting principles**

#### **(1) Adoption of accounting standard for measurement of inventories**

For held for normal sale purpose, while we previously used a lower of cost or market method based on a gross average method, starting with this current period, we have adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Accounting Standard Statement No. 9 (July 5, 2006)). In conjunction with that, we now use the cost method based on a gross average method. (We calculated the balance sheet amount using book value devaluation due to reduced profitability, and as a result lowered the value by 32,623 million yen.)

In conjunction with this, the earlier revaluation loss on inventories from non-operating cycle processes including in the section of non-operating expenses has been changed to report including the cost of sales from the current fiscal year. Due to this change, operating losses increased by 4,304 million yen as compared to using the same method as before. Note that this change affects neither the ordinary loss nor the net loss before income taxes adjustments.

#### **(2) Adoption of accounting standard for lease transaction**

Previously, we used accounting practices based on methods related to rental transactions for lease transactions that do not transfer ownership. However, in conjunction with the application of the "Accounting Standard for Lease Transactions" (ASBJ Accounting Standard Statement No. 13 (June 17, 1993 (the First subcommittee of the Business Accounting Council) as amended on March 30, 2007)) and "Guidance on Accounting Standard for Lease Transactions" (Guidance on Accounting Standard No. 16 (January 18, 1994 (the Japanese Institute of Certified Public Accountants), as amended on March 30, 2007)), we now account it as normal trade transactions. Note that for finance lease transactions that do not transfer ownership whose lease starting date precedes the first fiscal year for which these lease accounting standards apply, we continue to adopt accounting practices that conform to normal methods for rental transactions.

Note that this change affects little neither the operating loss, the ordinary loss nor the net loss before income taxes adjustments.

### **4. Notes to Balance Sheet**

#### **(1) Accumulated depreciation on assets**

Buildings:	67,683 million yen
Structures other than buildings:	8,660 million yen
Machinery and equipment:	778,492 million yen
Vehicles and delivery equipment:	552 million yen



(Translation)

Tools, furnitures and fixtures:	83,370 million yen
Leased assets:	386 million yen

## **(2) Guarantees of liabilities**

Employees:	1,367 million yen (residential mortgage guarantees)
Renesas Technology Europe Limited:	792 million yen (business office rental fee guarantees)
Renesas Design France S.A.S:	71 million yen (business office rental fee guarantees)
Renesas Technology America, Inc.:	214 million yen (business office rental fee guarantees)

## **(3) Monetary receivable from and payable to affiliated companies**

Short-term receivable:	86,128 million yen
Long-term receivable:	1,239 million yen
Short-term payable:	56,813 million yen
Long-term payable:	491 million yen

## **5. Notes to Statements of Operations**

### **(1) Transactions with affiliated companies**

- Transactions due to operation
- Net Sales: 445,420 million yen
- Purchases: 264,959 million yen
- Transactions other than operation: 4,057 million yen

## **6. Notes to Statement of Changes in Net assets**

### **(1) Number of shares outstanding as of the last day of the fiscal year**

Common stock:	5,540,000 shares
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## **7. Notes to Deferred Tax Accounting**

The main causes of the occurrence of deferred tax assets are depreciation limit excesses, losses on valuation of investments in affiliated companies, retirement and severance benefits, and net loss carried forward.

Note that allowances related to valuations 125,664 million yen.

Furthermore, the main cause of deferred tax liabilities is prepaid pension cost.

## **8. Notes to Leased Fixed Assets**

In addition to fixed assets entered on the balance sheet, some electronic equipment such as semiconductor manufacturing equipment, IC testers, servers, and computers as well as some office furniture and equipment is used under finance lease transactions that do not transfer ownership.

(Translation)

## 9. Notes to Transaction with Related Parties

### (1) Subsidiaries and affiliated companies

(Units: million yen)

Attribution	Company name	Percentage of voting rights held	Relationship with relevant parties	Contents of transactions	Value of transactions	Account Title	Closing balance
Subsidiary	Renesas Technology Sales Co., Ltd.	Direct: 100%	Sale of Renesas products	Sale of semiconductor products	280,545	Accounts receivable-trade	26,317
				Sales discounts, etc.	601		
				Other revenue	532	Accounts receivable-other	426
Subsidiary	Renesas Technology Hong Kong Ltd.	Direct: 100%	Sale of Renesas products	Sale of semiconductor products	39,443	Accounts receivable-trade	2,652
Subsidiary	Renesas Technology Europe Limited	Direct: 100%	Sale of Renesas products	Sale of semiconductor products	35,496	Accounts receivable-trade	3,655
Subsidiary	Renesas Technology America, Inc.	Direct: 100%	Sale of Renesas products	Sale of semiconductor products	30,680	Accounts receivable-trade	5,086
Subsidiary	Renesas Technology Singapore Pte. Ltd.	Direct: 54.04% Indirect: 45.96%	Sale of Renesas products	Sale of semiconductor products	34,849	Accounts receivable-trade	3,639
Subsidiary	Renesas Eastern Japan Semiconductor, Inc.	Direct: 100%	Manufacture of Renesas products etc.	Outsourcing of machining etc.	33,114	Accounts payable-trade	8,108
Subsidiary	Renesas Kyushu Semiconductor Corp.	Direct: 100%	Manufacture of Renesas products etc.	Outsourcing of machining etc.	19,606	Accounts payable-trade	4,160
				Loans	350	Short-term loans receivable	14,300
Subsidiary	Renesas Semiconductor (Beijing) Co., Ltd.	Direct: 92.92%	Manufacture of Renesas products etc.	Outsourcing of machining etc.	36,193	Accounts receivable-other	1,209
						Accounts payable-trade	1,502

(Translation)

Attribution	Company name	Percentage of voting rights held	Relationship with relevant parties	Contents of transactions	Value of transactions	Account Title	Closing balance
Subsidiary	Renesas Northern Japan Semiconductor, Inc.	Direct: 100%	Manufacture of Renesas products etc.	Outsourcing of machining etc.	24,833	Accounts payable-trade	7,192
				Loans	1,202	Short-term loans receivable	5,567

Terms and Conditions and Policies for Determining Terms and Conditions

- Note 1. For price and other terms and conditions, we propose our desired price taking market conditions into account and determine the price through negotiations.
- Note 2. Concerning the purchase of raw and other materials, we acquire multiple estimates and decide on the source and price taking market conditions into account.
- Note 3. Consumption and other taxes are not included in transaction amounts. Consumption and other taxes are included in closing balances.
- Note 4. The net transaction amount using a pooling system is shown for loan amounts. Note that interest rates are determined taking market interest rates into account.

## (2) Other Affiliated Companies and Other Items

(Units: million yen)

Type	Company name	Percentage of voting rights held	Relationship with relevant parties	Contents of transactions	Value of transactions	Item	Closing balance
Other related companies	Mitsubishi Electric Corporation	-	-	Asset sales of assets	10,675	Accounts receivable-other	-

Terms and Conditions and Policies for Determining Terms and Conditions

- Note 1. For price and other terms and conditions, we propose our desired price taking market conditions into account and determine the price through negotiations.
- Note 2. Consumption and other taxes are not included in transaction amounts. Consumption and other taxes are included in closing balances.

## 10. Notes to the per share information

Net assets per share:	19,948.88 yen
Net loss per share :	39,534.08 yen

## 11. Other Notes

### (1) Notes to fixed asset impairment

We recognized impairment losses for the following asset groups for the fiscal year.

(Translation)

Main assets for which impairment losses are recognized

Use	Location	Type	Amount
Semiconductor manufacturing facilities	111 Nishi Yokotemachi, Takasaki City, Gunma Prefecture	Machineries equipment etc.	7,504 million yen
Idle asset	751 Horiguchi, Hitachinaka City, Ibaraki Prefecture	Leased assets etc.	549 million yen
Idle asset	8-6 Hiuchi, Saijo City, Ehime Prefecture	Construction in progress etc.	498 million yen
Idle asset	5-20-1 Josuihoncho, Kodaira City, Tokyo (and other locations)	Tools, furniture and fixtures etc.	582 million yen

## (2) Processes by which impairment losses come to be recognized

For assets used in business, we reduce the book value of asset groups whose utilization is falling to an amount that can be recovered, and for idle assets for which there are no concrete plans for future use, we reduce the book value to an amount that can be recovered. We then record the corresponding value reduction as impairment losses as extraordinary losses.

## (3) Impairment losses amounts

Type	Amount
Machinery and equipment	6,080 million yen
Construction in progress	1,127 million yen
Tools, furniture and fixtures	878 million yen
Leased assets	772 million yen
Other assets	276 million yen
Total	9,133 million yen

## (4) Methods for grouping of assets

For assets used in business operations, assets are grouped with the front-end wafer processing plant as the smallest unit that generates cash flow, and idle assets are grouped for each individual asset.

## (5) Methods for calculating recoverable amounts

The recoverable amount for an idle asset is measured from the net selling price, and the net selling price is evaluated from the memorandum value. For assets used in business operations, the recoverable amount is measured from either the net selling price or the value in use. The discount rate used in calculating the value in use is 5%.

(Translation)

## Accounting Auditor's Audit Report - Certified Copy

### Report of Independent Auditors

May 21, 2009

The Board of Directors  
Renesas Technology Corp.

Ernst & Young ShinNihon LLC

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Naomitsu Hirayama  
Certified Public Accountant  
Designated and Engagement Partner

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Koichi Tsuji  
Certified Public Accountant  
Designated and Engagement Partner

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Hitoshi Matsuoka  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited 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 Technology Corp. (the "Company") applicable to the 6<sup>th</sup> fiscal year from April 1, 2008 through March 31, 2009. These financial statements and the related supplementary schedules are the responsibility of the Company's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our 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 the Company applicable to the 6<sup>th</sup> fiscal year ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

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

(Translation)

## The Board of Auditors' Audit Report Certified Copy

### Audit Report

Concerning the performance of duties by the Directors for the sixth fiscal year, from April 1, 2008 to March 31, 2009, based on the audit reports created by the each Company Auditor and following deliberations, the Board of Auditors created this Audit Report and reports as follows.

#### 1. Procedures and details of the audits by the Company Auditors and the Board of Auditors

(1) The Board of Auditors established the audit policies, allocation of duties, and other items, and received reports on the status of the audit operation from the individual Company Auditors. In addition, the Board of Auditors also received reports on the status of the audit operation from the Directors and from the Accounting Auditor and requested further explanations as necessary.

(2) The Company Auditors performed the following:

##### A. For the Annual Report and supplementary statements

- Following the audit policies, allocation of duties, and other items determined by the Board of Auditors, at the same time as having aimed at the exchange of information with the Directors, the internal audit divisions, and other employees and striving to collect information and provide an auditing environment, the Company Auditors have attended the Board of Directors and other important meetings, received information on the status of their performance of duties from the Directors and other employees, requested further explanations as necessary, and audited the status of operations and assets at the main office and main business sites.
- The Company Auditors also reviewed and verified the details of the Board of Directors resolutions concerning systems to ensure the execution of the Directors' duties complies with the law and the company's articles of incorporation and the establishment of other systems prescribed by Article 100 Paragraph 1 and Paragraph 3 of the Enforcement Regulations of the Companies Act as the systems necessary to ensure appropriate activities by joint-stock corporations, and the conditions of the system (internal control system) created based on said resolutions.
- The Company Auditors also held discussions and exchanged information with the Directors of the subsidiary companies and received reports from the subsidiaries as necessary.

Note: The following are the main activities performed in relation to the above.

- Attending important meetings including those of the Board of Directors and Business Planning Committee.
- Periodically reviewing Management Committee reports
- Periodic meetings with the Chairman & CEO and the President & COO
- Visiting audit of the management and other divisions
- Visiting audits of and occasional visits to main business sites and internal/external subsidiaries
- Periodic meetings with and fiscal year end visiting audits of the internal audit division and internal control divisions
- Periodically holding a group Company Auditors meeting
- Improving skills and acquiring information by attending seminars on Companies Act, financial products and transactions law, internal control systems, and risk management

Based on the above procedures, the Board of Auditors investigated the Annual Report and supplementary schedules for the corresponding fiscal year.

##### B. Financial statements and supplementary schedules

In addition, the Company Auditors investigated and verified whether the Accounting Auditors maintained an independent standpoint and implemented proper audits, and the Company Auditors received reports concerning the Accounting Auditors' execution of their duties from the Accounting Auditors and requested explanations as necessary. In addition, notification was received from the Accounting Auditors that the "systems to ensure duties are performed appropriately" (as described in the items under Article 131 of the Corporation Accounting Regulations) have been established in accordance with the "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above procedure, we have reviewed the financial statements for the fiscal year (Balance Sheet, Statement of Operations, Statement of Changes in Net assets, and Notes) as well as the supplementary schedules.

#### 2. Result of Audit

(1) Result of audit report for the Annual Report

- We recognize that the Annual Report and its supplementary schedules fairly represent the condition of the company in accordance with the laws of Japan and the articles of incorporation of the company.
- No serious occurrences of dishonest or false activity or violations of any laws or the company's articles of incorporation by any of the Directors in carrying out the duties and responsibilities of their offices have been recognized.
- We recognize that the details of the Board of Directors resolutions concerning the internal control system are appropriate. We also recognize that there are no matters that should be highlighted as a concern with regard to the Directors in carrying out their duties concerning the internal control system.

(2) Result of audit of the financial statements and the supplementary schedules

We recognize that the audit procedures and audit results received from the independent public accounting firm Ernst & Young ShinNihon LLC are appropriate.

May 25, 2009  
Renesas Technology Corp. Board of Auditors

(Translation)

Outside Company Auditor(full-time)	Toshio Nohara
Company Auditor (full-time)	Chikara Onishi
Outside Company Auditor	Hideo Inoue
Outside Company Auditor	Mitsuaki Nishiyama
Company Auditor	Michiharu Nakamura