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**Renesas Electronics Reports Financial Results
 for the First Quarter Ended June 30, 2014**

Tokyo, Japan, August 6, 2014 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the three months ended June 30, 2014.

Summary of Consolidated Financial Results

	Three months ended June 30, 2014	
	Billion Yen	% of Net Sales
Net sales	209.3	100.0
Sales from semiconductors	201.2	
Sales from others	8.1	
Operating income (loss)	27.0	12.9
Ordinary income (loss)	25.3	12.1
Net income (loss)	21.2	10.1
Capital expenditures	8.2	
Depreciation and others	16.4	
R&D expenses	24.0	
Exchange rate (USD)	102	
Exchange rate (Euro)	141	

	As of June 30, 2014	
	Billion Yen	
Total assets	796.9	
Net assets	223.5	
Equity	209.6	
Equity ratio (%)	26.3	
Interest-bearing debt	270.1	

Note 1: All figures are rounded to the nearest 100 million yen.

Note 2: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipment).

Note 3: Depreciation and others includes depreciation and amortization of intangible assets and amortization of long-term prepaid expenses in quarterly consolidated statements of cash flows.



Consolidated Financial Results for the First Quarter Ended June 30, 2014

English translation from the original Japanese-language document

August 6, 2014

Company name : **Renesas Electronics Corporation**
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section
 Code number : 6723
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 Filing date of Shihanki Hokokusho (scheduled) : August 6, 2014

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2014

1.1 Consolidated financial results

(% of change from corresponding period of the previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2014	209,259	5.1	26,984	175.9	25,343	196.8	21,199	---
Three months ended June 30, 2013	199,057	6.7	9,779	---	8,538	---	(3,990)	---

Reference: Comprehensive income for the three months ended June 30, 2014: 21,301 million yen (810.3%)
 Comprehensive income for the three months ended June 30, 2013: 2,340 million yen (---%)

	Net income (loss) per share basic	Net income (loss) per share diluted
	Yen	Yen
Three months ended June 30, 2014	12.72	---
Three months ended June 30, 2013	(9.57)	---

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2014	796,896	223,532	26.3
March 31, 2014	786,002	227,314	27.3

Reference: Equity as of June 30, 2014: 209,603 million yen
 Equity as of March 31, 2014: 214,601 million yen

Note: Equity is equal to "Net assets" excluding "Share subscription rights" and "Minority interests"

2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	---	0.00	---	0.00	0.00
Year ending March 31, 2015	---				
Year ending March 31, 2015 (forecast)		0.00	---	---	---

Note: Change in forecast of cash dividends since the most recently announced forecast: Yes
For details, please refer to Appendix 1.4., "Forecasts of Cash Dividends" on page 5.

3. Forecast of consolidated results for the six months ending September 30, 2014

(% of change from corresponding period of the previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Six months ending September 30, 2014	413,000	(0.9)	46,000	122.4	41,000	194.8	28,000	--	16.80

Note: Change in forecast of consolidated results since the most recently announced forecast: Yes
For details, please refer to Appendix 1.3., "Consolidated Forecasts" on page 5.

4. Others

4.1 Changes in significant subsidiaries for the three months ended June 30, 2014

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

4.2 Adoption of special accounting policies for quarterly financial statements: Yes

(Note) For details, please refer to page 6.

4.3 Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior Period Errors

1. Changes in accounting policies with revision of accounting standard: Yes

(Note) For details, please refer to page 6.

2. Changes in accounting policies except for 4.3.1: No

3. Changes in accounting estimates: No

4. Corrections of prior period errors: No

4.4 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of June 30, 2014: 1,667,124,490 shares

As of March 31, 2014: 1,667,124,490 shares

2. Number of treasury stock

As of June 30, 2014: 2,548 shares

As of March 31, 2014: 2,548 shares

3. Average number of shares issued and outstanding

For the three months ended June 30, 2014: 1,667,121,942 shares

For the three months ended June 30, 2013: 417,121,942 shares

(Note) Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. The review procedures for the quarterly financial report have been completed by the time of issuance of this report.

Cautionary Statement

The statements with respect to the financial outlook of Renesas Electronics Corporation (hereafter “the Company”) and its consolidated subsidiaries (hereafter “the Group”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in in several important factors.

The Group will hold a quarterly earnings conference for institutional investors and analysts on August 6, 2014. The Group plans to post the materials which are provided at the meeting, on the Group’s website on that day.

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1. First Quarter Consolidated Financial Results

1.1 Consolidated Business Results

1.1.1 Summary of Consolidated Financial Results Three Months Ended June 30, 2014

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	% Change
Net sales	199.1	209.3	10.2	5.1
Sales from semiconductors	189.6	201.2	11.6	6.1
Sales from others	9.5	8.1	(1.4)	(14.8)
Operating income (loss)	9.8	27.0	17.2	175.9-
Ordinary income (loss)	8.5	25.3	16.8	196.8-
Net income (loss)	(4.0)	21.2	25.2	-
	Yen	Yen		
Exchange rate (USD)	98	102	-	-
Exchange rate (EUR)	127	141	-	-

[Net sales]

Consolidated net sales for the three months ended June 30, 2014 were 209.3 billion yen, an increase by 5.1% year on year. This increase was mainly caused by steady sales of automotive and industrial semiconductors, increase in demand for display driver ICs for small- and medium-sized panels, as well as improved exchange rate.

[Sales from Semiconductors]

Sales from semiconductors for the three months ended June 30, 2014 were 201.2 billion yen, a 6.1% increase year on year.

The sales breakdown for "Automotive" and "General purpose," the two application categories that constitute the main business of the Renesas Group, and for "Other semiconductors" not belonging to the above two application categories, is as follows:

Automotive Business: 79.8 billion yen

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

First-quarter sales for the Automotive business were 79.8 billion yen, an increase of 10.0 % year on year. Sales increased in both the "Automotive control" and "Automotive information" categories.

General-Purpose Business: 119.8 billion yen

The general-purpose business includes the product categories "Industrial/Home electronics," comprising semiconductor devices for industrial equipment, white goods, etc., "OA/ICT," comprising semiconductor devices for office automation (OA) equipment such as copy machines and information and communication technology (ICT) equipment such as network infrastructure, and "General-purpose," comprising general-

purpose semiconductor devices for other applications. The Group supplies microcontrollers, analog & power semiconductor devices, and SoC products in each of these categories.

First-quarter sales for the General-purpose business were 119.8 billion yen, an increase of 4.0% year on year. Though sales of some products were down, especially in the "OA/ICT" category, sales in the "Industrial/Home electronics" category remained strong and sales increased in the "General-purpose" category, which includes display driver ICs for small- and medium-sized panels,

Other Semiconductors: 1.6 billion yen

Sales of Other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the three months ended June 30, 2014 were 1.6 billion yen, a 12.0% decrease year on year.

[Sales from others]

Sales from others include non-semiconductor products sold on a resale basis by the Group's sales subsidiaries and development and production by commissioning conducted at the Group's design and manufacturing subsidiaries.

Sales from others for the three months ended June 30, 2014 were 8.1 billion yen, a 14.8% decrease year on year.

[Operating income (loss)]

Operating income for the three months ended June 30, 2014 was 27.0 billion yen, 17.2 billion yen improvement year on year. This was mainly owing to: continued strong growth of the sales of automotive and industrial semiconductors and display driver ICs for small- and medium-sized panels; increased sales from improved exchange rate; and improved earnings structure through implementation of the structural reform measures.

[Ordinary income (loss)]

Ordinary income for the three months ended June 30, 2014 was 25.3 billion yen, mainly due to non-operating loss of 1.6 billion yen from recording non-operating expenses of 2.2 billion yen including interest expenses.

[Net income (loss)]

Net income for the three months ended June 30, 2014 was 21.2 billion yen, 25.2 billion yen improvement year on year. This was mainly due to improved operating income and ordinary income in addition to decreased business structure improvement expenses year on year.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	March 31, 2014	June 30, 2014	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	786.0	796.9	10.9
Net assets	227.3	223.5	(3.8)
Equity	214.6	209.6	(5.0)
Equity ratio (%)	27.3	26.3	(1.0)
Interest-bearing debt	270.9	270.1	(0.8)
Debt / Equity ratio	1.26	1.29	0.03

Total assets at June 30, 2014 were 796.9 billion yen, a 10.9 billion yen increase from March 31, 2014. This was primarily due to increase in both notes and accounts receivable and long-term prepaid expenses, despite a decrease in cash and deposits in the three months ended June 30. Net assets were 223.5 billion yen, a 3.8 billion yen decrease from March 31, 2014. This was mainly due to 25.1 billion yen decrease in retained earnings at beginning of year by applying the provisions set forth in Clause 35 of the "Accounting Standard for Retirement Benefits" and in Clause 67 of the "Guidance on Accounting Standard for Retirement Benefits" in the three months ended June 30, despite a recording of net income of 21.2 billion yen.

Equity decreased by 5.0 billion yen from March 31, 2014 and the equity ratio was 26.3%. Interest-bearing debt decreased by 0.8 billion yen from March 31, 2014. Consequently, the debt to equity ratio rose to 1.29.

1.2.2 Cash Flows

	Three Months ended June 30, 2013	Three Months ended June 30, 2014
	Billions of yen	Billions of yen
Net cash provided by (used in) operating activities	28.4	2.0
Net cash provided by (used in) investing activities	(2.5)	(10.9)
Free cash flows	25.9	(8.9)
Net cash provided by (used in) financing activities	(10.5)	(3.7)
Cash and cash equivalents at the beginning of period	77.7	265.9
Cash and cash equivalents at the end of period	95.8	251.8

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities for the three months ended June 30, 2014 was 2.0 billion yen. This was mainly due to an increase in accounts receivable by terminating the liquidation of certain account receivables and a decrease in accounts payable-other and accrued expenses, despite a recording of income before income taxes and minority interests and depreciation and amortization in the amount of 24.4 billion yen and 13.5 billion yen, respectively.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the three months ended June 30, 2014 was 10.9 billion yen, mainly due to the purchase of property, plant and equipment.

The foregoing resulted in negative free cash flows of 8.9 billion yen for the three months ended June 30, 2014.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities for the three months ended June 30, 2014 was 3.7 billion yen.

1.3 Consolidated Forecasts

The Group reports its consolidated forecasts on a quarterly basis because of the difficulty of forecasting full-year results with high accuracy due to the short-term volatility of the semiconductor market.

(For the six months ending September 30, 2014)

(In millions of yen)

	Net Sales	(Reference) Sales from semiconductors	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous forecasts (May 9, 2014)	---	---	---	---	---
Revised forecasts (August 6, 2014)	413,000	398,000	46,000	41,000	28,000
Increase (decrease)	---	---	---	---	---
Percent change	---	---	---	---	---
Reference : Results for the six months ended September 30, 2013	416,866	397,327	20,688	13,910	(12,810)

The figures of the consolidated forecasts for the six months above are sum of the results of the three months ended June 30, 2014 and the forecasts of the three months ending September 30, 2014. The consolidated forecasts for the six months ending September 30, 2014 are calculated at the rate of 102 yen per USD and 140 yen per Euro.

The statements with respect to the financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

1.4 Forecasts of Cash Dividends

For the year ending March 31, 2015, while the Group expects to post net income for the six months ending September 30, 2014, the year-end retained earnings at March 31, 2014 was negative. Therefore the Group intends to forgo interim dividend.

For the year ending March 31, 2015, the plan for year-end dividend payments remain undecided, and the Group will immediately announce it when the decisions are made.

(For the year ending March 31, 2015)

Interim Dividend	Year-End Dividend	Annual Dividend
0 Yen	---	---

2. Others

2.1 Changes in Significant Consolidated Subsidiaries

Due to the restructuring of wholly owned subsidiaries of the Company as of April 1st, 2014: Renesas Semiconductor Manufacturing Co., Ltd.(Engaged in the semiconductor front-end production business) and Renesas Semiconductor Package & Test Solutions Co., Ltd.(Engaged in the semiconductor back-end production business), Renesas Yamagata Semiconductor Co., Ltd. and other eight companies are excluded from the Group by means of absorption-type merger for the three months ended June 30, 2014.

2.2 Adoption of Special Accounting Methods for Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying income before income taxes for the first quarter of the fiscal year ending March 31, 2015 by a reasonably estimated effective tax rate against income before income taxes for the fiscal year including the first quarter, while applying tax effect accounting.

2.3 Changes in Accounting Principles, Changes in Accounting Estimates and Corrections of Prior Period Errors

(Changes in accounting principles)

From the first quarter of the fiscal year ending March 31, 2015, the Group has adopted the provisions set forth in Clause 35 of the "Accounting Standard for Retirement Benefits" and in Clause 67 of the "Guidance on Accounting Standard for Retirement Benefits" for "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012). As a result of this adoption, the calculation method of retirement benefit obligations and current service costs has been reviewed, and the method of attributing expected benefit to periods has been changed from mainly a point-based or straight-line method to a benefit formula basis. Furthermore, the calculation method of the discount rate has also been changed.

The adoption of the accounting standards is subject to the transition treatment set forth in Clause 37 of the "Accounting Standard for Retirement Benefits", and effects of the change in the accounting standard for the calculation method of retirement benefit obligations and current service costs are adjusted on the "Retained earnings" of the net asset section.

Consequently, the beginning balance of the "Net defined benefit liability" for the three months ended June 30, 2014 was increased by 25,275 million yen, while that of the "Retained earning" was decreased by 25,074 million yen. Furthermore, the impact on operating income, ordinary income and Income before income taxes and minority interests for the three months ended June 30, 2014 is negligible.

3. Quarterly Consolidated Financial Statements

3.1 Quarterly Consolidated Balance Sheets

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2014)	Current First Quarter (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	267,302	252,253
Notes and accounts receivable-trade	82,531	101,533
Merchandise and finished goods	47,332	42,764
Work in process	70,185	67,916
Raw materials and supplies	8,538	7,428
Accounts receivable-other	20,071	17,402
Other current assets	8,049	13,885
Allowance for doubtful accounts	(101)	(103)
Total current assets	503,907	503,078
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	83,643	82,290
Machinery and equipment, net	59,564	56,294
Vehicles, tools, furniture and fixtures, net	18,949	18,245
Land	31,197	30,797
Construction in progress	10,901	10,731
Total property, plant and equipment	204,254	198,357
Intangible assets		
Software	11,722	11,156
Other intangible assets	23,155	21,815
Total intangible assets	34,877	32,971
Investments and other assets		
Investment securities	8,587	8,810
Long-term prepaid expenses	21,633	41,027
Other assets	12,745	12,654
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	42,964	62,490
Total long-term assets	282,095	293,818
Total assets	786,002	796,896

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2014)	Current First Quarter (As of June 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	91,374	88,200
Short-term borrowings	2,000	-
Current portion of long-term borrowings	3,366	3,033
Current portion of lease obligations	2,458	1,273
Accounts payable-other	41,238	36,926
Accrued expenses	41,663	30,284
Accrued income taxes	8,631	4,098
Provision for product warranties	605	603
Provision for business structure improvement	5,142	4,471
Provision for contingent loss	993	1,218
Asset retirement obligations	22	22
Other current liabilities	3,524	8,126
Total current liabilities	201,016	178,254
Long-term liabilities		
Long-term borrowings	256,625	259,625
Lease obligations	6,453	6,189
Provision for business structure improvement	4,956	4,750
Net defined benefit liability	57,874	81,231
Asset retirement obligations	4,102	4,076
Other liabilities	27,662	39,239
Total long-term liabilities	357,672	395,110
Total liabilities	558,688	573,364
Net assets		
Shareholders' equity		
Common stock	228,255	228,255
Capital surplus	525,413	525,413
Retained earnings	(533,106)	(536,981)
Treasury stock	(11)	(11)
Total shareholders' equity	220,551	216,676
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	572	591
Foreign currency translation adjustments	(347)	(1,731)
Remeasurements of defined benefit plans	(6,175)	(5,933)
Total accumulated other comprehensive income	(5,950)	(7,073)
Minority interests	12,713	13,929
Total net assets	227,314	223,532
Total liabilities and net assets	786,002	796,896

3.2 Quarterly Consolidated Statements of Operations and Comprehensive Income

Quarterly Consolidated Statements of Operations

(Three months ended June 30, 2013 and 2014)

(In millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	199,057	209,259
Cost of sales	126,396	128,773
Gross profit	72,661	80,486
Selling, general and administrative expenses	62,882	53,502
Operating income (loss)	9,779	26,984
Non-operating income		
Interest income	68	207
Dividends income	8	8
Equity in earnings of affiliates	-	44
Foreign exchange gains	981	-
Other non-operating income	329	278
Total non-operating income	1,386	537
Non-operating expenses		
Interest expenses	1,403	795
Equity in losses of affiliates	6	-
Foreign exchange losses	-	666
Retirement benefit expenses	474	390
Other non-operating expenses	744	327
Total non-operating expenses	2,627	2,178
Ordinary income (loss)	8,538	25,343
Special income		
Gain on sales of property, plant and equipment	89	32
Gain on transfer of business	29	-
Gain on sales of investment securities	33	30
Total special income	151	62
Special loss		
Loss on sales of property, plant and equipment	5	1
Impairment loss	35	70
Loss on valuation of investment securities	5	-
Business structure improvement expenses	※1 8,209	※1 708
Provision for contingent loss	600	230
Total special losses	8,854	1,009
Income (loss) before income taxes and minority interests	(165)	24,396
Income taxes	3,030	1,975
Income (loss) before minority interests	(3,195)	22,421
Minority interests in income (loss) of consolidated subsidiaries	795	1,222
Net income (loss)	(3,990)	21,199

Quarterly Consolidated Statements of Comprehensive Income

(Three months ended June 30, 2013 and 2014)

(In millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income (loss) before minority interests	(3,195)	22,421
Other comprehensive income		
Unrealized gains (losses) on securities	23	5
Foreign currency translation adjustments	5,503	(1,381)
Remeasurements of defined benefit plans, net of tax	-	243
Share of other comprehensive income of affiliates accounted for by the equity method	9	13
Total other comprehensive income	5,535	(1,120)
Comprehensive income	2,340	21,301
Comprehensive income attributable to:		
Shareholders of parent company	1,139	20,076
Minority interests	1,201	1,225

3.3 Quarterly Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(165)	24,396
Depreciation and amortization	16,372	13,505
Amortization of long-term prepaid expenses	2,836	2,903
Impairment loss	35	70
Increase (decrease) in accrued retirement benefits	199	-
Increase (decrease) in net defined benefit liability	-	(1,649)
Increase (decrease) in provision for business structure improvement	5,459	41
Increase (decrease) in provision for contingent loss	-	225
Interest and dividends income	(76)	(215)
Insurance income	(10)	(78)
Interest expenses	1,403	795
Equity in (earnings) losses of affiliates	6	(44)
Loss (gain) on sales and valuation of investment securities	(28)	(30)
Loss (gain) on sales of property, plant and equipment	(84)	(31)
Loss on disposal of long-term assets	27	58
Business structure improvement expenses	1,889	177
Decrease (increase) in notes and accounts receivable-trade	298	(19,826)
Decrease (increase) in inventories	5,159	7,527
Decrease (increase) in accounts receivable-other	774	4,059
Increase (decrease) in notes and accounts payable-trade	(3,461)	(3,087)
Increase (decrease) in accounts payable-other and accrued expenses	5,780	(14,818)
Other cash provided by (used in) operating activities, net	(695)	(1,019)
Subtotal	35,718	12,959
Interest and dividends received	135	287
Proceeds from insurance income	41	78
Interest paid	(1,389)	(793)
Income taxes paid	(4,351)	(6,471)
Payments for extra retirement benefits	(1,303)	(4,030)
Settlement package paid	(405)	-
Net cash provided by (used in) operating activities	28,446	2,030

(In millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(5,264)	(10,729)
Proceeds from sales of property, plant and equipment	97	486
Purchase of intangible assets	(1,602)	(619)
Purchase of long-term prepaid expenses	(487)	(784)
Purchase of investment securities	(325)	(396)
Proceeds from sales of investment securities	135	178
Proceeds from transfer of business	4,833	-
Payments for transfer of business	-	(448)
Collection of loans receivable	-	350
Other cash provided by (used in) investing activities, net	107	1,037
Net cash provided by (used in) investing activities	(2,506)	(10,925)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	-	(2,000)
Proceeds from long-term borrowings	-	3,000
Repayments of long-term borrowings	(4,573)	(333)
Repayments of finance lease obligations	(2,424)	(1,478)
Repayments of installment payables	(3,531)	(2,857)
Net cash provided by (used in) financing activities	(10,528)	(3,668)
Effect of exchange rate change on cash and cash equivalents	2,686	(1,496)
Net increase (decrease) in cash and cash equivalents	18,098	(14,059)
Cash and cash equivalents at the beginning of the period	77,731	265,897
Cash and cash equivalents at the end of the period	95,829	251,838

3.4 Notes to Quarterly Consolidated Financial Statements

(Quarterly Consolidated Statements of Operations)

*1 Business structure improvement expenses

The Group has reformed businesses and structures of the production along with the streamlining of employees to strengthen its financial basis, and those related expenses are shown as business structure improvement expenses.

The details of business structure improvement expenses for the consolidated statements of operations for the three months ended June 30, 2013 and 2014 were as follows:

	(In millions of yen)	
	Three months ended June 30, 2013	Three months ended June 30, 2014
Personnel expenses including the special incentive of early retirement program	4,053	446
Impairment loss	1,386	—
Other (*)	2,770	262
Total	8,209	708

(*)The main item of other for three months ended June 30, 2013 is losses on cancellation of lease contracts.

(Notes on Assumption for Going Concern)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None

(Significant Subsequent Events)

(Merger between the Company and its Subsidiary, Renesas Mobile Corporation as well as Debt Waiver)

At the board meeting held on July 28, 2014, the Company resolved the merger of its subsidiary, Renesas Mobile Corporation (hereafter "RMC"), through an absorption-type merger and the waiver of the debts owned by RMC.

1. Summary of transaction under common control

(1) Names and businesses of companies involved in business combination

Name of surviving company: Renesas Electronics Corporation

Name of merged company: Renesas Mobile Corporation

Business Operations: Design of SoC devices, etc., for use primarily in mobile phones and car information systems (hereafter "CIS")

(2) Date of business combination

October 1, 2014 (planned)

(3) Legal type of business combination

The absorption-type merger with the Company as the surviving company and RMC as the absorbed company (Since RMC presently has liabilities exceeding its assets, the Company plans to waive the debts owed by RMC in advance of the merger, thereby eliminating its state of insolvency before the merger takes place).

- Debts to be waived: Loans and other accounts receivable

- Total value of debts to be waived: 38.9 billion yen (estimate)

- Implementation date: September 30, 2014 (planned)

(4) Other matters relating to the outline of the transaction

As an important initiative among the structural reform measures currently being undertaken by the Company, an absorption-type merger will be executed with RMC to expand its CIS business in the automotive field, by concentrating resources involved in that business within the Company and to improve the Company's ability to develop solutions, while boosting the operational efficiency of that business and strengthening the profit structure.

As a result of this merger, no major impact is expected on consolidated financial results for the fiscal year ending March 31, 2015.

2. Overview of accounting treatment scheduled

This transfer of business will be accounted for as transactions under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

(Execution of early retirement incentive program)

By the resolution dated July 9, 2014 which was based on resolution in writing by the board meeting stipulated in Article 370 of the Japan Corporation Law, the implementation of an early retirement incentive program was resolved.

1. Reason for the execution

The Company has decided to implement an early retirement incentive program in accordance with redefining the design and development units at the Company and the design, development and application technology functions at the Group's three subsidiaries (*1) in Japan and conducting necessary structural reorganization (the "reorganization").

*1 Renesas Solutions Corp., Renesas System Design Co., Ltd. and Renesas Engineering Services Co., Ltd.

2. Outline of the early retirement incentive program

(1) Eligibility: Among the employees of the Company and its domestic subsidiaries who are subject to the reorganization:

- Employees who will be transferred to Takasaki site as a result of the reorganization, etc.

(2) Number of Applicants eligible for the program: No upper limitations are set for the applications.

(3) Application Period: August 7, 2014 to August 21, 2014 (planned)

(4) Retirement Date: September 30, 2014

(5) Benefits: The Company will offer special incentives in addition to their retirement payment to employees voluntarily taking early retirement. In addition, outplacement support will be provided through an outside agency for those who request it.

3. Impacts on the financial results

At the moment, it is very difficult to reasonably estimate the impacts of the early retirement incentive program as we have not started the application process yet.

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to several important factors including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

About Renesas Electronics Corporation

Renesas Electronics Corporation (TSE: 6723), the world’s number one supplier of microcontrollers, is a premiere supplier of advanced semiconductor solutions including microcontrollers, SoC solutions and a broad-range of analog and power devices. Business operations began as Renesas Electronics Corporation in April 2010 through the integration of NEC Electronics Corporation (TSE:6723) and Renesas Technology Corp., with operations spanning research, development, design and manufacturing for a wide range of applications. Headquartered in Japan, Renesas Electronics Corporation has subsidiaries in approximately 20 countries worldwide. More information can be found at www.renesas.com.

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