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**Renesas Electronics Reports Financial Results
 for the Second Quarter Ended June 30, 2017**

Tokyo, Japan, July 28, 2017 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the six months ended June 30, 2017.

Summary of Consolidated Financial Results

	Three months ended June 30, 2017		Six months ended June 30, 2017	
	Billion Yen	% of Net Sales	Billion Yen	% of Net Sales
Net sales	198.1	100.0	375.8	100.0
Sales from semiconductors	194.3		366.9	
Sales from others	3.8		8.9	
Operating income	18.8	9.5	44.3	11.8
Ordinary income	18.6	9.4	43.2	11.5
Net income attributable to shareholders of parent company	27.1	13.7	47.0	12.5
Capital expenditures (Note 4)	24.2		55.5	
Depreciation and others	27.2		47.4	
R&D expenses	33.7		60.8	
	Yen		Yen	
Exchange rate (USD)	111		112	
Exchange rate (Euro)	122		122	

	As of June 30, 2017
	Billion Yen
Total assets	994.2
Net assets	462.5
Equity Capital	459.8
Equity ratio (%)	46.2
Interest-bearing debt	249.8

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

Note 2: Consolidated financial results for the six months ended June 30, 2017 have not been reviewed by the auditors. The figures are subject to change based on subsequent events or the auditors' review.

Note 3: Capital expenditures refer to the amount of capital for property, plant and equipment (manufacturing equipment) and intangible assets based on the amount of investment decisions made during the six months ended June 30, 2017

Note 4: Depreciation and others includes depreciation and amortization of intangible assets, amortization of long-term prepaid expenses and amortization of good will in quarterly consolidated statements of cash flows.



Consolidated Financial Results for the Second Quarter Ended June 30, 2017

English translation from the original Japanese-language document

July 28, 2017

Company name : **Renesas Electronics Corporation**
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section
 Code number : 6723
 URL : <http://www.renesas.com>
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 Filing date of Shihanki Hokokusho (scheduled) : August 4, 2017

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the six months ended June 30, 2017

1.1 Consolidated financial results

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2017	375,781	-	44,264	-	43,160	-	47,049	-
Six months ended September 30, 2016	304,604	(15.6)	33,113	(47.5)	28,836	(57.0)	19,394	(66.2)

Reference: Comprehensive income for the six months ended June 30, 2017: 39,637 million yen (-%)
 Comprehensive income for the six months ended September 30, 2016: 232 million yen (-99.5%)

	Net income per share basic	Net income per share diluted
	Yen	Yen
Six months ended June 30, 2017	28.22	28.20
Six months ended September 30, 2016	11.63	11.63

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. Accordingly, the percent of change from the corresponding period of the previous year is not indicated, since the second quarter of the fiscal year ending December 31, 2017 (January 1, 2017 to June 30, 2017) and the second quarter of the previous fiscal year (April 1, 2016 to September 30, 2016) cover different periods.

[Reference]

The following adjusted changes [%] are comparisons of consolidated results for the six months ended June 30, 2017 with consolidated results of the corresponding period of the fiscal year ended December 31, 2016 that has been adjusted to a 12-month period (January 1, 2016 to December 31, 2016).

Note that the consolidated results for the fiscal year ended December 31, 2016 adjusted for a 12-month period (January 1, 2016 to December 31, 2016) have not been audited. (All numbers are in millions of yen)

Consolidated results for the six months ended June 30, 2017:

<u>Net sales</u>	<u>Operating income</u>	<u>Ordinary income</u>	<u>Net income attributable to shareholders of parent company</u>
375,781	44,264	43,160	47,049
+17.5%	+29.1%	+57.0%	+132.1%

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2017	994,230	462,534	46.2
December 31, 2016	823,054	422,393	51.0

Reference: Equity as of June 30, 2017: 459,815 million yen
Equity as of December 31, 2016: 420,162 million yen

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 December 31, 2016	---	0.00	---	0.00	0.00
Year ending December 31, 2017	---	0.00			
Year ending December 31, 2017 (forecast)			---	---	---

Note: Change in forecast of cash dividends since the most recently announced forecast: No

3. Forecast of consolidated results for the nine months ending September 30, 2017

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Nine months ending September 30, 2017	571,000	---	65,000	---	63,000	---	63,000	---	37.79

Note: Change in forecast of consolidated results since the most recently announced forecast: Yes

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. Accordingly, the percent of change from the corresponding period of the previous year is not indicated, since the third quarter of the fiscal year ending December 31, 2017 (January 1, 2017 to September 30, 2017) and the third quarter of the previous fiscal year (April 1, 2016 to December 31, 2016) cover different periods. In addition, the Group reports its consolidated forecast on a quarterly basis (cumulative quarters) as a substitute for a yearly forecast. For details, refer to page 6 of the Appendix.

[Reference]

The following adjusted changes [%] are comparisons of forecast of consolidated results for the nine months ending September 30, 2017 with consolidated results of the corresponding period of the fiscal year ended December 31, 2016 that has been adjusted to a 12-month period (January 1, 2016 to December 31, 2016).

Note that the consolidated results for the fiscal year ended December 31, 2016 adjusted for a 12-month period (January 1, 2016 to December 31, 2016) have not been audited. (All numbers are in millions of yen)

Forecast of consolidated results for the nine months ending September 30, 2017:

Net sales	Operating income	Ordinary income	Net income attributable to shareholders of parent company
571,000	65,000	63,000	63,000
+20.9%	+33.1%	+57.2%	+112.2%

4. Others

4.1 Changes in significant subsidiaries for the six-month period ended June 30, 2017

(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
(Note) For details, please refer to page 7.

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

(Note) For details, please refer to page 17.

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: No
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, 2017:	1,667,184,490 shares
As of December 31, 2016:	1,667,124,490 shares

2. Number of treasury stock

As of June 30, 2017:	2,581 shares
As of December 31, 2016:	2,581 shares

3. Average number of shares issued and outstanding

For the six-month period ended June 30, 2017:	1,667,151,412 shares
For the six -month period ended September 30, 2016:	1,667,121,909 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 are underway 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 several important factors.

The Group will hold a quarterly earnings conference for institutional investors and analysts on July 28, 2017. 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. Second Quarter Consolidated Financial Results

1.1 Analysis of Business Results

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. As a result, the previous consolidated fiscal year, in which the change in fiscal year-end took place, comprised the nine months from April 1, 2016 to December 31, 2016, and the consolidated results listed below are compared with the corresponding period of the previous year (January 1, 2016 to June 30, 2016).

1.1.1 Summary of Consolidated Financial Results for the Six-Month Period Ended June 30, 2017

	Six-month period ended June 30, 2016	Six-month period ended June 30, 2017	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Net sales	319.8	375.8	56.0	17.5
Sales from semiconductors	310.7	366.9	56.2	18.1
Sales from others	9.0	8.9	(0.1)	(1.5)
Operating income	34.3	44.3	10.0	29.1
Ordinary income	27.5	43.2	15.7	57.0
Net income attributable to shareholders of parent company	20.3	47.0	26.8	132.1
	Yen	Yen		
Exchange rate (USD)	115	112	-	-
Exchange rate (EUR)	127	122	-	-

[Net sales]

Consolidated net sales for the six-month period ended June 30, 2017 were 375.8 billion yen, a 17.5% increase year on year. Despite the continuing strong yen, consolidated sales increased mainly due to dissipation of the impact from the Kumamoto earthquake that occurred in the same period a year ago, in addition to sales of Intersil Corporation that started to be recorded as part of the Group's consolidated sales from March 2017 following the completion of the acquisition in February 2017.

[Operating income]

Operating income for the six-month period ended June 30, 2017 was 44.3 billion yen, a 10.0 billion yen increase year on year. This was mainly due to an increase in net sales.

[Ordinary income]

Ordinary income for the six-month period ended June 30, 2017 was 43.2 billion yen, a 15.7 billion yen increase year on year. This was mainly due to an increase in operating income.

[Net income attributable to shareholders of parent company]

Net income attributable to shareholders of parent company for the six-month period ended June 30, 2017 was 47.0 billion yen, a 26.8 billion yen increase year on year. This was mainly due to an insurance income related to last year's Kumamoto earthquake, in addition to an increase in ordinary income.

**1.1.2 Summary of Consolidated Financial Results
Three-Month Period Ended June 30, 2017**

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Net sales	152.0	198.1	46.2	30.4
Sales from semiconductors	147.5	194.3	46.8	31.7
Sales from others	4.4	3.8	(0.6)	(13.9)
Operating income	18.6	18.8	0.2	1.2
Ordinary income	16.3	18.6	2.4	14.7
Net income attributable to shareholders of parent company	10.0	27.1	17.1	171.3
	Yen	Yen		
Exchange rate (USD)	111	111	---	---
Exchange rate (EUR)	124	122	---	---

[Net sales]

Consolidated net sales for the three-month period ended June 30, 2017 were 198.1 billion yen, a 30.4% increase year on year. This increase was caused by an increase in sales from semiconductors, which is the core business of the Group.

[Sales from Semiconductors]

Sales from semiconductors for the three-month period ended June 30, 2017 were 194.3 billion yen, a 31.7% increase year on year.

Following the completion of the acquisition of Intersil in February 2017, Renesas integrated Intersil into its operations and reformed its business organization into three business units. To align with this change, Renesas redefined its semiconductor sales breakdown to: "Automotive," "Industrial" and "Broad-based," the three application categories that constitute the main business of the Group, and "Other semiconductors," that constitute the businesses that do not belong to the above three application categories. The sales breakdown is as follows:

Automotive Business: 102.9 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 mainly supplies microcontrollers (MCUs), system-on-chips (SoCs), analog semiconductor devices and power semiconductor devices in each of these categories.

Second-quarter sales for the Automotive business were 102.9 billion yen, an increase of 24.6% year on year. This is due to increases in sales in both the "Automotive control" and "Automotive information" categories.

Industrial Business: 54.0 billion yen

The Industrial business includes the product categories "Smart factory", "Smart home" and "Smart infrastructure" which support the smart society. The Group mainly supplies MCUs and SoCs in each of these categories.

Sales of Industrial business for the three-month period ended June 30, 2017 were 54.0 billion yen, an increase of 18.9% year on year. Despite a decrease in sales in the “Smart infrastructure” category, sales of Industrial business increased mainly due to increased sales in both the “Smart factory” and “Smart home” categories driven by strong demand for industrial equipment, including FA (factory automation), and air conditioners in China.

Broad-Based Business: 36.3 billion yen

The Broad-based business targets a wide variety of end-market solutions. In this business, the Group mainly supplies "General-purpose MCUs " and “General-purpose analog semiconductor devices”.

Sales of Broad-based business for the three-month period ended June 30, 2017 were 36.3 billion yen, an increase of 95.8% year on year. This increase was mainly due to an increase in sales in the “General-purpose analog semiconductor devices” category following the Intersil acquisition, in addition to increased sales in the “General-purpose MCUs” category.

Other Semiconductors: 1.1 billion yen

Sales of Other semiconductors include production by commissioning and royalties.

[Sales from others]

Sales from others include development and production by commissioning conducted at the Group’s design and manufacturing subsidiaries.

Sales from others for the three-month period ended June 30, 2017 were 3.8 billion yen, a 13.9% decrease year on year.

[Operating income]

Operating income for the three-month period ended June 30, 2017 was 18.8 billion yen, a 0.2 billion yen increase year on year. This was mainly due to the recording of amortization of goodwill despite the increase in net sales.

[Ordinary income]

Ordinary income for the three-month period ended June 30, 2017 was 18.6 billion yen, a 2.4 billion yen increase year on year. This was mainly due to an improvement in the foreign exchange profit, in addition to an increase in net sales

[Net income attributable to shareholders of parent company]

Net income attributable to shareholders of parent company for the three-month period ended June 30, 2017 was 27.1 billion yen, a 17.1 billion yen increase year on year. This was mainly due to an insurance income related to last year’s Kumamoto earthquake, in addition to an increase in ordinary income.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	March 31, 2017	June 30, 2017	Increase (Decrease)
	Billion yen	Billion yen	Billion yen
Total assets	966.8	994.2	27.4
Net assets	432.8	462.5	29.7
Equity	430.5	459.8	29.3
Equity ratio (%)	44.5	46.2	1.7
Interest-bearing debt	252.7	249.8	(2.9)
Debt / Equity ratio	0.59	0.54	(0.05)

Total assets at June 30, 2017 were 994.2 billion yen, a 27.4 billion yen increase from March 31, 2017. This was mainly due to an increase in cash and deposits as a result of the proceeds from insurance income related to last year's Kumamoto earthquake in the six-month period ended June 30, 2017. Net assets were 462.5 billion yen, a 29.7 billion yen increase from March 31, 2017. This was mainly due to recording of net income attributable to shareholders of parent company in the amount of 27.1 billion yen.

Equity increased by 29.3 billion yen from March 31, 2017 and the equity ratio was 46.2%. Interest-bearing debt decreased by 2.9 billion yen from March 31, 2017. Consequently, the debt to equity ratio decreased to 0.54.

1.2.2 Cash Flows

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
	Billion yen	Billion yen
Net cash provided by (used in) operating activities	27.5	59.5
Net cash provided by (used in) investing activities	(8.7)	(28.1)
Free cash flows	18.9	31.4
Net cash provided by (used in) financing activities	(9.9)	(6.1)
Cash and cash equivalents at the beginning of the period	398.4	101.0
Cash and cash equivalents at the end of the period	397.3	126.6

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

Net cash provided by operating activities for the three-month period ended June 30, 2017 was 59.5 billion yen. This was mainly due to recording of income before income taxes in the amount of 30.3 billion yen and an adjustment of non-expenditure items within these income before income taxes including depreciation and amortization, etc.

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

Net cash used in investing activities for the three-month period ended June 30, 2017 was 28.1 billion yen, mainly due to the purchase of property, plant and equipment.

The foregoing resulted in positive free cash flows of 31.4 billion yen for the three-month period ended June 30, 2017.

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

Net cash used in financing activities for the three-month period ended June 30, 2017 was 6.1 billion yen.

1.3 Consolidated Forecasts

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. Accordingly, the percent of change from the corresponding period of the previous year is not indicated, since the third quarter of the fiscal year ending December 31, 2017 (January 1, 2017 to September 30, 2017) and the third quarter of the previous fiscal year (April 1, 2016 to December 31, 2016) cover different periods.

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

(For the nine months ending September 30, 2017)

(In millions of yen)

	Net Sales	(Reference) Sales from semiconductors	Operating Income	Ordinary Income	Net Income Attributable to Shareholders of Parent Company
Previous forecasts	---	---	---	---	---
Revised forecasts (July 28, 2017)	571,000	558,800	65,000	63,000	63,000
Increase (decrease)	---	---	---	---	---
Percent change	---	---	---	---	---
Reference: corresponding period of the previous year (January 1, 2016 to September 30, 2016)	472,396	459,073	48,838	40,077	29,686

The figures of the consolidated forecasts for the nine months ending September 30, 2017 above are sum of the results of the six-month period ended June 30, 2017 and the forecasts for the three months ending September 30, 2017. The consolidated forecasts for the third quarter ending September 30, 2017 are calculated at the rate of 112 yen per USD and 123 yen per Euro.

The allocation of the acquisition costs for Intersil, which Renesas acquired in February 2017, has not been completed at the end of the second quarter ended June 30, 2017. The foregoing consolidated forecasts have been provisionally calculated based on the available information. Consolidated results for the nine months ending September 30, 2017 are subject to change as a result of the completion of the allocation of the acquisition costs for Intersil.

The statements with respect to the financial outlook of the Group are forward-looking statements involving risks and uncertainties. The Company cautions you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

2. Others

2.1 Changes in Significant Consolidated Subsidiaries

During the first quarter, 25 subsidiaries have been newly included in the Group due to the acquisition or establishment and 1 subsidiary has been excluded from the Group.

From the second quarter, a subsidiary has been excluded from the Group due to the completion of transfer.

The main new consolidated subsidiaries are as follows

The main new consolidated subsidiaries are as follows

Intersil Corporation

Intersil International Operations Sdn. Bhd.

Intersil Communications LLC

Intersil Luxembourg S.a.r.l

Furthermore, Intersil International Operations Sdn. Bhd. and Intersil Luxembourg S.a.r.l are specified subsidiaries.

3. Quarterly Consolidated Financial Statements and Main Notes

3.1 Quarterly Consolidated Balance Sheets

(In millions of yen)

	Prior Fiscal Year (As of December 31, 2016)	Current Fiscal Year (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	354,569	121,358
Notes and accounts receivable-trade	80,480	97,995
Short-term investment securities	-	5,724
Merchandise and finished goods	34,432	37,900
Work in process	55,754	63,344
Raw materials and supplies	7,110	7,714
Accounts receivable-other	12,721	11,904
Other current assets	13,504	18,093
Allowance for doubtful accounts	(71)	(72)
Total current assets	558,499	363,960
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	59,892	59,100
Machinery and equipment, net	85,995	116,866
Vehicles, tools, furniture and fixtures, net	18,960	23,758
Land	22,456	21,242
Construction in progress	14,202	11,031
Total property, plant and equipment	201,505	231,997
Intangible assets		
Goodwill	-	303,075
Software	13,882	16,779
Other intangible assets	14,671	14,731
Total intangible assets	28,553	334,585
Investments and other assets		
Investment securities	6,098	7,561
Long-term prepaid expenses	21,971	44,111
Other assets	6,787	12,019
Allowance for doubtful accounts	(359)	(3)
Total investments and other assets	34,497	63,688
Total long-term assets	264,555	630,270
Total assets	823,054	994,230

	Prior Fiscal Year (As of December 31, 2016)	Current Fiscal Year (As of June 30, 2017)
Liabilities		
Current liabilities		
Electronically recorded obligations	11,138	9,937
Notes and accounts payable-trade	74,750	81,978
Short-term borrowings	-	50,000
Current portion of long-term borrowings	-	12,879
Current portion of lease obligations	4,481	113
Accounts payable-other	44,652	45,734
Accrued expenses	32,473	34,876
Accrued income taxes	2,309	4,318
Provision for product warranties	287	201
Provision for business structure improvement	2,002	2,515
Provision for contingent loss	220	9,351
Provision for loss on disaster	708	14
Provision for sales rebates	-	1,352
Asset retirement obligations	22	71
Other current liabilities	12,546	16,646
Total current liabilities	185,588	269,985
Long-term liabilities		
Long-term borrowings	152,568	186,614
Lease obligations	269	203
Provision for business structure improvement	89	209
Net defined benefit liability	39,571	36,707
Asset retirement obligations	2,645	2,561
Other liabilities	19,931	35,417
Total long-term liabilities	215,073	261,711
Total liabilities	400,661	531,696
Net assets		
Shareholders' equity		
Common stock	10,000	10,018
Capital surplus	191,919	191,937
Retained earnings	206,345	253,394
Treasury stock	(11)	(11)
Total shareholders' equity	408,253	455,338
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	474	620
Deferred gains or losses on hedges	9,012	-
Foreign currency translation adjustments	(3,221)	(1,742)
Remeasurements of defined benefit plans	5,644	5,599
Total accumulated other comprehensive income	11,909	4,477
Subscription rights to shares	23	492
Non-controlling interests	2,208	2,227
Total net assets	422,393	462,534
Total liabilities and net assets	823,054	994,230

3.2 Quarterly Consolidated Statements of Operations and Comprehensive Income

Quarterly Consolidated Statements of Operations

(Six-month period ended September 30, 2016 and June 30, 2017)

(In millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended June 30, 2017
Net sales	304,604	375,781
Cost of sales	176,608	204,551
Gross profit	127,996	171,230
Selling, general and administrative expenses	94,883	126,966
Operating income	33,113	44,264
Non-operating income		
Interest income	286	329
Dividends income	13	15
Equity in earnings of affiliates	4	46
Reversal of provision for business structure improvement	-	302
Settlement received	200	-
Reversal of allowance for doubtful accounts	10	341
Other non-operating income	434	400
Total non-operating income	947	1,433
Non-operating expenses		
Interest expenses	1,226	950
Foreign exchange losses	2,553	798
Other non-operating expenses	1,445	789
Total non-operating expenses	5,224	2,537
Ordinary income	28,836	43,160
Special income		
Gain on sales of property, plant and equipment	1,910	253
Gain on sales of investment securities	41	64
Gain on liquidation of subsidiaries and affiliates	63	-
Reversal of provision for contingent loss	9	-
Gain on transfer of business	-	3,847
Insurance income	-	*1 10,422
Total special income	2,023	14,586
Special loss		
Loss on sales of property, plant and equipment	28	65
Impairment loss	64	184
Loss on disaster	*2 7,720	-
Business structure improvement expenses	*3 967	*3 3,883
Loss on sales of investment securities	71	1
Loss on sales of subsidiaries and affiliates' stocks	170	-
Provision for contingent loss	500	456
Total special loss	9,520	4,589
Income before income taxes	21,339	53,157
Income taxes	1,876	6,078
Net income	19,463	47,079
Net income attributable to non-controlling interests	69	30
Net income attributable to shareholders of parent company	19,394	47,049

Quarterly Consolidated Statements of Comprehensive Income
(Six-month period ended September 30, 2016 and June 30, 2017)

(In millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended June 30, 2017
Net income	19,463	47,079
Other comprehensive income		
Unrealized gains (losses) on securities	118	122
Deferred gains (losses) on hedges	-	(9,012)
Foreign currency translation adjustments	(18,979)	1,488
Remeasurements of defined benefit plans, net of tax	(366)	(61)
Share of other comprehensive income of affiliates accounted for by the equity method	(4)	21
Total other comprehensive income	(19,231)	(7,442)
Comprehensive income	232	39,637
Comprehensive income attributable to:		
Shareholders of parent company	502	39,617
Non-controlling interests	(270)	20

Quarterly Consolidated Statements of Operations
(Three-month period ended September 30, 2016 and June 30, 2017)

(In millions of yen)

	Three-month period ended September 30, 2016	Three-month period ended June 30, 2017
Net sales	152,628	198,135
Cost of sales	89,687	107,666
Gross profit	62,941	90,469
Selling, general and administrative expenses	48,383	71,686
Operating income	14,558	18,783
Non-operating income		
Interest income	161	66
Dividends income	7	7
Equity in earnings of affiliates	17	4
Foreign exchange gains	-	435
Settlement received	200	-
Other non-operating income	159	271
Total non-operating income	544	783
Non-operating expenses		
Interest expenses	589	510
Foreign exchange losses	890	-
Other non-operating expenses	1,044	416
Total non-operating expenses	2,523	926
Ordinary income	12,579	18,640
Special income		
Gain on sales of property, plant and equipment	230	62
Gain on sales of investment securities	17	24
Gain on liquidation of subsidiaries and affiliates	63	-
Reversal of provision for contingent loss	9	-
Gain on transfer of business	-	3,847
Insurance income	-	*1 10,422
Total special income	319	14,355
Special loss		
Loss on sales of property, plant and equipment	19	65
Impairment loss	57	89
Loss on disaster	*2 904	-
Business structure improvement expenses	*3 495	*3 2,099
Loss on sales of investment securities	71	-
Loss on sales of subsidiaries and affiliates' stocks	170	-
Provision for contingent loss	496	401
Total special loss	2,212	2,654
Income before income taxes	10,686	30,341
Income taxes	1,219	3,263
Net income	9,467	27,078
Net income attributable to non-controlling interests	51	4
Net income attributable to shareholders of parent company	9,416	27,074

Quarterly Consolidated Statements of Comprehensive Income
(Three-month period ended September 30, 2016 and June 30, 2017)

(In millions of yen)

	Three-month period ended September 30, 2016	Three-month period ended June 30, 2017
Net income	9,467	27,078
Other comprehensive income		
Unrealized gains (losses) on securities	143	41
Foreign currency translation adjustments	(2,906)	2,255
Remeasurements of defined benefit plans, net of tax	(276)	(104)
Share of other comprehensive income of affiliates accounted for by the equity method	40	16
Total other comprehensive income	(2,999)	2,208
Comprehensive income	6,468	29,286
Comprehensive income attributable to:		
Shareholders of parent company	6,512	29,239
Non-controlling interests	(44)	47

3.3 Quarterly Consolidated Statements of Cash Flows

(Six-month period ended September 30, 2016 and June 30, 2017)

(In millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended June 30, 2017
Net cash provided by (used in) operating activities		
Income before income taxes	21,339	53,157
Depreciation and amortization	23,040	28,743
Amortization of long-term prepaid expenses	6,399	7,006
Impairment loss	64	184
Amortization of goodwill	-	11,613
Increase (decrease) in net defined benefit liability	(405)	(4,043)
Increase (decrease) in provision for business structure improvement	(879)	714
Increase (decrease) in provision for loss on disaster	955	(694)
Interest and dividends income	(299)	(344)
Insurance income	(7)	(10,509)
Interest expenses	1,226	950
Equity in (earnings) losses of affiliates	(4)	(46)
Loss (gain) on sales of property, plant and equipment	(1,882)	(188)
Business structure improvement expenses	145	1,708
Loss (gain) on transfer of business	-	(3,847)
Decrease (increase) in notes and accounts receivable-trade	5,267	(10,391)
Decrease (increase) in inventories	13,627	(4,097)
Decrease (increase) in accounts receivable-other	(39)	2,570
Increase (decrease) in notes and accounts payable-trade	(6,090)	3,149
Increase (decrease) in accounts payable-other and accrued expenses	1,977	(17,047)
Other cash provided by (used in) operating activities, net	298	3,298
Subtotal	64,732	61,886
Interest and dividends received	354	399
Proceeds from insurance income	7	11,509
Interest paid	(1,230)	(848)
Income taxes paid	(3,283)	(2,114)
Payments for loss on disaster	(456)	(1,617)
Net cash provided by (used in) operating activities	60,124	69,215
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(24,011)	(63,277)
Proceeds from sales of property, plant and equipment	2,921	434
Purchase of intangible assets	(6,930)	(4,354)
Purchase of long-term prepaid expenses	(1,364)	(1,981)
Purchase of investment securities	(445)	(77)
Proceeds from sales of investment securities	428	336
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(311,428)
Proceeds from transfer of business	3,631	4,700
Other cash provided by (used in) investing activities, net	297	249
Net cash provided by (used in) investing activities	(25,473)	(375,398)

(In millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended June 30, 2017
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	-	50,000
Proceeds from long-term borrowings	148,765	50,000
Repayments of long-term borrowings	(235,911)	(3,075)
Repayments of finance lease obligations	(572)	(303)
Repayments of installment payables	(6,432)	(6,388)
Other cash provided by (used in) financing activities, net	(20)	-
Net cash provided by (used in) financing activities	(94,170)	90,234
Effect of exchange rate change on cash and cash equivalents	(12,688)	(11,709)
Net increase (decrease) in cash and cash equivalents	(72,207)	(227,658)
Cash and cash equivalents at the beginning of the period	398,410	354,287
Cash and cash equivalents at the end of the period	326,203	126,629

3.4 Notes to Quarterly Consolidated Financial Statements

(Quarterly Consolidated Statements of Operations)

*1 Insurance income

Due to the receipt of the insurance related to the 2016 Kumamoto Earthquake.

*2 Loss on disaster

The loss on disaster was related to the 2016 Kumamoto Earthquake, and the components of the amount of loss on disaster for the six-month period ended September 30, 2016 were as follows:

(Six-month period ended June 30, 2017)	(In millions of yen)
Repair cost of fixed assets	4,175
Fixed costs during the temporary shutdown period of operations	2,114
Loss on disposal of inventories	1,834
Other	597
Subtotal	8,720
Accrued insurance income	(1,000)
Total	7,720

(Six-month period ended Jun 30, 2017)

None

The loss on disaster was related to the 2016 Kumamoto Earthquake, and the components of the amount of loss on disaster for the three-month period ended September 30, 2016 were as follows:

(Three-month period ended June 30, 2017)	(In millions of yen)
Repair cost of fixed assets	464
Loss on disposal of inventories	131
Other	309
Total	904

(Three-month period ended Jun 30, 2017)

None

*3 Business structure improvement expenses

The Group has reformed businesses and structures of the production to strengthen its financial basis, and those related expenses are shown as business structure improvement expenses. The main items of business structure improvement expenses were personnel expenses, including the special incentive of early retirement program, etc. for the six-month period ended September 30, 2016 and for the three-month period ended September 30, 2016. The main items of business structure improvement expenses were impairment loss and relocation/disposal expenses associated with fixed assets for the six-month period ended June 30, 2017 and relocation/disposal expenses related to fixed assets for the three-month period ended June 30, 2017.

(Notes on Assumption for Going Concern)

None

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

None

(Adoption of Special Accounting Methods for Quarterly Consolidated Financial Statements)

(Calculation of Income Tax Expenses)

Income tax expenses are calculated by multiplying income before income taxes for the second quarter of the fiscal year ending December 31, 2017 by a reasonably estimated effective tax rate expected to be applied against income before income taxes for the fiscal year, including the first quarter, while applying tax effect accounting.

(Business Combinations)

Business divestiture

1. Outline of the business divestiture

(1) Name of the buyer

Hitachi Maxell, Ltd.

(2) Nature of the divested businesses

The electronics engineering and manufacturing service of electronic control boards for use in various industrial equipment and other semiconductor manufacturing equipment; and development, manufacturing and sale of image recognition systems of Renesas Semiconductor Package & Test Solutions Co., Ltd., the Company's wholly owned subsidiary

(3) Main reasons for the divestiture

Although the above businesses continue to generate profit, they are not strategically aligned with the Company Group business direction, which center around the design, development, manufacturing, and sale of semiconductor devices and solutions. Accordingly, the Company had been searching for a partner capable of growing and generating synergy effects from these businesses.

After carefully considering a candidate buyer from the viewpoint of potential future growth of the businesses and synergies with them, the Company decided to sell the businesses to Hitachi Maxell, Ltd., which has heretofore pursued a corporate policy aimed at boosting its manufacturing capabilities and intends to utilize these businesses to further expand its own businesses.

(4) Date of divestiture

May 1, 2017

(5) Overview of transactions including statutory form

Renesas Semiconductor Package & Test Solutions Co., Ltd. established a wholly owned subsidiary, through an absorption-type separation (Kyushu-bunkatsu) and transferred the new shares of common stock for the new company by the means of stock transfer with cash consideration.

2. Overview of accounting treatment implemented

(1) Amount of Gain on transfer of business

Difference between consideration transferred and net assets determined by assets and liabilities pertaining to the transferred businesses immediately before the date of divestiture were recognized as Gain on transfer of business for the quarterly consolidated statements of operations.

(Millions of yen)

Gain on transfer of business	3,847
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(2) Appropriate book value of assets and liabilities pertaining to the transferred businesses

(Millions of yen)	
Current assets	596
Long-term assets	516
Total assets	1,112
Current liabilities	14
Long-term liabilities	5
Total liabilities	19

(3) Approximate amount of income pertaining to divested businesses recorded in the quarterly consolidated statements of operations during the six-month period ended June 30, 2017.

(Millions of yen)	
Net sales	2,096
Operating loss	326

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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