Media Contacts
Shino Inokuma
Renesas Electronics Corporation
+81 3-6756-5555
pr@renesas.com

Investor Contacts
Ai Kanehira
Renesas Electronics Corporation
+81 3-6756-5552
ir@renesas.com

Renesas Electronics Reports Financial Results for the Year Ended March 31, 2013

Tokyo, Japan, May 9, 2013 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the year ended March 31, 2013.

Summary of Consolidated Financial Results

	Year ended March 31, 2013	
	Billion Yen	% of Net Sales
Net sales	785.8	100.0
Sales from semiconductors	724.7	
Sales from others	61.1	
Operating income (loss)	(23.2)	(3.0)
Ordinary income (loss)	(26.9)	(3.4)
Net income (loss)	(167.6)	(21.3)
Capital expenditures	12.3	
Depreciation and others	102.8	
R&D expenses	137.1	
	Yen	
Exchange rate (USD)	82	
Exchange rate (Euro)	106	

	As of March 31, 2013	
	Billion Yen	
Total assets	669.1	
Net assets	77.9	
Equity	66.7	
Equity ratio (%)	10.0	
Interest-bearing debt	306.4	

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 expenses and amortization of long-term prepaid expenses in quarterly consolidated statements of cash flows.

Consolidated Financial Results for the Year Ended March 31, 2013

English translation from the original Japanese-language document

May 9, 2013

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
Representative : Tetsuya Tsurumaru, President
Contact person : Taizo Endo, Executive Manager
Corporate Communications Dept
Tel. +81 (0)3-6756-5552

Date of the ordinary general shareholders' meeting (scheduled) : June 26, 2013
Filing date of Yukashoken Hokokusho (scheduled) : June 26, 2013

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for year ended March 31, 2013

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	%
Year ended March 31, 2013	785,764	(11.0)	(23,217)	---	(26,862)	---	(167,581)	---
Year ended March 31, 2012	883,112	(22.4)	(56,750)	---	(61,228)	---	(62,600)	---

Reference: Comprehensive income for the year ended March 31, 2013: (148,542) million yen
Comprehensive income for the year ended March 31, 2012: (64,516) million yen

	Net income (loss) per share basic	**Net income (loss) per share diluted**	**Net income (loss) ratio per equity**	**Ordinary income (loss) ratio per total assets**	**Operating income (loss) ratio per sales**
	Yen	Yen	%	%	%
Year ended March 31, 2013	(401.76)	---	(117.7)	(3.5)	(3.0)
Year ended March 31, 2012	(150.08)	---	(25.0)	(6.1)	(6.4)

Reference: Equity in net income of affiliates of the year ended March 31, 2013: 40 million yen
Equity in net income of affiliates of the year ended March 31, 2012: 65 million yen

1.2 Consolidated financial position

	Total assets	**Net assets**	**Equity ratio**	**Net assets per share**
	Million yen	Million yen	%	Yen
March 31, 2013	669,104	77,924	10.0	160.01
March 31, 2012	858,204	226,500	25.4	522.53

Reference: Equity as of March 31, 2013: 66,744 million yen
Equity as of March 31, 2012: 217,958 million yen

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

1.3 Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2013	(54,101)	(43,160)	36,849	77,731
Year ended March 31, 2012	(9,696)	(55,089)	(138,352)	131,946

2. Cash dividends

	Cash dividends per share					Total dividends during the year	Dividends payout ratio (consolidated)	Dividends ratio per net assets (consolidated)
	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, 2013	---	0.00	---	0.00	0.00	---	---	---
Year ended March 31, 2012	---	0.00	---	0.00	0.00	---	---	---
Year ending March 31, 2014 (forecast)	---	---	---	---	---		---	

Note: Cash dividends of the year ending March 31, 2014 have not been decided.

3. Forecast of consolidated results for the year ending March 31, 2014

Renesas Electronics does not present the consolidated forecast for the year ending March 31, 2014 at this point. For more details, please refer to page 4 of the attached material.

4. Others

4.1 Changes in significant subsidiaries for the year ended March 31, 2013

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

4.2 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 “Changes in Accounting Policies“: No
3. Changes in accounting estimates: No
4. Corrections of prior period errors: No

4.3 Number of shares issued and outstanding (common stock)

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

   As of March 31, 2013: 417,124,490 shares

   As of March 31, 2012: 417,124,490 shares

2. Number of treasury stock

   As of March 31, 2013: 2,548 shares

   As of March 31, 2012: 2,548 shares

3. Average number of shares issued and outstanding

For the year ended March 31, 2013: 417,121,942 shares

For the year ended March 31, 2012: 417,121,942 shares

(Reference) Non-consolidated results for the year ended March 31, 2013

Non-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	%
Year ended March 31, 2013	676,275	(7.9)	(61,050)	--	(30,781)	--	(189,002)	--
Year ended March 31, 2012	733,890	(22.4)	(79,678)	--	(56,186)	--	(46,337)	--

	Net income (loss) per share: basic	Net income (loss) per share: diluted
	Yen	Yen
Year ended March 31, 2013	(453.11)	--
Year ended March 31, 2012	(111.09)	--

Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2013	667,145	19,880	3.0	47.66
March 31, 2012	777,964	208,994	26.9	500.98

Reference: Equity at the end of the year ended March 31, 2013: 19,880 million yen
Equity at the end of the year ended March 31, 2012: 208,968 million yen

(Note) Information regarding the implementation of audit procedures
These financial statements are under the audit procedures based upon the Financial Instruments and Exchange Act at the time of issuance of this report.

[APPENDIX]

1. Business Results

1.1 Analysis of Business Results

1.1.1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2013

	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Net sales	883.1	785.8	(97.3)	(11.0)
Sales from semiconductors	786.0	724.7	(61.4)	(7.8)
Sales from others	97.1	61.1	(36.0)	(37.1)
Operating income (loss)	(56.8)	(23.2)	33.5	-
Ordinary income (loss)	(61.2)	(26.9)	34.4	-
Net income (loss)	(62.6)	(167.6)	(105.0)	-
	Yen	Yen		
Exchange rate (USD)	79	82	-	-
Exchange rate (EUR)	109	106	-	-

Consolidated financial results for the year ended March 31, 2013 were as follows.

[Net sales]

Consolidated net sales for the year ended March 31, 2013 were 785.8 billion yen, a decrease by 11.0% year on year. This decrease was mainly caused by continued stagnant economy mainly in Europe and China, business downsizing in accordance with reconsideration of our business portfolio, and a sales decrease to Japanese manufacturers that are our main customers.

[Sales from Semiconductors]

Sales from semiconductors for the year ended March 31, 2013 were 724.7 billion yen, 7.8% decrease year on year.

The business segment of the Group comprises three product groups; “MCUs”, “Analog & Power Devices” and “SoC (System on Chip) solutions”, and “Other Semiconductors” that fit to neither of above three product categories. Sales of respective product groups are as follows:

<u>MCUs: 305.2 billion yen</u>

MCUs mainly include microcontrollers for automotive, industrial systems, microcontrollers used in digital home appliances, white goods, and consumer electronics including game consoles, and microcontrollers for PC and PC peripherals such as hard disc drives.

Sales of MCUs for the year ended March 31, 2013 were 305.2 billion yen, 9.3% decrease year on year. This drop was mainly due to a decline in sales of microcontrollers for industrial systems as well as PC and PC peripherals.

<u>Analog & Power Devices: 235.2 billion yen</u>

Analog & Power devices mainly consist of power MOSFETs, mixed signal ICs, IGBTs (Insulated Gate Bipolar Transistors), diodes, small signal transistors, display driver ICs, compound semiconductor devices such as optical and microwave devices, employed in automobiles, industrial systems, PC and PC peripherals, and consumer electronics.

Sales of Analog & Power devices for the year ended March 31, 2013 were 235.2 billion yen, 3.5% decrease year on year, owing to a sales decrease of display driver ICs for PC/LCD TVs, as well as analog IC and discrete for consumer electronics, despite an sales increase of mid/small sized display driver ICs, and power semiconductors for automotive.

SoC solutions: 173.5 billion yen

SoC solutions mainly consist of semiconductors used in automotive application such as car navigation systems, semiconductors for industrial systems, semiconductors for consumer electronics such as digital home appliances and game consoles, semiconductors for PC and PC peripherals such as hard disc drives and USB devices, and semiconductors for communication such as network equipment and mobile handsets.

Sales of SoC solutions for the year ended March 31, 2013 were 173.5 billion yen, 13.7% decrease year on year. This decrease was mainly due to a decline in the semiconductor sales for PC peripherals and mobile handsets.

Other Semiconductors: 10.8 billion yen

Sales of other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the year ended March 31, 2013 were 10.8 billion yen, 125.9% increase year on year.

[Sales from others]

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

Sales from others for the year ended March 31, 2013 were 61.1 billion yen, 37.1% decrease year on year.

[Operating income (loss)]

Operating loss for the year ended March 31, 2013 was 23.2 billion yen, an improvement of 33.5 billion yen year on year, mainly owing to a sales decrease, offsetting the cost reduction measures such as streamlining of R&D and SGA expense.

[Ordinary income (loss)]

Ordinary loss for the year ended March 31, 2013 was 26.9 billion yen, caused by non-operating loss of 3.6 billion yen deriving from interest expenses of 4.7 billion yen.

[Net income (loss)]

Net loss for the year ended March 31, 2013 was 167.6 billion yen, mainly due to business structure improvement expenses of 127.1 billion yen recorded as a special loss.

1.1.2. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014

We do not present the consolidated forecast for the year ending March 31, 2014 at this point since we are awaiting the capital injection by Innovation Network Corporation of Japan and 8 companies, which was approved at the extraordinary shareholders' meeting held on February 22, 2013, and are developing the forecast along with the mid-term vision. We will timely announce it after completion of the capital injection and the development of the forecast.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	March 31, 2012	March 31, 2013	Increase (Decrease)
	Billion yen	Billion yen	Billion yen
Total assets	858.2	669.1	(189.1)
Net assets	226.5	77.9	(148.6)
Equity	218.0	66.7	(151.2)
Equity ratio (%)	25.4	10.0	(15.4)
Interest-bearing debt	258.3	306.4	48.0
Debt / Equity ratio	1.19	4.59	3.41

Total assets as of March 31, 2013 were 669.1 billion yen, 189.1 billion yen decrease from March 31, 2012 mainly due to a decrease of cash and cash equivalents as well as tangible and intangible fixed assets. Net assets were 77.9 billion yen, 148.6 billion yen decrease from March 31, 2012, mainly due to a net loss of 167.6 billion yen recorded for the year ended March 31, 2013.

Equity decreased by 151.2 billion yen from March 31 2012, and equity ratio was 10.0 percent. Interest-bearing debt increased by 48.0 billion yen from March 31, 2012 mainly due to the financing used for the structural reforms. Consequently, debt to equity ratio became 4.59.

1.2.2 Cash Flows

	Year ended March 31, 2012	Year ended March 31, 2013
	Billion yen	Billion yen
Net cash provided by (used in) operating activities	(9.7)	(54.1)
Net cash provided by (used in) investing activities	(55.1)	(43.2)
Free cash flows	(64.8)	(97.3)
Net cash provided by (used in) financing activities	(138.4)	36.8
Cash and cash equivalents at the beginning of period	337.3	131.9
Cash and cash equivalents at the end of period	131.9	77.7

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

Net cash used in operating activities for the year ended March 31, 2013 was 54.1 billion yen mainly due to a net loss of 157.8 billion yen as well as the payment for the early retirement program, despite depreciation and amortization of 91.1 billion yen recorded. .

(Net cash provided by (used in) investing activities)
Net cash used in investing activities for the year ended March 31, 2013 was 43.2 billion yen, mainly due to the purchase of property, plant and equipment in the amount of 46.3 billion yen.

The foregoing resulted in negative free cash flows of 97.3 billion yen for the year ended March 31, 2013.

(Net cash provided by (used in) financing activities)
Net cash provided by financing activities for the year ended March 31, 2013 was 36.8 billion yen mainly due to the financing used for the structural reforms.

Consequently, cash and cash equivalents decreased by 54.2 billion yen and its balance at the end of the period became 77.7 billion yen.

1.3 Dividend Payments

For the year ended March 31, 2013, the Group posted net losses on both consolidated and non-consolidated basis, and was put in the situation of accumulated deficits on both consolidated and non-consolidated basis. Accordingly, the Group regrettably suspended dividend payment for this period.

For the year ending March 31, 2014, whether the Group provides interim and year-end dividend payments remain undecided, and the Group will immediately announce it when the decisions are made.

1.4 Risk Factors

Renesas Electronics Group's operations and financial results are subject to various risks and uncertainties, including those described below, that could significantly affect the investors' judgments. In addition, the following statements include matters which might not necessarily fall under such significant risks, but are deemed important for investors' judgment from a standpoint of affirmative disclosure. Descriptions about the future in the following are based on what the Group recognizes as of March 31, 2013.

1.4.1 Market Fluctuations

The semiconductor market fluctuations, which were caused by the factors such as economic cycle in each region and shift of demand of end customers, affect the Group. Although the Group carefully monitors changes in market conditions, it is difficult to completely avoid the impact of market fluctuations due to economic cycles in countries around the world and changes in the demand for end products. Market downturns, therefore, could lead to decline in product demand and increase in production and inventory amount, as well as lower sales price. Consequently, market downturns could reduce the Group's sales, as well as lower fab utilization rates, which may in turn result in worsened cost ratios, ultimately leading to deterioration in profits.

1.4.2 Fluctuations in foreign exchange and interest rates

The Group engages in business activities in all parts of the world and in a wide range of currencies. As a result our group business results and financial conditions are affected by fluctuations in foreign exchange rates. To reduce these effects of exchange rate fluctuations, the Group implements a variety of measures, including exchange rate futures contracts. However, it is still possible for our sales volume in foreign currencies, our materials costs in foreign currencies, our production costs at overseas manufacturing sites, and other items to be influenced if exchange rates change significantly. Also, the Renesas Group assets, liabilities, income, and costs can change greatly by showing our foreign currency denominated assets and debts converted to amounts in Japanese yen, and these can also change when financial statements in foreign currencies at our overseas subsidiaries are converted to and displayed in Japanese yen.

Furthermore, since costs and the values of assets and debts associated with Renesas Group business operation are influenced by fluctuations in interest rates, it is also possible for Renesas Group businesses, performance, and financial condition to be adversely influenced by these fluctuations.

1.4.3 Natural Disasters

Natural disasters such as earthquakes, typhoons, and floods, as well as accidents, acts of terror, infection and other factors beyond the control of the Group could adversely affect the Group's business operation. Especially, as the Group owns key facilities and equipment in areas where earthquakes occur at a frequency higher than the global average, the effects of earthquakes and other events could damage the Group's facilities and equipment and force a halt to manufacturing and other operations, and such events could consequently cause severe damage to the Group's business. The Group sets and manages several preventive plans and Business Continuity Plan which defines countermeasures such as contingency plans and at the same time the Group is subscribed to various insurances; however, these plans and insurances are not guaranteed to cover all the losses and damages incurred.

1.4.4 Competition

The semiconductor industry is extremely competitive, and the Group is exposed to fierce competition from rival companies around the world in areas such as product performance, structure, pricing and quality. To maintain and improve competitiveness, the Group takes various measures including development of leading edge technologies, standardizing design, and cost reduction, but in the event that the Group cannot maintain its competitiveness, the Group's market share may decline, which may negatively impact the Group's financial results. Price competition for the purpose of maintaining market share may also lead to sharp declines in the market price of the Group's products. When this cannot be offset by cost reductions, the Group's gross profit margin ratio may decline.

1.4.5 Implementation of Management Strategies and Structural Measures

The Group is implementing a variety of business strategies (such as strengthening our microcontroller, Analog & Power device businesses and accelerating our selection and concentration of SoC solutions) and structural measures (such as production structural reforms and workforce reforms) to strengthen the foundations of our profitability. However, due to changes in economic conditions and the business environment, factors whose future is uncertain, and unforeseeable factors, it is possible that some of those reforms may become difficult to carry out and others may not achieve the originally planned results. Furthermore, additional structural reform costs may arise. Thus these issues may adversely Renesas Group performance and financial condition.

1.4.6 Business Activities Worldwide

The Group conducts business worldwide which can be adversely affected by factors such as barriers to long-term relationships with potential customers and local enterprises; restrictions on investment and imports/exports; tariffs; fair trade regulations; political, social, and economic risks; outbreaks of illness or disease; exchange rate fluctuations; drops in individual consumption or in equipment investment; fluctuations in the prices of goods and land; and rising wage levels. As a result, the Group may fail to achieve its initial targets regarding business in overseas markets, which could have a negative impact on the business growth and performance of the Group.

1.4.7 Strategic Alliance and Corporate Acquisition

For business expansion and strengthening of competitiveness, the Group may engage in strategic alliances, including joint investments, and corporate acquisitions involving third parties in the areas of R&D on key technologies and products, manufacturing, etc.. The Group studies from many aspects the potential of these alliances and acquisitions in terms of return on investment and profitability, but time and money are necessary to achieve integration in areas such as business execution, technology, products, and personnel, and it is possible that these collaborative relationships cannot be sustained due to issues such as differences from the Group's partners on management strategy in areas such as capital procurement, technology management, and product development, or financial or other business problems the Group's partners may encounter. In addition, it is not guaranteed that strategic alliances and corporate acquisitions would actually yield the results initially anticipated.

1.4.8 Financing

While the Group has been procuring business funds by methods such as borrowing from financial institutions and other sources, in the future it may become necessary to procure additional financing to implement business and investment plans, expand manufacturing capabilities, acquire technologies and services, and repay debts. It is possible that the Renesas Group may face limitations on its ability to raise funds due to a variety of reasons, including the fact that it is possible that the Group may not be able to acquire required financing in a timely manner or may face increasing financing costs due to the worsening business environment in the semiconductor industry, worsening conditions in the financial and stock markets, and changes in the lending policies of lenders, and the fact that additional borrowing may become relatively difficult due to the fact that we borrowed money from our major stockholders and main banks during the period September through October 2012.

1.4.9 Dilution of Stock

Based on a decision at the December 10, 2012 stockholders meeting, subject to conditions such as approval at the special shareholders' meeting on February 22, 2013, the expected issuing of 1,250,000,000 shares of Renesas common stock allocated to the companies in the consortium based on the Innovation Network Corporation of Japan will result in a dilution, by allocation of new shares to a third party, of the existing Renesas stock by a ratio of 299.67% (rounded to two decimal places) relative to the current, as of December 10, 2012, total number of issued shares in Renesas Electronics Corporation of 417,124,490 shares. (This will result in a dilution ratio of 299.68% (rounded to two decimal places) of the total voting rights of 4,171,167 votes.)

1.4.10 Notes on Additional Financing

After implementation of the allocation of new shares to a third party based on a decision at the December 10, 2012 stockholders meeting, we received an offer from the Innovation Network Corporation of Japan that they are willing to provide additional investments or loans with an upper limit of 50 billion yen. Currently, no specific details regarding the timing of or conditions associated with these additional investments or loans have been determined, and there is no guarantee that these additional investments or loans will actually be implemented. If investments occur based on this offer, further dilution of existing stock will occur and this may adversely impact existing stockholders. Also, if loans are made under this offer, Renesas' outstanding interest-bearing debt will increase and this may impose restrictions on some of our business activities. Furthermore, if fluctuations in interest rates occur in the future, Renesas Group businesses, performance, and financial condition may be adversely affected.

1.4.11 Notes on the Fact that this Expected Recipient of Allocation will Become both the Largest Shareholder and the Parent Company and Other Items

It is expected that, due to the allocation of new shares to a third party based on the decision at the December 10, 2012 stockholders meeting, the proportion of voting rights held in association with Renesas stock held by the Innovation Network Corporation of Japan, which is the expected recipient of the allocation, will be 69.16% (rounded to two decimal places) of the total voting rights. Also, in the investment contract related to this allocation of new shares to a third party concluded between Renesas and the expected recipient of this allocation, the two parties have agreed to, among other items, the following. First, quickly after completion of payment related to this allocation of new shares to a third party, a special shareholders' meeting shall be called to pass a resolution appointing candidate board members and candidates auditors proposed by the Innovation Network Corporation of Japan. (However, if both parties conclude a separate agreement, a proposal to appoint both candidate board members and candidates auditors as well as candidate board members and candidates auditors agreed to by both parties shall be submitted at the regular Renesas stockholders' meeting to be held in June 2013.) Second, certain substantive matters relating to the management or business of either Renesas itself or its subsidiaries require approval, in advance and in writing, from the Innovation Network Corporation of Japan. (These matters include but are not limited to changes to the articles of incorporation or other documents relating to Renesas itself or its subsidiaries, holding a stockholders or adopting a proposal, reorganization of the company structure, issuing stock or other financial instruments, borrowing or lending amounts of 1 billion yen or more, capital investments of 1 billion yen or more, and any items decided at a board meeting or management council meeting.) As a result, we expect that the Innovation Network Corporation of Japan will exert a powerful influence over the management of the Renesas Group.

Also, there is no guarantee that the approach the Innovation Network Corporation of Japan will take to Renesas Group management policies, or that the interests of the Innovation Network Corporation of Japan will match those of our other stockholders, and it is possible that the approach the Innovation Network Corporation of Japan takes to the Group management policies, or the exercise of voting rights associated with Renesas stock by the Innovation Network Corporation of Japan, will have negative influences on Renesas Group business operation.

1.4.12 Rapid technological Revolutions and Other Issues

The semiconductor market in which the Group does business is characterized by rapid technological changes and rapid evolution of technological standards. Therefore, if the Group is not able to carry out appropriate research and development, Renesas Group businesses, performance, and financial condition may all be adversely affected by product obsolescence and the appearance of competing products.

1.4.13 Product Production

a. Production Process Risk

Semiconductor products require extremely complex production processes. In an effort to increase yields (ratio of non-defective products from the materials used), the Group takes steps to properly control production processes and seeks ongoing improvements. However, the emergence of problems in these production processes could lead to worsening yields. This problem, in turn, could trigger shipment delays, reductions in shipment volume, or, at worst, the halting of shipments.

b. Procurement of Raw Materials, Components, and Production Facilities

The timely procurement of necessary raw materials, components and production facilities is critical to semiconductor production. To avoid supply problems related to these essential raw materials, components and production facilities, the Group works diligently to develop close relationships with multiple suppliers. Some necessary materials, however, are available only from specific suppliers. Consequently, insufficient supply capacity amid tight demand for these materials as well as events including natural disasters, accidents, worsening of business conditions, and withdrawal from the business occurred in suppliers could preclude their timely procurement, or may result in sharply higher prices for these essential materials upon procurement.

c. Risks Associated with Outsourced Production

The Group outsources the manufacture of certain semiconductor products to external foundries (contract manufacturers) and other entities. In doing so, the Group selects its trusted outsourcers, rigorously screened in advance based on their technological capabilities, supply capacity, and other relevant traits; however, the possibility of delivery delays, product defects and other production-side risks stemming from outsourcers cannot be ruled out completely. In particular, inadequate production capacity among outsourcers could result in the Group being unable to supply enough products amid periods of high product demand.

1.4.14 Product Quality

Although the Group makes an effort to improve the quality of semiconductor products, they may contain defects, anomalies or malfunctions that are undetectable at the time of shipment due to increased sophistication of technologies and the diversity of ways in which the Group's products are used by customers. These defects, anomalies or malfunctions could be discovered after the Group products were shipped to customers, resulting in the return or exchange of the Group's products, claims for compensatory damages, or discontinuation of the use of the Group's products, which could negatively impact the profits and operating results of the Group. To prepare for such events, the Group has insurance such as product liability insurance and recall insurance, but it is not guaranteed that the full costs of reimbursements would be covered by these.

1.4.15 Product Sales

a. Reliance on Key Customers

The Group relies on certain key customers for the bulk of its product sales to end customers. The decision by these key customers to cease adoption of the Group's products, or to dramatically reduce order volume, could negatively impact the Group's operating results.

b. Changes in production plans by customers of custom products

The Group receives orders from customers for the development of specific semiconductor products in some cases. There is the possibility that after the Group received orders the customers decide to postpone or cancel the launch of the end products in which the ordered product is scheduled to be embedded. There is also the possibility that the customers cancel its order if the functions and quality of the product do not meet the customer requirements. Further, the weak sales of end products in which products developed by the Group are embedded may result in customers to reduce their orders, or to postpone delivery dates. Such changes in production plans, order reductions, postponements and other actions from the customers concerning custom products may cause declines in the Group sales and profitability.

c. Reliance on Authorized Sales Agents

In Japan and Asia, the Group sells the majority of its products via independent authorized sales agents, and relies on certain major authorized sales agents for the bulk of these sales. The inability of the Group to provide these authorized sales agents with competitive sales incentives or margins, or to secure sales volumes that the authorized sales agents consider appropriate, could result in a decision by such agents to replace the Group products handled with those of a competitor, which could cause a downturn in the Group sales.

1.4.16 Securing Human Resources

The Renesas Group works hard to secure superior human resources for management, technology development, sales, and other areas when deploying business operations. However, since such superbly talented people are of limited number, there is fierce competition in the acquisition of human resources.

Under the current conditions, it may not be possible for the Group to secure the talented human resources it requires.

1.4.17 Retirement Benefit Obligations

The retirement benefit obligations and prepaid pension expenses that the Group budgets are calculated based on actuarial assumptions, such as discount rates and expected rates of returns on assets. However, the Group performance and financial condition may be adversely affected either if discrepancies between actuarial assumptions and business performance arise due to changing interest rates or a fall in the stock market and retirement benefit obligations increase or our pension assets decrease, or if there is an increase in the pension funding deficit in the retirement benefit obligations system. For example, if, in the future, the discount rate falls, our retirement benefit obligations may increase and our unrecognized actuarial losses may change.

1.4.18 Impairment Loss on Fixed Assets

The Group has recorded tangible fixed assets and many other long-lived assets in its consolidated balance sheet, and when there is an indicator of impairment loss, the Group reviews whether it will be able to recover the recorded residual value of these assets in the form of future cash flows generated by these assets. If these assets do not generate sufficient cash flows, the Group may be forced to recognize impairment loss in their value.

1.4.19 Information System

Information systems are growing importance in the Group’s business activities. Although the Group makes an effort to manage stable operation of information systems, there is a likelihood that customer confidence and social trust would deteriorate, resulting in a negative effect on the Group’s performance, when there is a significant disability on Group’s information systems by factors such as natural disasters, accidents, computer viruses and unauthorized accesses.

1.4.20 Information Management

The Group has in its possession a great deal of confidential information and personal information relating to its business activities. While such confidential information is managed according to law and internal regulations specifically designed for that purpose, there is always the risk that information may leak due to unforeseen circumstances. Should such an event occur, there is a likelihood that customer confidence and social trust would deteriorate, resulting in a negative effect on the Group’s performance.

1.4.21 Legal Restrictions

The Group is subject to a variety of legal restrictions in the various countries and regions in which we operate. These include requirements for approval for businesses and investments, export restrictions, customs duties and tariffs, accounting standards and taxation, and environment laws. Moving forward, it is possible that Renesas Group businesses, performance, and financial condition may be adversely affected by increased costs and restrictions on business activities associated with the strengthening of local laws.

1.4.22 Environmental Factors

The Group strives to decrease its environmental impact with respect to diversified and complex environmental issues such as global warming, air pollution, industrial waste, tightening of hazardous substance regulation, and soil pollution. There is the possibility that, regardless of whether there is negligence in its pursuit of business activities, the Group could bear legal or social responsibility for environmental problems. Should such an event occur, the burden of expenses for resolution could potentially be high, and the Group could suffer erosion in social trust.

1.4.23 Intellectual Property

While the Group seeks to protect its intellectual property, it may not be adequately protected in certain countries and areas. In addition, there are cases that the Group's products are developed, manufactured and sold by using licenses received from third parties. In such cases, there is the possibility that the Group could not receive necessary licenses from third parties, or the Group could only receive licenses under terms and conditions less favorable than before.

1.4.24 Legal Issues

As the Group conducts business worldwide, it is possible that the Group may become a party to lawsuits, investigation by regulatory authorities and other legal proceedings in various countries. In particular, the Group is at present the subject of investigation by regulatory authorities and is a defendant in civil lawsuits related to possible violations of antitrust law in several countries and areas.

The Group's subsidiary in the U.S. had been named in Canada as one of the defendants in multiple civil lawsuits related to possible violations of competition law involving DRAM brought by purchasers of such products. In addition, the U.S. subsidiary is currently in the process of settlement negotiations with certain customers separated from a class action lawsuit brought by those who directly purchased DRAM in the U.S. from the subsidiary, and already settled with the subsidiary.

The Group has been named in Canada as one of the defendants in multiple civil lawsuits related to possible violations of competition law involving SRAM brought by purchasers of such products. The Group has been named in the U.S. and other countries as one of the defendants in multiple civil lawsuits related to possible violations of antitrust law/competition law involving flash memory brought by purchasers of such products.

The Group's subsidiaries in the U.S., Europe and South Korea are the subject of investigations each by the U.S. Department of Justice, the Competition Bureau of Canada, the European Commission, and the Korea Fair Trade Commission in connection with possible violations of antitrust law/competition law in related to thin-film transistor liquid crystal display (TFT-LCD). Among those, the European Commission imposed fine to multiple LCD panel manufacturers in December 2010. However, the subsidiary of the Group has not been treated as a subject in the procedures. The Group's subsidiary in the U.S. has been named in the U.S. as one of the defendants in multiple civil lawsuits related to possible violations of antitrust law involving TFT-LCD brought by purchasers of such products.

The Group is the subject of an investigation by the European Commission regarding possible violations of competition law in relation to smartcard chip.

It is difficult to predict the outcome of the legal proceedings to which the Group is presently a party or to which it may become a party in future. The resolution of such proceedings may require considerable time and expense, and it is possible that the Group may be required to pay compensation for damages, possibly resulting in significant adverse effects to the business, performance, and financial condition of the Group.

2. Renesas Electronics Group Companies

The Renesas Electronics Group comprises 54 consolidated subsidiaries and 3 equity method affiliates, as listed below according to primary business activity.

	Japan	Overseas
Sales Companies	<Consolidated Subsidiary> Renesas Electronics Sales Co., Ltd. <Equity Method Affiliate> RENESAS EASTON Co., Ltd.	<Consolidated Subsidiary> Renesas Electronics (China) Co., Ltd. Renesas Electronics (Shanghai) Co., Ltd. Renesas Electronics Hong Kong Limited Renesas Electronics Taiwan Co., Ltd. Renesas Electronics Korea Co., Ltd. Renesas Electronics Singapore Pte. Ltd. Renesas Electronics Malaysia Sdn. Bhd. Renesas Electronics America, Inc. Renesas Electronics Canada Limited Renesas Electronics Europe Limited (UK) Renesas Electronics Europe GmbH (Germany)
Manufacturing and Engineering Service Companies	<Consolidated Subsidiary> Renesas Northern Japan Semiconductor, Inc. Hokkai Electronics Co., Ltd. Haguro Electronics Co., Ltd. Renesas Yamagata Semiconductor, Inc. Renesas Eastern Japan Semiconductor, Inc. Renesas Kofu Semiconductor, Co., Ltd. Renesas Yanai Semiconductor, Inc. Renesas Kansai Semiconductor Co., Ltd. Renesas Semiconductor Kyushu Yamaguchi Co., Ltd. Renesas Kyushu Semiconductor Corp. Renesas Naka Semiconductor Co., Ltd. Renesas Semiconductor Engineering Corp.	<Consolidated Subsidiary> Shougang NEC Electronics Co., Ltd. Renesas Semiconductor (Beijing) Co., Ltd. Renesas Semiconductor (Suzhou) Co., Ltd. Renesas Semiconductor Singapore Pte. Ltd. Renesas Semiconductor KL Sdn. Bhd. Renesas Semiconductor (Malaysia) Sdn. Bhd. Renesas Semiconductor (Kedah) Sdn. Bhd. Renesas Semiconductor Technology (Malaysia) Sdn. Bhd.
Design and Application Technologies Companies	<Consolidated Subsidiary> Renesas Micro System Co., Ltd. Renesas Design Corp. Renesas Solutions Corp. Renesas Takasaki Engineering Services Co., Ltd. Renesas Musashi Engineering Services Co., Ltd. Renesas Kitaitami Engineering Services Co., Ltd	<Consolidated Subsidiary> Renesas Semiconductor Design (Beijing) Co., Ltd. Renesas Design Vietnam Co., Ltd. Renesas Semiconductor Design (Malaysia) Sdn. Bhd. Renesas Electronics Brasil-Servicos Ltda.
Business Corporations and Others	<Consolidated Subsidiary> Renesas Mobile Corporation Renesas SP Drivers Inc. <Equity Method Affiliate> Renacentis IT Services Co., Ltd.	<Consolidated Subsidiary> Renesas Design France S.A.S Renesas Mobile Europe Oy Renesas Mobile India Private Limited Renesas Tongxinjishu (Beijing) Co., Ltd. Renesas SP Drivers Taiwan Inc. and 5 other companies <Equity Method Affiliate> 1 company

Note: Some of the Group' non-Japanese sales companies are also engaged in design and development activities.

3. Management Policies

3.1 Management Policies

The Renesas Electronics Group sets up the following corporate philosophy, which expresses the Group's identity and mission, and corporate vision that shows the Group's target direction. Under these philosophy and vision, the Group is aiming to increase its business value and shareholders value as the world's leading semiconductor company by focusing on three areas of technology expertise, including MCUs, Analog & Power devices, and SoC solutions.

[Corporate Philosophy]
Harnessing its collective expertise in new technologies, the Renesas Electronics Group contributes to a world where people and the planet prosper in harmony by realizing our vision and building our future.

[Corporate Vision]
We will be first to respond to customer needs worldwide with our creative power and technology innovations to become a strong, growing semiconductor manufacturer and a trustworthy partner.

3.2 Management Targets

We are awaiting the capital injection by Innovation Network Corporation of Japan and 8 companies as approved at the extraordinary shareholders' meeting held on February 22, 2013, and are in the process of developing the management targets.

For the moment, we will devote ourselves to implement measures described in "3.4 Issues to Address" for the next fiscal year ending March 2014.

3.3 Mid-term Corporate Strategies

The Renesas Electronics Group is implementing the following measures as mid-term corporate strategies. In addition, as described in "3.2 Management Targets", we are awaiting the capital injection by Innovation Network Corporation of Japan and 8 companies as approved at the extraordinary shareholders' meeting held on February 22, 2013, and are in the process of developing new corporate strategy.

3.3.1 Three focused business operations: MCUs, Analog and Power devices, and SoC solutions, with MCUs as the core

The Group will endeavor to achieve further growth in the MCU business, where the Group enjoys the top market share worldwide, as the driving force powering the Group's expansion in overseas markets. At the same time, the Group will strengthen the Analog and Power devices business by expanding the product lineup through integration, working to maximize business synergies with the MCU business, and capturing business opportunities in MCU peripherals. Finally, the Group plans to ensure stable sales volume and profitability of the SoC business by selectively focusing the Group's efforts on key fields and markets where the Group is competitive as well as strengthening the Group’s ability to offer system solutions and technical support.

3.3.2 Pursue growth in the global market

The Group aims to grow its business continuously by expanding its market shares in the global market. The Group will work to exploit growth opportunities overseas and further increase the share of the Group’s semiconductor sales accounted for by overseas markets by introducing in a timely manner products tailored for emerging markets such as China, where high growth is expected to continue, and bolstering efforts to establish operational structures in high-growth regions. The Group has also identified as strategic business fields where is expected to grow even further, such as the advanced information communications segment and the social and lifestyle environment segment. Positioning those expanding fields including advanced communication, social and lifestyle environment as the Group’s major focus target of business, the Group will focus on applications (smart grids, energy efficient household appliances, eco-friendly automobiles, etc.) that realize a “smart society” spanning the above fields, working to strengthen the Group’s global marketing and product deployment efforts in these segments.

3.3.3 Reinforce operating foundations to achieve stable growth – to be a reliable partner

To achieve stable growth, in addition to building an optimized organizational structure through the “Three focused business operations: MCUs, Analog and Power devices, and SoC solutions, with MCUs as the core” and “growth in the global markets” mentioned above, the Group is working to build a robust corporate structure that realizes stable growth by radically streamlining the efficiency of management across the board and, in particular, building an flexible production system through further promoting the “fab-network” strategy as well as optimizing manufacturing-related cost to construct a flexible manufacturing structure. Through these efforts, the Group aims to become a reliable partner for its customers and will continue to work to increase corporate value as a strong global semiconductor company delivering continuous growth.

3.4 Issues to Address

As described in “1. Business Results 1.1 Analysis of Business Results”, the Group's consolidated semiconductor sales for the year ended March 31, 2012 significantly decreased year on year, and therefore, the flexible response to rapidly changing business environment surrounding the Group as well as the improvement of its business performance have become urgent matters.

The Group will continuously expedite its efforts for “reforming its business structure to achieve stable and profitable management base” to generate a reasonable profit even in these circumstances. In addition, the Group will put all possible efforts into “improving business efficiency by streamlining of company organization and enhancement of business turnover ratio”.

3.4.1 Reforming its Business Structure to Achieve Stable and Profitable Management Base

The Group's approach has been expanding its businesses and strengthening product competitiveness based on three main product groups: MCUs, Analog and Power Devices, and SoC solutions. In addition, although we have been implementing various measures for the purpose of reducing fixed cost, we will accelerate such cost reduction measures, focusing on profitable businesses, and implementation of production reforms in the face of sales decline.

In January 2013, the Group announced the early retirement incentive program applied to Renesas Electronics and its consolidated subsidiaries in Japan, restructuring of sales organization including merger of a sales subsidiary in Japan (Renesas Electronics Sales Co., Ltd.), restructuring of design and application technology subsidiaries (Renesas Solutions Corp., Renesas Micro Systems Co., Ltd., and Renesas Design Corp.) and design support companies (Renesas Takasaki Engineering Service Co., Ltd., Renesas Musashi Engineering Services, Co., Ltd., and Renesas Kitaitami Engineering Services Co., Ltd.), and the merger of production subsidiaries (Renesas Eastern Japan Semiconductor, Inc. and Renesas Northern Japan Semiconductor, Inc.). We will surely implement these measures. Further, the Group will review the allocation of its management resources to expedite focusing on its core business as exemplified by the announcement made in March 2013, that the Group decided to explore various possibilities including divestiture or alternative business models for its mobile business. In addition, we will assuredly promote realignment of domestic production facilities as announced in July 2012.

3.4.2 Improving Business Efficiency by Streamlining of Company Organization and Enhancement of Business Turnover Ratio

The Group will put effort into "improving Business Efficiency by Streamlining of Company Organization and Enhancement of Increasing Efficiency by Improving Business Turnover Ratio" to flexibly respond to the rapidly changing business environment surrounding the Group, and improve its business performance.

We revised our management setup on February 2013 to speed up decision making and increase efficiency of business operation. Further, we drastically changed company organization, and reduced business units from 7 to 4 in order to create desirable structure for design, production and sales in accordance with the growth strategy, and to assuredly implement the structural reforms In April 2013, under the new management and business units, we further reduced 15 departments in lower level to simplify its organization. We will continuously simplify the organization, clarify responsibility, speed up decision making, pursue appropriate and efficient operation, and build workplace filled with positive atmosphere.

We will improve business turnover ratio at each stage of our value chain: design, production, and sales, to generate stable profit. More specifically, we will optimize the design and development plan, review resource allocation for design and development, and share and utilize best practices to shorten lead time for development and evaluation. Further, we will introduce more flexible control of production input, and shorten production lead time. We will ultimately put effort to improve the business turnover ratio by enhancing the collaboration among design, development, production, and sales, and by frequently monitoring and sharing KPI (Key Performance Indicators).

3.5 Corporate Social Responsibility

As a responsible corporate citizen, Renesas Electronics recognizes that meeting social responsibility is directly linked to sustainable growth in both enterprise and shareholder value.

CSR Charter

Established on April 1, 2010

Renesas Electronics Group will contribute to furthering the sustainable advancement of society as an enterprise which conducts business that helps build a better future for people around the world by supplying superior semiconductor products powered with advanced technologies and providing customer service that is honest and sincere. We pledge to conduct our business with integrity beyond legal compliance by acting responsibly as a corporate citizen with high moral values and we will work together with and for the benefit of our stakeholders based on the following guiding principles:

Customer focus

We will provide optimized and high-quality solutions in quick response to customer needs to maximize customer satisfaction and to earn customer trust.

Sound business practices

We will carry out fair, ethical and transparent business practices and convey these practices to all our stakeholders. In addition, we will maximize our corporate value through business practices that allow us to continue to grow.

Friendly working environment

We will respect the personality of individuals. We will promote to create rewarding, safe, and flexible working environment where each person is able to demonstrate his/her best talents and capabilities.

As a global company

We will respect history, culture, custom, and human rights of each country and region and will not practice any forced or child labor. In addition, as a member of the global community, we will implement activities that contribute to the global society.

Environment friendly

We pledge to develop, manufacture and sell semiconductor products respecting the environment and will try to minimize the environmental impact throughout entire product life cycles. We will also participate in harmonizing human and environment with global issues such as climate change and biodiversity through our business activities.

4. Consolidated Financial Statements
4.1 Consolidated Balance Sheets
As of March 31, 2012 and 2013

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	111,981	78,072
Notes and accounts receivable-trade	102,556	78,075
Short-term investment securities	20,250	—
Merchandise and finished goods	58,189	68,411
Work in process	79,155	70,196
Raw materials and supplies	14,454	12,742
Deferred tax assets	2,173	1,603
Accounts receivable-other	17,405	13,496
Other current assets	3,707	3,964
Allowance for doubtful accounts	(180)	(184)
Total current assets	409,690	326,375
Long-term assets		
Property, plant and equipment		
Buildings and structures	291,009	289,479
Accumulated depreciation	*3 (175,060)	*3 (187,029)
Buildings and structures, net	115,949	*1 102,450
Machinery and equipment	769,191	768,012
Accumulated depreciation	*3 (660,772)	*3 694,213
Machinery and equipment, net	108,419	*1 73,799
Vehicles, tools, furniture and fixtures	143,368	134,979
Accumulated depreciation	*3 (110,945)	*3 (110,651)
Vehicles, tools, furniture and fixtures, net	32,423	*1 24,328
Land	36,210	*1 35,262
Construction in progress	14,198	*1 6,773
Total property, plant and equipment	307,199	242,612
Intangible assets		
Goodwill	2,228	—
Software	28,626	16,179
Other intangible assets	45,027	27,725
Total intangible assets	75,881	43,904
Investments and other assets		
Investment securities	*2 7,801	*2 8,063
Deferred tax assets	2,373	2,450
Long-term prepaid expenses	38,228	29,333
Other assets	17,494	16,368
Allowance for doubtful accounts	(462)	(1)
Total investments and other assets	65,434	56,213
Total long-term assets	448,514	342,729
Total assets	858,204	669,104

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	148,747	99,153
Short-term borrowings	168,963	1,000
Current portion of long-term borrowings	33,549	*1 25,514
Current portion of lease obligations	8,256	*1 6,416
Accounts payable-other	43,036	64,392
Accrued expenses	46,418	20,126
Accrued income taxes	5,322	6,443
Provision for product warranties	385	466
Provision for business structure improvement	781	1,128
Provision for contingent loss	92	7
Provision for loss on disaster	1,051	—
Asset retirement obligations	25	331
Other current liabilities	5,429	3,618
Total current liabilities	462,054	228,594
Long-term liabilities		
Long-term borrowings	32,580	*1 264,656
Lease obligations	14,988	*1 8,795
Deferred tax liabilities	11,492	11,476
Accrued retirement benefits	82,128	58,810
Provision for contingent loss	*4 1,148	*4 —
Asset retirement obligations	4,644	4,491
Other liabilities	22,670	14,358
Total long-term liabilities	169,650	362,586
Total liabilities	631,704	591,180
Net assets		
Shareholders' equity		
Common stock	153,255	153,255
Capital surplus	450,413	450,413
Retained earnings	(360,234)	(527,815)
Treasury stock	(11)	(11)
Total shareholders' equity	243,423	75,842
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	221	308
Foreign currency translation adjustments	(25,686)	(9,406)
Total accumulated other comprehensive income	(25,465)	(9,098)
Share subscription rights	26	—
Minority interests	8,516	11,180
Total net assets	226,500	77,924
Total liabilities and net assets	858,204	669,104

4.2 Consolidated Statements of Operations
and Consolidated Statements of Comprehensive Income
4.2.1 Consolidated Statements of Operations
For the Years Ended March 31, 2012 and 2013

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Net sales	883,112	785,764
Cost of sales	607,334	542,877
Gross profit	275,778	242,887
Selling, general and administrative expenses	332,528	266,104
Operating income (loss)	(56,750)	(23,217)
Non-operating income		
Interest income	604	204
Dividends income	77	62
Equity in earnings of affiliates	65	40
Foreign exchange gains	—	729
Reversal of provision for business structure improvement	1,157	271
Insurance income	1,143	2,583
Compensation for damage received	834	—
Reversal of provision for contingent loss	372	1,068
Other non-operating income	2,724	1,993
Total non-operating income	6,976	6,950
Non-operating expenses		
Interest expenses	3,876	4,720
Foreign exchange losses	849	—
Loss on disposal of long-term assets	1,791	1,017
Retirement benefit expenses	2,386	2,139
Other non-operating expenses	2,552	2,719
Total non-operating expenses	11,454	10,595
Ordinary income (loss)	(61,228)	(26,862)
Special income		
Gain on sales of property, plant and equipment	1,127	604
Gain on transfer of business	4,984	35
Gain on sales of investment securities	191	2,294
Compensation income	1,153	—
Reversal of provision for loss on disaster	13,533	—
Gain on liquidation of subsidiaries and affiliates	343	70
Gain on sales of subsidiaries and affiliates' stocks	11	—
Total special income	21,342	3,003
Special loss		
Loss on sales of property, plant and equipment	101	30
Impairment loss	*1 2,594	*1 4,767
Loss on disaster	*2 12,760	*2 —
Business structure improvement expenses	*3 2,976	*3 127,104
Loss on valuation of investment securities	668	10
Provision of allowance for doubtful accounts	460	—
Loss on sales of investment securities	152	17
Loss on liquidation of subsidiaries and affiliates	3	869
Settlement package	—	890

	The year ended March 31, 2012	The year ended March 31, 2013
Loss on transfer of business	―	207
Total special loss	19,714	133,894
Income (loss) before income taxes and minority interests	(59,600)	(157,753)
Income taxes-current	5,487	6,983
Income taxes-deferred	(3,796)	494
Total income taxes	1,691	7,477
Income (loss) before minority interests	(61,291)	(165,230)
Minority interests in income (loss) of consolidated subsidiaries	1,309	2,351
Net income (loss)	(62,600)	(167,581)

4.2.2 Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2012 and 2013

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Income (loss) before minority interests	(61,291)	(165,230)
Other comprehensive income		
Unrealized gains (losses) on securities	483	76
Foreign currency translation adjustments	(3,713)	16,601
Share of other comprehensive income of affiliates accounted for by the equity method	5	11
Total other comprehensive income	(3,225)	16,688
Comprehensive income	(64,516)	(148,542)
Comprehensive income attributable to:		
Shareholders of parent company	(65,799)	(151,214)
Minority interests	1,283	2,672

4.3 Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2012 and 2013

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Shareholders' equity		
Common stock		
Balance at the beginning of the period	153,255	153,255
Changes during the period		
Total changes during the period	―	―
Balance at the end of the period	153,255	153,255
Capital surplus		
Balance at the beginning of the period	450,413	450,413
Changes during the period		
Total changes during the period	―	―
Balance at the end of the period	450,413	450,413
Retained earnings		
Balance at the beginning of the period	(297,634)	(360,234)
Changes during the period		
Net income (loss)	(62,600)	(167,581)
Total changes during the period	(62,600)	(167,581)
Balance at the end of the period	(297,634)	(527,815)
Treasury stock		
Balance at the beginning of the period	(11)	(11)
Changes during the period		
Total changes during the period	―	―
Balance at the end of the period	(11)	(11)
Total shareholders' equity		
Balance at the beginning of the period	306,023	243,423
Changes during the period		
Net income (loss)	(62,600)	(167,581)
Total changes during the period	(62,600)	(167,581)
Balance at the end of the period	243,423	75,842

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Accumulated other comprehensive income		
Unrealized gains (losses) on securities		
Balance at the beginning of the period	(259)	221
Changes during the period		
Net changes other than shareholders' equity	480	87
Total changes during the period	480	87
Balance at the end of year	221	308
Foreign currency translation adjustments		
Balance at the beginning of the period	(22,007)	(25,686)
Changes during the period		
Net changes other than shareholders' equity	(3,679)	16,280
Total changes during the period	(3,679)	16,280
Balance at the end of year	(25,686)	(9,406)
Total accumulated other comprehensive income		
Balance at the beginning of the period	(22,266)	(25,465)
Changes during the period		
Net changes other than shareholders' equity	(3,199)	16,367
Total changes during the period	(3,199)	16,367
Balance at the end of year	(25,465)	(9,098)
Share subscription rights		
Balance at the beginning of the period	48	26
Changes during the period		
Net changes other than shareholders' equity	(22)	(26)
Total changes during the period	(22)	(26)
Balance at the end of the period	26	—
Minority interests		
Balance at the beginning of the period	7,253	8,516
Changes during the period		
Net changes other than shareholders' equity	1,263	2,664
Total changes during the period	1,263	2,664
Balance at the end of the period	8,516	11,180
Total net assets		
Balance at the beginning of the period	291,058	226,500
Changes during the period		
Net income (loss)	(62,600)	(167,581)
Net changes other than shareholders' equity	(1,958)	19,005
Total changes during the period	(64,558)	(148,576)
Balance at the end of the period	226,500	77,924

4.4 Consolidated Statements of Cash Flows
For the Years Ended March 31, 2012 and 2013

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(59,600)	(157,753)
Depreciation and amortization	100,451	91,104
Amortization of long-term prepaid expenses	11,428	11,688
Impairment loss	2,594	4,767
Increase (decrease) in accrued retirement benefits	(1,335)	(20,876)
Increase (decrease) in provision for business structure improvement	(931)	287
Increase (decrease) in provision for contingent loss	(264)	(1,096)
Increase (decrease) in provision for loss on disaster	(19,214)	(119)
Interest and dividends income	(681)	(266)
Insurance income	(1,143)	(2,583)
Interest expenses	3,876	4,720
Equity in (earnings) losses of affiliates	(65)	(40)
Loss (gain) on sales and valuation of investment securities	629	(2,267)
Loss (gain) on liquidation of subsidiaries and affiliates	(340)	799
Loss (gain) on sales of property, plant and equipment	(1,026)	(574)
Loss on disposal of long-term assets	1,791	1,017
Business structure improvement expenses	334	85,684
Loss (gain) on transfer of business	(4,984)	172
Settlement package	—	485
Decrease (increase) in notes and accounts receivable-trade	31,365	30,330
Decrease (increase) in inventories	(32,416)	2,636
Decrease (increase) in accounts receivable-other	5,741	1,751
Increase (decrease) in notes and accounts payable-trade	4,626	(44,246)
Increase (decrease) in accounts payable-other and accrued expenses	(14,218)	3,547
Other cash provided by (used in) operating activities, net	(156)	1,014
Subtotal	26,462	10,181
Interest and dividends received	739	337
Proceeds from insurance income	17,143	2,552
Interest paid	(3,899)	(4,834)
Income taxes paid	(2,931)	(6,684)
Payments for extra retirement benefits	(20,664)	(48,527)
Settlement package paid	—	(485)
Payments for loss on disaster	(26,546)	(6,641)
Net cash provided by (used in) operating activities	(9,696)	(54,101)

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(82,694)	(46,306)
Proceeds from sales of property, plant and equipment	26,969	854
Purchase of intangible assets	(11,169)	(5,582)
Purchase of long-term prepaid expenses	(3,035)	(2,016)
Purchase of investment securities	(567)	(557)
Proceeds from sales of investment securities	2,033	3,022
Proceeds from liquidation of subsidiaries and affiliates	939	—
Proceeds from transfer of business	11,657	7,219
Other cash provided by (used in) investing activities, net	778	206
Net cash provided by (used in) investing activities	(55,089)	(43,160)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	25,500	(167,853)
Proceeds from long-term borrowings	7,932	256,851
Repayment of long-term borrowings	(44,321)	(34,048)
Redemption of bonds with share subscription rights	(110,000)	—
Repayments of finance lease obligations	(8,305)	(8,277)
Repayments of installment payables	(9,158)	(9,824)
Net cash provided by (used in) financing activities	(138,352)	36,849
Effect of exchange rate change on cash and cash equivalents	(2,206)	6,197
Net increase (decrease) in cash and cash equivalents	(205,343)	(54,215)
Cash and cash equivalents at the beginning of the period	337,289	131,946
Cash and cash equivalents at the end of the period	131,946	77,731

4.5 Notes to Consolidated Financial Statements

Notes about Going Concern Assumption

Not applicable

Basis of Consolidated Financial Statements

1. Scope of Consolidation
All subsidiaries are consolidated.

Number of consolidated companies of the Group: 54
Names of the major consolidated subsidiaries are listed on “2. Renesas Electronics Group Companies” and omitted in this part.

The number of subsidiaries increased by foundation: 1
Renesas Tsugaru Semiconductor, Inc.

Number of subsidiaries decreased by sales and liquidation: 4
Renesas High Components, Inc.(“RHC”)
and 3 companies .

2. Application of Equity Method
(1) The number of major affiliates accounted for by the equity method: 3

Names of major affiliates:
Renesas Easton Co., Ltd.
Renacentis IT Services Co., Ltd.
and 1 company .

The number of affiliates decreased by stock sales: 1
Hitachi ULSI Systems Co., Ltd.

(2) The name of affiliates not accounted for by the equity method:

The equity method is not applied to Semiconductor Technology Academic Research Center (STARC) because net income and retained earnings (both amounts equivalent to what is accounted for by the equity method) have little impact on the consolidated financial statements of the Company on an individual basis, nor have any material impact on them on an aggregate basis.

(3) Of the affiliates accounted for by the equity method, if the closing date differs from that of the consolidated financial statements, the financial statements based on the provisional account closing in the consolidated closing date of March 31, 2013 are used.

3. Accounting Period of Consolidated Subsidiaries
Of consolidated subsidiaries, the fiscal year-end of Shougang NEC Electronics Co., Ltd. is December 31. Shougang NEC Electronics Co., Ltd. is consolidated by using its financial statements as of its fiscal year-end, and necessary adjustments are made to the financial statements to reflect any significant transactions from January 1 to March 31.

4. Significant Accounting Policies
(1) Valuation methods for significant assets

1) Securities
Other securities:
Marketable securities:
Marketable securities classified as other securities are valued at the fair value at the fiscal year-end, with unrealized gains and losses included in a component of net assets. The cost of securities sold is determined based on the moving-average method.
Non-marketable securities:
Non-marketable securities classified as other securities are carried at cost or amortized cost as determined by the moving-average method.

2) Derivatives
Derivative financial instruments are stated at fair value.

3) Inventories
Inventories are stated at the lower of cost or market. The costs are stated as follows:
Merchandise and finished goods:

Custom-made products: Specific identification method
Mass products: Average method
Work in process:
Custom-made products: Specific identification method
Mass products: Average method
Raw materials and supplies:
Raw materials: Average method
Supplies: Average method

(2) Depreciation and amortization method for significant long-term assets

1) Property, plant and equipment other than leased assets

Depreciated principally by the straight-line method.

2) Intangible assets other than leased assets

Amortized by the straight-line method.

3) Leased assets

Leased assets under finance leases under which the ownership of the assets is transferred to the lessee

Depreciated / amortized in the same way as self-owned long-term assets.

Leased assets under finance leases other than those under which the ownership of the assets is transferred to the lessee

Depreciated / amortized by the straight-line method over the lease term, assuming no residual value.

The finance leases other than those under which the ownership of the assets is transferred to the lessee contracted on or before March 31, 2008 are accounted for as operating lease transactions.

4) Long-term prepaid expenses

Amortized by the straight-line method.

(3) Basis for significant reserves

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experiences for normal receivables and on specific estimate of the collectability of individual receivables from companies in financial difficulty.

2) Accrued retirement benefits

Accrued retirement benefits or prepaid pension cost are recorded for employees' pension and severance payments based on the projected benefit obligation and the estimated fair value of plan assets as of the fiscal year-end.

The transitional obligation is amortized on a straight-line basis principally over 15 years.

Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods, principally 14 years, starting in the following year after occurrence.

Prior service costs are amortized on a straight-line basis over the employees' estimated average remaining service periods, principally 14 years.

3) Provision for product warranties

The Group accrues product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters as well as historical ratio of warranty costs to net sales.

4) Provision for loss on guarantees

Provision for loss on guarantees is made for the amount of the estimated future losses related to debt guarantees, which the Group has taken into account for the deterioration of financial condition.

5) Provision for business structure improvement

Provision for business structure improvement is made for the amount of the estimated losses to be incurred in connection with business structure enhancement and consolidation.

6) Provision for contingent loss

In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses is made when they are reasonably estimated considering individual risks associated with each contingency.

7) Provision for loss on disaster

Provision for loss on disaster is made for the amount of estimated losses to be incurred in connection with removal or restoration costs for the assets damaged by the Great East Japan Earthquake.

(4) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the applicable rates of exchange prevailing at the fiscal year-end, and differences arising from the translation are included in the statement of operations. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the applicable rates of exchange prevailing at the fiscal-year end, and all revenue and expense accounts are translated into Japanese yen at the average rates of exchange during the period. Differences arising from the translation are presented as foreign currency translation adjustments and minority interests in net assets.

(5) Amortization method and term for goodwill

Goodwill is amortized by the straight-line method, over reasonable periods not exceeding 20 years.

(6) Cash and cash equivalents on the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, deposits which can be withdrawn at any time and short-term investments with a maturity of 3 months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(7) Others

1) Accounting for consumption tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

2) Adoption of consolidated taxation system

Renesas Electronics and the subsidiaries in Japan have adopted the consolidated taxation system.

Issued but not yet Adopted Accounting Standard and Others

Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan Statement No.26 May 17, 2012)

Guidance on Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan Guidance No.25 May 17, 2012)

1, Outline of the accounting standards
The Accounting Standards were revised from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on (a) how actuarial gains and losses and past service costs should be accounted for, (b) how retirement benefit obligations and current service costs should be determined and (c) enhancement of disclosures.

2, Application date
The Group is scheduled to apply these accounting standards from the end of the fiscal year starting on April 1, 2013. However the accounting standard regarding how retirement benefit obligations and current service costs should be determined is scheduled to be applied from the beginning of the fiscal year starting on April 1, 2014.

3, Impact by adoption of these accounting standards
The impact by adoption of these accounting standards for the financial statements is currently under consideration.

Changes in Presentation

(Consolidated Statements of Operations)

"Reversal of provision for contingent loss" included in the "Other non-operating income" in the previous fiscal year exceeds ten percent of total non-operating income and is therefore presented independently from the current fiscal year. In order to reflect the change in presentation, the consolidated statement of operations in the previous fiscal year has been restated to reflect a consistent presentation format.

As a result of this change, 3,096 million yen presented as "Other non-operating income" in the previous fiscal is restated as 372 million yen for "Reversal of provision for contingent loss" and 2,724 million yen for "Other non-operating income", respectively.

(Consolidated Statements of Cash Flows)

"Loss on disaster" and "Payments for loss on litigation and others" are presented separately in the previous fiscal year and are included in the "Other cash provided by (used in) operating activities, net" of net cash provided by (used in) operating activities from the current fiscal year due to the lack of monetary significance.
In order to reflect the change in presentation, the Consolidated Statements of Cash Flows in the previous fiscal year has been restated to reflect a consistent presentation format.

As a result of this change, 1,288 million yen presented as "Loss on disaster" and 337 million yen presented as Payments for loss on litigation and others" in the previous fiscal are restated as "Other cash provided by (used in) operating activities, net" for "Net cash provided by (used in) operating activities".

Additional Information

(Share Issue through Third-Party Allotment)

Renesas, at a meeting of the board of directors held on December 10, 2012, resolved to issue shares through Third-Party Allotment to INCJ, Toyota Motor Corporation, Nissan Motor Co., Ltd., Keihin Corporation, Denso Corporation, Canon Inc., Nikon Corporation, Panasonic Corporation and Yaskawa Electric Corporation (hereafter the "scheduled subscribers"). And amendment of the Company's Charter to increase the total number of authorized shares and the issuing of shares through third-party allotment were approved at an extraordinary meeting held on February 22, 2013

1. Outline of the Third-Party Allotment

(1) Issue period	February 23, 2013 through September 30, 2013 The above schedule takes into account the time required by the competition authorities of each country where INCJ, one of the scheduled subscribers, files application, to review the Third-Party Allotment. Payment for the following total of shares is to be made promptly by the scheduled subscribers after approval from all applicable antitrust authorities, etc. is obtained.	
(2) Number of shares to be newly issued	1,250,000,000 common shares	
(3) Issue price	¥120 per share	
(4) Amount to be procured	¥150,000,000,000	
(5) Method of offer or allotment	Third-Party Allotment	
(6) Amount of increase of common stock	¥75,000,000,000	
(7) Amount of increase of legal capital surplus	¥75,000,000,000	
(8) Subscribers and shares per subscriber	The Innovation Network Corporation of Japan	1,152,917,000 shares
	Toyota Motor Corporation	41,666,600 shares
	Nissan Motor Co., Ltd.	25,000,000 shares
	Keihin Corporation	8,333,300 shares
	Denso Corporation	8,333,300 shares
	Canon Inc.	4,166,600 shares
	Nikon Corporation	4,166,600 shares
	Panasonic Corporation	4,166,600 shares
	Yaskawa Electric Corporation	1,250,000 shares
(9) Other	Each of the above items will be subject to regulatory approval in relation to business mergers from all applicable competitive authorities in various countries where INCJ, one of the scheduled subscribers, files applications.	

2. Purpose and Background of Offering

We have thought how we raise fund because the need is increasing to secure a financial base that can withstand the severe changes, for R&D in key areas, capex, and M&A activity to help earnings recovery.

As the result, we determined that the proposal from INCJ had the best potential to contribute to improvements in our corporate value and shareholder value from a longer-term perspective, based on a comprehensive set of considerations, including: that the proposal from INCJ is for the entire amount of the investment and will not impose undue restrictions on our business or that of our stakeholders compared to other proposals and then we determined the share issue through Third-Party Allotment.

For details, please refer to the disclosure on December 10, 2012, an announcement of “Share Issue through Third-Party Allotment, and Change in Major Shareholders, Largest Shareholder who is a Major Shareholder, Parent Company and Other Related Companies.”

3. Specific Uses of Funds Raised

	Specific Use	Amount (millions of yen)	Planned outlay period
(i)	Investment related to leading-edge process development of MCUs and standardization of development basis	40,000	June 2013 to March 2017
(ii)	Capex related to production (sample and volume production)	20,000	June 2013 to March 2017
(iii)	Investment in automotive semiconductor solutions	40,000	June 2013 to March 2018
(iv)	Investment in industrial semiconductor solutions	40,000	June 2013 to March 2017
(v)	Development investment for rebuilding the management base	10,000	June 2013 to March 2016

（**Implementation of an early retirement incentive program intended for employees of the Company and its consolidated subsidiaries in Japan**）

Renesas at a meeting of the board of directors held on March 3, 2013, resolved implementation of an early retirement incentive program intended for employees of the Company and its consolidated subsidiaries in Japan

1. Outline of the invitation for the early retirement incentive program

Renesas decided to implement the early retirement incentive program as announced on January 17, 2013, in ”Renesas Electronics Announces the Implementation of Further Rationalization Initiatives, Including Optimization of the Personnel Structure” with the aim of strengthening the revenue base by improving the cost structure; speeding up decision-making; achieving increased adequacy and efficiency in our business operations; and further boosting competitiveness through measures including restructuring of the design, development, production, and sales systems.

2. Outline of the early retirement incentive program

(1) Eligible persons: Main career track employees age 40 or over of the Company and its consolidated subsidiaries in Japan

(2) Planned number of Applicants eligible for the program: Around three thousand and several hundred

(3) Planned Application Period: In August, 2013

(4) Planned retirement date: September 30, 2013

(5) Benefits: The special incentive will be added to their normal retirement payment. In addition, outplacement support will be provided through outside agencies for those who request it.

3. Impacts on the financial results

There is no impact on consolidated financial results for the year ended March 31, 2013. And at the moment, it is very difficult to reasonably estimate the impacts of the early retirement incentive program as we have not yet started the application process.

Notes

(Consolidated Balance Sheets)

*1 Collateral and Collateral liability

(Collateral)

(In millions of yen)

	As of March 31, 2012	As of March 31, 2013
Buildings and structures	- (-)	83,378 (82,415)
Machinery and equipment	- (-)	44,792 (33,809)
Vehicles, tools, furniture and fixtures	- (-)	1 (1)
Land	- (-)	34,216 (29,860)
Construction in progress	- (-)	32 (-)
Total	- (-)	162,419 (146,085)

(Collateral liability)

	As of March 31, 2012	As of March 31, 2013
Current portion of long-term borrowings	- (-)	5,000 (5,000)
Lease obligations (Current liabilities)	- (-)	868(-)
Long-term borrowings	- (-)	253,090 (253,090)
Lease obligations (Long-term liabilities)	- (-)	6,862 (-)
Future lease payments	- (-)	3,591 (-)
Total	- (-)	269,411 (258,090)

*Collateral and collateral liability of factories' property among collateral and collateral liability are shown in parenthesis

*2 The items listed below were for affiliates

(In millions of yen)

	As of March 31, 2012	As of March 31, 2013
Investment securities (Stock)	4,826	4,930

*3 Accumulated impairment loss was included in accumulated depreciation.

*4 Contingent liabilities
Residual value guarantees under operating lease transactions

(In millions of yen)

	As of March 31, 2012		As of March 31, 2013
IBJ Leasing Company, Limited	2,591	IBJ Leasing Company, Limited	607
BOT LEASE Co., Ltd.	476	BOT LEASE Co., Ltd.	476
Sumitomo Mitsui Finance & Leasing Company, Limited	570	Sumitomo Mitsui Finance & Leasing Company, Limited	460
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. *	386	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.*	-
Total	4,023	Total	1,543

*Company's name was changed from Sumishin Panasonic Financial Services Co., Ltd. on April 1, 2012.

Debt guarantees

(In millions of yen)

	As of March 31, 2012		As of March 31, 2013
Guarantees of employees' housing loans	1,024	Guarantees of employees' housing loans	546
Other	533	Other	541
Total	1,557	Total	1,087

Others

Although the Group's subsidiary in the U.S. had been named in Canada as one of the defendants in multiple civil lawsuits related to possible violations of competition law involving DRAM brought by purchasers of such products, the subsidiary has reached a settlement with the plaintiffs.

The Group has been named in Canada as one of the defendants in multiple civil lawsuits related to possible violations of competition law involving SRAM brought by purchasers of such products.

The Group's subsidiaries in the U.S., Europe and South Korea are the subject of investigations each by the U.S. Department of Justice, the Competition Bureau of Canada, the European Commission, and the Korea Fair Trade Commission in connection with possible violations of antitrust law/competition law related to thin-film transistor liquid crystal displays (TFT-LCDs). Among those, the European Commission imposed a fine to multiple LCD panel manufacturers in December 2010. However, the subsidiary of the Group has not been treated as a subject in the procedures. The Group's subsidiary in the U.S. has been named in the U.S. as one of the defendants in multiple civil lawsuits related to possible violations of antitrust law involving TFT-LCDs brought by purchasers of such products.

The Group is the subject of an investigation by the European Commission regarding possible violations of competition law in relation to smartcard chips.

(Consolidated Statements of Operations)

*1 Impairment loss
The details of impairment loss for the fiscal year were as follows:

For the year ended March 31, 2012

Location	Usage	Type
Kitatsugaru-district, Aomori-prefecture	Business assets	Machinery and equipment
Goshogawara-city, Aomori-prefecture etc..	Assets to be disposed of	Land, Buildings and structures, Machinery and equipment and Vehicles, tools, furniture and fixtures
Kodaira-city, Tokyo-prefecture Hitachinaka-city, Ibaraki-prefecture Itami-city, Hyogo-prefecture etc.	Idle assets	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress and Leased assets

The Group, in principle, bases its grouping for assessing impairment loss on long-term assets on each company or place of business. However, the Group determines whether an asset should be impaired on an individual asset basis when the significant asset is considered idle or when it is to be disposed of.

Net book values of business assets with the expectation of lower profitability were reduced to the recoverable values of assets because the sum of undiscounted future cash flows was less than that of book value. Such loss amounted to 1,454 million yen which was included in special loss.

Also, the Group recognized impairment loss on the idle assets and the assets to be disposed of, which had no business use due to a decision to close or sell a product line by reducing their net book values to the recoverable values of assets because their fair value declined significantly. Such loss amounted to 1,140 million yen which was included in special loss.

Components of impairment loss amounted to 2,594 million yen were as follows:

	(In millions of yen)
Land	97
Buildings and structures	92
Machinery and equipment	1,892
Vehicles, tools, furniture and fixtures	440
Construction in progress	18
Leased assets	55
Total	2,594

The recoverable value of these assets was measured at net sale value or value in use. The net sale value was reasonably estimated as the appraisal amount less the necessary expenses for disposal. However, the net sale value of assets which were difficult to sell was estimated at zero. The discount rate used in the determination of the value in use was mainly 4%.

For the year ended March 31, 2013

Location	Usage	Type
Chiyoda-district, Tokyo-prefecture Taiwan etc.	Business assets	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Goodwill, Software for internal use, Other intangible assets and Long-term prepaid expenses
Kikuchi-district Kumamoto-prefecture Sakai-city Fukui-prefecture Kameda-district Hokkaido-prefecture Kawasaki-city Kanagawa-prefecture	Assets to be disposed of	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Software for internal use, Other intangible assets and Long-term prepaid expenses

Yanai-city Yamaguchi-prefecture Kitatsugaru-district, Aomori-prefecture etc..		
Singapore Goshogawara-city, Aomori-prefecture etc.	Idle assets	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress, Software for internal use, Other intangible assets and Long-term prepaid expenses

The Group, in principle, bases its grouping for assessing impairment loss on long-term assets on each company or place of business. However, the Group determines whether an asset should be impaired on an individual asset basis when the significant asset is considered idle or when it is to be disposed of.

Net book values of business assets with the expectation of lower profitability were reduced to the recoverable values of assets because the sum of undiscounted future cash flows was less than that of book value. Such loss amounted to 26,507 million yen which was included in special loss. The main such impairment was for mobile business, which amounted to 25,953 million yen.

Also, the Group recognized impairment loss on assets to be transferred for the purpose of reforming production structure for establishment of robust and profitable structure, and to be disposed of, which had no business use due to a decision to close or sell the product line by reducing their net book values to the recoverable values of assets because their fair value declined significantly. Such loss amounted to 12,161 million yen which was included in special loss.

The main such impairment was for Kumamoto plant (Renesas Kyushu Semiconductor Corp.), Fukui plant (Renesas Kansai Semiconductor Co., Ltd.), Hakodate plant (Renesas Northern Japan Semiconductor, Inc.) and Hokkai Electronics Co., Ltd. which totally amounted to 7,028 million yen (which Renesas decided to transfer to J-Devices Corporation) ,was for RHC which amounted to 1,220 million yen (which was transferred to AOI ELECTRONICS CO,.LTD.), was for Software for internal use supposed to be abandoned due to the Group's integration of information systems which amounted to 1,952 million yen.

Also, the Group recognized impairment loss on assets to be disposed of and idle assets by reducing their net book values to the recoverable values of assets because their fair value declined significantly. Such loss amounted to 4,105 million yen which was included in special loss.

Business assets, assets to be disposed of and idle assets were amounted to 42,773 million yen for special loss.

In addition, impairment loss include business structure improvement expenses which amounted to 38,006 million yen and impairment loss except for business structure improvement expenses which amounted to 4,767 million yen.

The components of impairment loss (42,773 million yen) were as follows:

	(In millions of yen)
Buildings and structures	4,489
Machinery and equipment	9,410
Vehicles, tools, furniture and fixtures	4,673
Construction in progress	1,984
Goodwill	2,035
Software for internal use	8,375
Other intangible assets	11,131
Long-term prepaid expenses	676
Total	42,773

The recoverable value of these assets was measured at net sale value or value in use. The net sale value was reasonably estimated as the appraisal amount less the necessary expenses for disposal. However, the net sale value of assets which were difficult to sell was estimated at zero. The discount rate used in the determination of the value in use was mainly 2.5% or 3.0%.

*2 Loss on disaster

The loss on disaster was related to the Great East Japan Earthquake, and the components of the amount of loss on disaster were as follows:

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Fixed costs during the temporary shutdown period of operations	10,711	—
Loss on disposal of inventories	620	—
Loss on disposal of fixed assets	590	—
Repair cost of fixed assets	177	—
Loss on cancellation of lease contracts	101	—
Other costs	561	—
Total	12,760	—

*3 Business structure improvement expenses

For the year ended March 31, 2012, to reinforce product lineup, sales and cost competitiveness as well as establish a business foundation to make it possible to achieve a profit recovery and stable growth with sustainability, the Group formulated the "100-day project," and through this project, reviewed overall management resources in business activities. Further, the Group formulated measures to attain its business target, and implemented measures for optimizing business portfolio and reforming production structure. As parts of structural reform in production, the Group executed the partial transfer of its business as well as sales and shutdown of plants and consequently recognized the following expenses.

And for the year ended March 31, 2013, the Group 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 year ended March 31, 2012 and 2013 were as follows:

(In millions of yen)

	The year ended March 31, 2012	The year ended March 31, 2013
Personal expenses including the special incentive of early retirement program	1,048	86,054
Impairment loss	—	38,006
Other	1,928	3,044
Total	2,976	127,104

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2012

1. Shares issued and outstanding / Treasury stock

	Numbers of shares at the beginning of the period	Increase	Decrease	Numbers of shares at the end of the period
Shares issued:				
Common stock	417,124,490	—	—	417,124,490
Total	417,124,490	—	—	417,124,490
Treasury stock:				
Common stock	2,548	—	—	2,548
Total	2,548	—	—	2,548

2. Share subscription rights

<table>
<tr><th rowspan="2"></th><th rowspan="2">Breakdown of share subscription rights</th><th rowspan="2">Type of shares</th><th colspan="4">Number of shares to be issued</th><th rowspan="2">Balance of shares as of March 31, 2012 (In millions of yen)</th></tr>
<tr><th>Number of shares at the beginning of the period</th><th>Increase</th><th>Decrease</th><th>Number of shares at the end of the period</th></tr>
<tr><td rowspan="2">Issuing company</td><td>Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011 (Note 1)</td><td>Common Stock</td><td>11,166,400</td><td>—</td><td>11,166,400</td><td>—</td><td>—</td></tr>
<tr><td>Share subscription rights as stock option</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>26</td></tr>
<tr><td colspan="2">Total</td><td>—</td><td>11,166,400</td><td>—</td><td>11,166,400</td><td>—</td><td>26</td></tr>
</table>

Note 1: The number of shares of 11,166,400 common stocks was decreased due to the redemption of Zero Coupon Unsecured Euro Yen Convertible Bonds.

For the year ended March 31, 2013

1. Shares issued and outstanding / Treasury stock

	Numbers of shares at the beginning of the period	Increase	Decrease	Numbers of shares at the end of the period
Shares issued:				
Common stock	417,124,490	—	—	417,124,490
Total	417,124,490	—	—	417,124,490
Treasury stock:				
Common stock	2,548	—	—	2,548
Total	2,548	—	—	2,548

2. Share subscription rights

Not applicable

(Financial Instruments)

1. Conditions of Financial Instruments

(1) Policies for Financial Instruments

Regarding fund operation, the Group uses only short-term deposits and financial assets which are relatively safe. Regarding financing, the Group uses mainly borrowings from banks and corporate bonds. The Group utilizes derivative financial instruments to manage fluctuations in foreign currency exchange rates and interest payments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

(2) Contents and Risks of Financial Instruments and Risk Management

Notes and accounts receivable–trade and accounts receivable-other are exposed to credit risks. Conforming to internal rules for management of accounts receivable, the Group regularly monitors major customers' credit and manages due dates of collection and balances for each customer.

The management policies regarding short-term and long-term investment securities are as follows; regarding short-term investment securities, the Group deals with banks with high credit rating. Long-term investment securities, issued by companies with which the Group has business relationships, are exposed to risks of market fluctuations. By regularly monitoring the fair value of the securities, financial condition of the issuing companies and consideration of existing business relationship, if any, the Group evaluates the merit of holding the securities.

The maturities of notes and accounts payable-trade, accounts payable-other and accrued income taxes are within one year.

Most borrowings and lease obligations from finance lease transactions are mainly utilized for operating activities and capital investments. Their repayment terms are at most 6 years after the fiscal year-end. Some borrowings are made by variable interest exposed to interest rate movement risk. In addition, some of the borrowing contracts include financial covenants.

The Group enters into forward exchange contracts in order to hedge the risks from exchange rate fluctuations of accounts receivable and accounts payable denominated in foreign currencies and interest rate swaps in order to hedge the risks from interest fluctuations of borrowings.

The Group's policies for managing derivatives are as follows: the Group conforms to internal rules for the management of derivatives and transacts only with major financial institutions to reduce credit risks.

Because accounts payable and borrowings are exposed to liquidity risks, the headquarters and each subsidiary manage them by making financial plans.

2. Fair Value of Financial Instruments

The fair values of financial instruments in consolidated balance sheets as of March 31, 2012 were presented below.

The table does not include the financial instruments for which it is extremely difficult to estimate fair values. (Note 2)

For the year ended March 31, 2012

(In millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	111,981	111,981	—
(2) Notes and accounts receivable-trade	102,556	102,556	—
(3) Accounts receivable-other	17,405	17,405	—
(4) Short-term, long-term investment securities			
Stocks of affiliates	4,735	1,925	(2,810)
Other securities	23,000	23,000	—
Total assets	259,677	256,867	(2,810)
(5) Notes and accounts payable-trade	148,747	148,747	—
(6) Short-term borrowings	168,963	168,963	—
(7) Accounts payable-other	43,036	43,036	—
(8) Accrued income taxes	5,322	5,322	—
(9) Long-term borrowings (including current portion)	66,129	64,674	(1,455)
(10) Lease obligations (including current portion)	23,244	22,850	(394)
Total liabilities	455,441	453,592	(1,849)
(11) Derivative transactions(*)	(1,619)	(1,619)	—

(*)The values of assets and liabilities arising from derivative transactions are shown at net value. If the net balance of the derivative transactions is a liability, it is shown in parenthesis.

For the year ended March 31, 2013

(In millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	78,072	78,072	—
(2) Notes and accounts receivable-trade	78,075	78,075	—
(3) Accounts receivable-other	13,496	13,496	—
(4) Long-term investment securities			
Stocks of affiliates			
Other securities	4,837	2,241	(2,596)
	2,914	2,914	—
Total assets	177,394	174,798	(2,596)
(5) Notes and accounts payable-trade	99,153	99,153	—
(6) Short-term borrowings	1,000	1,000	—
(7) Accounts payable-other	64,392	64,392	—
(8) Accrued income taxes	6,443	6,443	—
(9) Long-term borrowings (including current portion)	290,170	273,554	(16,616)
(10) Lease obligations (including current portion)	15,211	14,756	(455)
Total liabilities	476,369	459,298	(17,071)
(11) Derivative transactions(*)	(319)	(319)	—

(*)The values of assets and liabilities arising from derivative transactions are shown at net value. If the net balance of the derivative transactions is a liability, it is shown in parenthesis.

Note 1: Calculation method for fair value of financial instruments and other materials related to securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade and (3) Accounts receivable-other

The fair value was measured at the amounts equivalent to their book values because these were settled in the short-term and accordingly, their fair values approximated book values.

(4) Short-term and long-term investment securities

The fair value of shares was based on market price. The fair value of bond securities was measured at its book value because it was settled in short-term and its fair value was nearly equal to its book value. The fair value of mutual funds was measured at the price provided by financial institutions.

The Group accounted for securities as other securities. The information on other securities classified by holding purpose is described in the note "Securities."

(5) Notes and accounts payable-trade, (6) Short-term borrowings, (7) Accounts payable-other and (8) Accrued income taxes

The fair value was measured at the amount equivalent to their book values because these were settled in the short-term and accordingly, their fair values approximated book values.

(9) Long-term borrowings and (10) Lease obligations

The fair values of long-term borrowings and lease obligations were estimated by discounting the future cash flows which includes both principal and interest. The discount rates were considered for both the remaining periods and credit risks.

(11) Derivative transactions

Derivative transactions not subject to hedge accounting were forward exchange contracts and interest rate swaps. The fair value of forward exchange contracts was measured at the forward rate, such as foreign exchange rate. The fair value of interest rate swaps was measured at the price presented by financial institutions. Derivatives subject to hedge accounting are not applicable.

Note 2: Non-marketable securities which are extremely difficult to estimate their fair value in consolidated balance sheets

(In millions of yen)

	As of March 31, 2012	As of March 31, 2013
Non-marketable securities	316	312

Non-marketable securities which did not have market prices and for which the future cash flows could not be estimated, were not included in "(4) Short-term and long-term investment securities" since it was extremely difficult to estimate their fair value.

(Business Combinations)

Business divestiture

(Transfer of Tsugaru plant of Renesas Northern Japan Semiconductor, Inc.)

1. Outline of the business divestiture

(1) Name of the buyer

Fuji Electric Co., Ltd

(2) Nature of the divested businesses

Wafer fabrication facility in Renesas Northern Japan Semiconductor, Inc., Tsugaru plant, a wholly owned subsidiary of Renesas

(3) Main reasons for the divestiture

To improve in-house, front-end manufacturing efficiency by promoting larger wafers, and miniaturization, Renesas had been reviewing various measures for its manufacturing sites. As part of this ongoing review process, an agreement reached to transfer Tsugaru plant to Fuji Electric, which had been considering a new manufacturing facility to further expand the supply capacity of its power semiconductor business.

(4) Date of divestiture

July 1, 2012

(5) Overview of transactions including statutory form

Renesas Northern Japan Semiconductor, Inc.,established a wholly owned subsidiary, Renesas Tsugaru Semiconductor, Inc., and as of July 1, 2012 transferred the business to Renesas Tsugaru Semiconductor, Inc. through an absorption-type separation (*Kyushu-bunkatsu*) .

As of the same date as above, Renesas Northern Japan Semiconductor, Inc., transferred the new shares of common stock for the new company will be allocated to Fuji Electric. by the means of stock transfer with cash consideration.

2. Overview of accounting treatment implemented

(1) Amount of loss on business transfer

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 loss on transfer of business for consolidated statements of operations.

	(Millions of yen)
Loss on transfer of business	170

(2) Appropriate book value of assets and liabilities pertaining to the transferred businesses

	(Millions of yen)
Current assets	763
Long-term assets	4,179
Total assets	4,942
Current liabilities	16
Long-term liabilities	933
Total liabilities	949

3. Approximate amount of income (loss) pertaining to divested businesses recorded in the consolidated statements of operations during the fiscal year ended March 31, 2013.

	(Millions of yen)
Net sales	1,697
Operating loss	460

(Business Transfer of Renesas High Components, Inc.)

1. Outline of the business divestiture

(1) Name of the transferee

AOI ELECTRONICS CO.,LTD.

(2) Nature of the divested businesses

A manufacturing service by RHC, a wholly owned subsidiary of Renesas Eastern Japan Semiconductor, Inc., which is owned subsidiary or Renesas and partial sales business related to the manufacturing service including sales staff of Renesas Eastern Japan Semiconductor, Inc. targetting the companies outside Renesas group.

(3) Main reasons for the divestiture

Renesas had been implementing reforms of its production sites in Japan to enhance the profit base, and the production load of RHC decreased due to an acceleration of products shifting abroad.

Under these circumstances, Renesas, Renesas Eastern Japan Semiconductor, Inc. and AOI ELECTRONICS agreed to transfer RHC to AOI ELECTRIC, who had been considering how to both expand its business and to improve production efficiency, whilst also aiming to improve product development efficiency for expanded operation in the future as well as having a system of backup production sites in place for times of disaster.

(4) Date of divestiture

January 1, 2013

(5) Overview of transactions including statutory form

As of January 1, 2013, Renesas Eastern Japan Semiconductor, Inc. transferred stock of RHC and the sales business related to the manufacturing service to AOI ELECTRONICS CO.,LTD. with cash consideration .

2. Overview of accounting treatment implemented

(1) Amount of loss on business transfer

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 loss on transfer of business for consolidated statements of operations.

	(Millions of yen)
Loss on transfer of business	37

Actual amount of loss on business transfer may fluctuate due to adjustment of consideration transferred depend on the transfer contract.

(2) Appropriate book value of assets and liabilities pertaining to the transferred businesses

	(Millions of yen)
Current assets	1,436
Long-term assets	855
Total assets	2,291
Current liabilities	1,094
Long-term liabilities	382
Total liabilities	1,476

3. Approximate amount of income (loss) pertaining to divested businesses recorded in the consolidated statements of operations during the fiscal year ended March 31, 2013.

	(Millions of yen)
Net sales	5,639
Operating loss	544

(Segment Information)

[Business Segment Information]

For the year ended March 31, 2012 and 2013

The semiconductor business segment is the sole operating segment of the Group. The information by business segment is therefore omitted.

[Related Information]

For the year ended March 31, 2012

1. Information by product and service

(In millions of yen)

	MCUs	Analog & Power Devices	SoC solutions	Other Semiconductors	Others	Total
Sales to third parties	336,347	243,763	201,157	4,766	97,079	883,112

2. Information by region and country

(1) Net sales

(In millions of yen)

Japan	China	Asia (Excluding China)	Europe	North America	Others	Total
484,951	134,351	117,454	88,619	53,974	3,763	883,112

[Note] Sales are based on the location of customers and classified by country or region.

(2) Property, plant and equipment

(In millions of yen)

Japan	Asia	Europe	North America	Total
267,897	35,112	3,991	199	307,199

3. Information by major customer

(In millions of yen)

Name of major customers	Sales Amount	Related Segment
Ryosan Company, Limited	102,390	Semiconductor Business
Sanshin Electronics Co Ltd	70,227	Semiconductor Business

For the year ended March 31, 2013

1. Information by product and service

(In millions of yen)

	MCUs	Analog & Power Devices	SoC solutions	Other Semiconductors	Others	Total
Sales to third parties	305,159	235,208	173,518	10,768	61,111	785,764

2. Information by region and country

(1) Net sales

(In millions of yen)

Japan	China	Asia (Excluding China)	Europe	North America	Others	Total
425,063	108,346	119,622	74,919	54,610	3,204	785,764

[Note] Sales are based on the location of customers and classified by country or region.

(2) Property, plant and equipment

(In millions of yen)

Japan	Asia	Europe	North America	Total
212,757	29,123	562	170	242,612

3. Information by major customer

(In millions of yen)

Name of major customers	Sales Amount	Related Segment
Ryosan Company, Limited	97,838	Semiconductor Business
Sanshin Electronics Co Ltd	86,125	Semiconductor Business

(Amount Per Share Information)

Item	The year ended March 31, 2012	The year ended March 31, 2013
Net assets per share	522.53 yen	160.01 yen
Basic net income (loss) per share	(150.08) yen	(401.76) yen

Note 1: For the year ended March 31, 2012, net income per share fully diluted was not presented, owing to net loss per share in the current fiscal year though dilutive shares exist.

Note 2: For the year ended March 31, 2013, net income per share fully diluted was not presented, owing to net loss per share in the current fiscal year though dilutive shares exist. Dilutive shares did not exist as of the end of this fiscal year due to forfeiture of share subscription rights of stock options on July 12, 2012.

Note 3: The basis of calculation for net income (loss) per share was as follows

Item	The year ended March 31, 2012	The year ended March 31, 2013
Basic net income (loss) per share		
Net income (loss) (In millions of yen)	(62,600)	(167,581)
Amounts not attributable to common stock (In millions of yen)	—	—
Net income (loss) attributable to common stock (In millions of yen)	(62,600)	(167,581)
Average number of common stock during the fiscal year (Thousands)	417,122	417,122
Shares excluded from the computation of net income per share fully diluted due to no dilutive effects.	Common stock arising from stock option plan (the number of share subscription rights is 280, the number of shares to be issued is 28,000)	Share subscription rights of stock options resolved in general meeting on June 27, 2006 was forfeited on July 12, 2012.

Note 4: The basis of calculation for net assets per share was as follows

Item	As of March 31, 2012	As of March 31, 2013
Total net assets (In millions of yen)	226,500	77,924
Amounts deducted from total net assets (In millions of yen)	8,542	11,180
(Share subscription rights (In millions of yen))	(26)	—
(Minority interests (In millions of yen))	(8,516)	(11,180)
Net assets attributable to common stock at the end of the year (In millions of yen)	217,958	66,744
The fiscal year-end number of common stock used for the calculation of net assets per share (Thousands)	417,122	417,122

(Significant Subsequent Events)

Not applicable

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 20 countries worldwide. More information can be found at www.renesas.com.

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