RENESAS

Media Contacts

Kyoko Okamoto
Renesas Electronics Corporation
+81 3-6756-5555
pr@renesas.com

Investor Contacts

Nanako Hayashi
Renesas Electronics Corporation
+81 3-6756-5552
ir@renesas.com

Renesas Electronics Reports Financial Results for the First Quarter Ended June 30, 2010

Tokyo, Japan, July 29, 2010 — Renesas Electronics Corporation (TSE: 6723) today announced consolidated financial results for the three months ended June 30, 2010.

	Three months ended June 30, 2010	
	Billion Yen	%
Net sales	292.0	100.0
Sales from semiconductors	261.5	
Sales from others	30.6	
Operating income (loss)	(0.3)	(0.1)
Ordinary income (loss)	(3.5)	(1.2)
Net income (loss)	(33.1)	(11.3)
Capital expenditures	23.7	
Depreciation and others	30.3	
R&D expenses	52.6	
	Yen	
Exchange rate (USD)	92	
Exchange rate (Euro)	121	

	As of June 30, 2010	
	Billion yen	
Total assets	1151.0	
Net assets	373.5	
Equity ratio (%)	31.9	
Interest-bearing debt	375.4	
	Persons	
Number of employees	48,778	

Note 1: All figures are rounded to the nearest 100 million yen.
Note 2: Consolidated financial results for the three months ended June 30, 2010 have not been reviewed by the auditors. The figures are subject to change based on subsequent events or the auditor's review. Renesas Electronics Corporation ("the Company") will promptly notify the correction by issuing a press release.
Note 3: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipments).
Note 4: Depreciation and others includes depreciation and amortization of intangible assets and amortization of long-term prepaid expenses.

Consolidated Financial Results for the First Quarter Ended June 30, 2010

English translation from the original Japanese-language document

July 29, 2010

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	: Yasushi Akao, President and CEO
Contact person	: Taizo Endo, Executive Manager Corporate Communications Dept Tel. +81 (0)3-6756-5552
Filing date of Shihanki Hokokusho (scheduled)	: August 6, 2010

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2010

1.1 Consolidated operating results

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Three months ended June 30, 2010	292,035	185.5	(339)		(3,527)		(33,066)	
Three months ended June 30, 2009	102,292	---	(21,496)	---	(21,401)	---	(21,699)	---

	Net income (loss) per share basic	Net income (loss) per share diluted
	Yen	Yen
Three months ended June 30, 2010	(79.27)	---
Three months ended June 30, 2009	(175.70)	---

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
June 30, 2010	1,150,967	373,460	31.9	879.20
March 31, 2010	459,928	136,338	28.8	1,070.90

Reference: Equity as of June 30, 2010: 366,735 million yen
Equity as of March 31, 2010: 132,254 million yen

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

2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third qurter	At the end of year	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	---	0.00	---	0.00	0.00
Year ending March 31, 2011	---				
Year ending March 31, 2011 (forecast)		0.00	---	0.00	0.00

Note: Change in forecasts of cash dividends since the most recently announced forecasts: Yes

3. Forecast of consolidated results for the year ending March 31, 2011

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

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)		Net Income (Loss) per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six months ending September 30, 2010	590,000	---	(2,000)	---	(8,000)	---	(42,000)	---	(100.69)
Year ending March 31, 2011	1,190,000	---	7,000	---	(5,000)	---	(80,000)	---	(234.94)

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

4. Other

Note: Please refer to “Others” on page 13.

4.1 Changes in significant consolidated subsidiaries for the three months ended June 30, 2010 (Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 company (Renesas Electronics Sales Co., Ltd.)

Excluded None

4.2 Adoption of simplified accounting methods and special accounting methods (Adoption of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements): Yes

4.3 Changes in accounting principles, procedures, and presentations, etc.
(Changes of accounting policies for presenting the quarterly consolidated financial statements, described in “Changes in Bases of Presenting Quarterly Consolidated Financial Statements)

1. Changes resulting from revisions in accounting principles, etc: Yes

2. Other changes : Yes

4.4 Number of shares issued and outstanding (common stock)

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

As of June 30, 2010: 417,124,490 shares
As of March 31, 2010: 123,500,000 shares

2. Number of treasury stock
   As of June 30, 2010: 2,548 shares
   As of March 31, 2010: 2,448 shares

3. Average number of shares issued and outstanding
   For the three months ended June 30, 2010: 417,121,942 shares
   For the three months ended June 30, 2009: 123,497,694 shares

(Note) Information regarding the implementation of quarterly review procedures
These quarterly financial results are not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. It is under the review procedures at the time of issuance of this report.

(Note) Explanation for forecasts and other
Renesas Electronics Corporation began its business operations on April 1, 2010, through the integration of NEC Electronics Corporation (TSE: 6723) and Renesas Technology Corp.

[APPENDIX]

1. First Quarter Consolidated Financial Results

1.1 Business Results

1.1.1 Overview of the Three Months Ended June 30, 2010

Although dark clouds of an economic instability caused by the fiscal weakening in Greek and other neighboring countries loomed more than a little over the worldwide economy, the three months ended June 30, 2010 as a whole evolved from a recovery trend that started since the financial crisis occurred in the fall of 2008, to a full-scale growing trend with the robust recovery and growth in the Asian region also supported by the domestic demand in China.

Amidst this economic condition, the semiconductor market in which Renesas Electronics Group ("the Group") operates showed continuing increase in customers' production hike and increase in orders due to their inventory accumulation, and demand of part of the Group's general-purpose products surpassed its production capacity. This advance in demand was mainly due to the acceleration of the lagging demand in the automotive and industrial area, which entered into full-fledged recovery.

However, some of the Group's electronic devices, including digital consumer products that achieved early recovery, are entering a mild adjustment phase with the overall market recovery and expansion leveling off. For these reasons, the Group intends to carefully observe the order situation of electronic devices and other trends in the semiconductor market toward the 2010 year-end sales season.

1.1.2 Summary of Consolidated Financial Results

Three Months Ended June 30, 2010

	Three Months Ended June 30, 2010	(Reference) (Note) Three Months Ended June 30, 2009	(Reference) (Note) Three Months Ended March 31, 2010
	Billion Yen	Billion Yen	Billion Yen
Net sales	292.0	235.3	281.7
Sales from semiconductors	261.5	208.7	251.7
Sales from Others	30.6	26.6	30.0
Operating income (loss)	(0.3)	(43.9)	(12.7)
Ordinary income (loss)	(3.5)	(45.0)	(16.2)
Net Income (loss)	(33.1)	(44.5)	(17.6)
	Yen	Yen	Yen
Exchange rate (USD)	92	---	---
Exchange rate (Euro)	121	---	---

Note 1. Financial results for the three months ended June 30, 2009 include respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of “Net sales” and “Sales from semiconductors” of former Renesas Technology Corp. are reclassified to be consistent with the sales amount of former NEC Electronics Corporation

[Net sales]

Consolidated net sales for the three months ended June 30, 2010 were 292.0 billion yen, an increase by 24.1 percent year on year. This steady performance was due to the continuous recovery trend in the overall semiconductor market, especially in the emerging countries that showed increase in demand. Net sales increased by 3.7 percent quarter on quarter..

[Sales from Semiconductors]

Sales from semiconductors were 261.5 billion yen, 25.3 percent rise from the corresponding period of the previous year. In quarterly comparison, there was a 3.9 percent increase quarter on quarter. The business segment of Renesas Electronics Group (“the Group”) is semiconductors other than general-purpose DRAM, comprising three product groups; “SoC solutions”, “MCUs” and “analog & power devices”, and “other semiconductors” that fit to neither of above three product categories.

Sales of respective product groups are as follows:

<u>SoC Solutions: 77.7 billion yen</u>

SoC solutions mainly include semiconductors for mobile handsets, ICs for network devices, semiconductors for industrial systems, semiconductors for personal computers (PC) and PC peripherals including hard disc drives and USB devices, semiconductors for consumer electronics such as digital home appliances and game consoles, and semiconductors used in automobiles including car navigation systems.

Sales of SoC solutions for the three months ended June 30, 2010 decreased from the previous year to 77.7 billion yen. This drop was mainly due to decline in the semiconductor sales for mobile handsets and game consoles, despite an increase in the semiconductors for industrial systems and automobiles.

<u>MCUs: 99.3 billion yen</u>

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

Sales of MCUs for the three months ended June 30, 2010 were 99.3 billion yen, an increase from the corresponding period of the previous year. In addition to the rapid rise in the sales of automotive microcontrollers, sales of microcontrollers for industrial systems and consumer electronics increased.

<u>Analog and Power Devices: 82.6 billion yen</u>

Analog and power devices consist mainly of power MOSFETs, mixed signal ICs, IGBTs (Insulated Gate Biploar 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 electronic devices.

Sales of analog and power devices for the three months ended June 30, 2010 were 82.6 billion yen, an increase from the corresponding period of the previous year. Sales of power MOSFETs for automobiles and PC power supplies and display driver ICs for consumer electronics devices increased due to the growing demand from the recovering semiconductor market.

Other Semiconductors: 1.8 billion yen

Sales of other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the three months ended June 30, 2010 were 1.8 billion yen.

[Sales from others]

Sales from others for the three months ended June 30, 2010 were 30.6 billion yen.

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

[Operating income (loss)]

Operating income (loss) for the three months ended June 30, 2010 improved by 43.6 billion yen from the previous year in the corresponding period to an operating loss of 0.3 billion yen, mainly owing to a large increase in sales and reduction of fixed-costs. In quarterly comparison, operating income (loss) improved by 12.3 billion yen from the previous quarter.

[Ordinary income (loss)]

Ordinary loss for the three months ended June 30, 2010 amounted to 3.5 billion yen, due to non-operating loss of 3.2 billion yen from recording non-operating expenses of 3.9 billion yen including foreign exchange losses and interest expenses.

[Net income (loss)]

Net loss for the three months ended June 30, 2010 was 33.1 billion yen. Impairment loss of 33.1 billion yen on long-term assets of the Company’s consolidated subsidiaries was recorded.

1.2 Financial Condition

1.2.1 Total Assets, Liabilities and Shareholders' Equity

	June 30, 2010	(Reference) April 1, 2010 After capital injection
	Billion Yen	Billion Yen
Total assets	1,151.0	1,215.4
Net assets	373.5	413.6
Equity	366.7	407.4
Equity ratio	31.9%	33.5%
Interest-bearing debt	375.4	372.0
Debt/equity ratio	1.02	0.91

Note: The balance of "April 1, 2010 after capital injection" includes adjustment related to the business combination transaction and 134.6 billion yen of capital increase through third-party allotment on April 1, 2010.

Total assets at June 30, 2010 totaled 1,151.0 billion yen, a 64.4 billion yen decreased from April 1, 2010 after capital injection. This was mainly due to impairment loss on property, plant and equipment decrease in accounts receivable-other and accrued expenses.

Compared to April 1, 2010, net assets were 40.2 billion yen lower at 373.5 billion yen, mainly owing to posting net loss of 33.1 billion yen for the three months ended June 30, 2010.

Equity was 40.6 billion yen lower, mainly due to posting net loss, and equity ratio decreased by 1.6 points to 31.9 percent.

Interest-bearing debt increased by 3.4 billion yen from April 1, 2010 after capital injection. Consequently, debt to equity ratio worsened by 1.02 times, 0.11 points worse from April 1, 2010 after capital injection.

1.2.2 Cash Flows

	Three Months Ended June 30, 2010
	Billion Yen
Net cash provided by (used in) operating activities	(2.0)
Net cash provided by (used in) investing activities	(14.4)
Free cash flows	(16.4)
Net cash provided by (used) in financing activities	136.4
Cash and cash equivalents at beginning of period (Note)	203.1
Cash and cash equivalents at end of period	318.6

Note: Cash and cash equivalents at beginning of period includes the cash and cash equivalents increased as a result of the merger.

Despite recording a depreciation and amortization in the amount of 27.6 billion yen, net cash used in operating activities was 2.0 billion yen, mainly owing to recording a net loss, increased inventories, and payments for loss on litigation and others of 3.4 billion yen.

Although there were purchases of property, plant, and equipment in the amount of 16.7 billion yen, the total net cash used in investing activities was 14.4 billion yen, due to 3.3 billion yen proceeds from gain on transfer of business.

The foregoing resulted in negative free cash flows of 16.4 billion yen.

Net cash provided by financing activities was 136.4 billion yen mainly due to issuance of common stock to third-party allotment.

As a result of the above, cash and cash equivalents increased by 115.4 billion yen and cash and cash equivalents at the end of period totaled 318.6 billion yen.

1.3 Consolidated Forecasts

On May 11, 2010, the Group announced its plan to implement a “100-day project” in which the company deliberates and decides on its new policies and plans within the first hundred days after the merger. In addition, the mark-to-market estimates of Renesas Technology’s (the acquiree company’s) fair value of assets and liabilities had remained undefined. For these reasons, due to difficulty in specifying the forecasts, Renesas Electronics had only disclosed its consolidated net sales for the fiscal year ending March 31, 2011.

Please refer to Renesas Electronics’ “Renesas Electronics Announces “Growth Strategies and Structural Reform Measures” to Construct Business Structure Resistant to Market Changes” and Renesas Electronics’ website (http://www.renesas.com/ir/) for the outline of the “100-day project”

Consolidated net sales for the six months ending September 30, 2010 are expected to be 590.0 billion yen and sales from semiconductors are expected to account 540.0 billion yen. Operating loss is expected to be 2.0 billion yen and ordinary loss is expected to be 8.0 billion yen, and net loss is expected to amount 42.0 billion yen. Despite the continuing recovery trend, the Group expects a small operating loss to remain for the six months ended September 30, 2010, owing to the post-merger integration cost.

As for the forecasts for the fiscal year ending March 31, 2011: net sales are expected to be 1,190.0 billion yen, 20.0 billion yen up from the initial forecast (announced on May 11, 2010); sales from semiconductors are expected to be 1,090.0 billion yen; operating income is expected to be 7.0 billion yen; ordinary loss is expected to be 5.0 billion yen; and net loss is expected to be 80.0 billion yen.

As described in “Overview of the Three Months Ended June 30, 2010” on page 6, sales from semiconductors are expected to increase from the corresponding period of the previous year in all three product areas, owing to the market recovery that leads to increase in demand. Of them, MCU sales are expected to mark drastic increase mainly due to solid sales of microcontrollers for automobiles and industrial systems. Sales of analog and power devices are also expected to increase rapidly, owing to continuously steady performance of the general-purpose discrete devices, including power MOSFETs, diodes, and small signal transistors. Semiconductor sales for the year ending March 31, 2011 are expected to increase by approximately 16 percent year on year as compared with the sum of semiconductor sales at the former NEC Electronics Corporation and the former Renesas Technology Corp. before the merger in the fiscal year ended March 31, 2010.

Operating income is expected to be 7.0 billion yen. Despite an increase in expenses for merger and business acquisition, a profit improvement from sales increase and fixed-cost reductions that had been conducted respectively by the former companies (NEC Electronics Corporation and Renesas Technology Corp.), as well as cost reductions from reorganizing the Group's manufacturing structure as part of the common corporate policies of the "100-day project" and merger synergies.

Ordinary loss is expected to be 5.0 billion yen, owing to increase of non-operating expenses including foreign exchange losses and increase in non-operating expenses including interest expenses.

Net loss is expected to be 80.0 billion yen, due to recording of special loss of approximately 77.0 billion yen resulting from reorganizing the Group's manufacturing structure and streamlining human resources, measures that are part of the common corporate policies of the "100-day project".

The consolidated financial forecasts for the fiscal year are calculated at the rate of 90 yen per USD, and 110 yen per Euro.

(For the six months ending September 30, 2010) **In millions of yen**

	Net Sales	**(Reference) Sales from semiconductors**	**Operating Income (Loss)**	**Ordinary Income (Loss)**	**Net Income (Loss)**
Previous forecasts (May 11, 2010)	---	---	---	---	---
Revised forecasts (July 29, 2010)	590,000	540,000	(2,000)	(8,000)	(42,000)
Increase (decrease)	---	---	---	---	---
Percent change	---	---	---	---	---

(For the year ending March 31, 2011) **In millions of yen**

	Net Sales	**(Reference) Sales from semiconductors**	**Operating Income (loss)**	**Ordinary Income (Loss)**	**Net Income (Loss)**
Previous forecasts	1,170,000	---	---	---	---

(May 11, 2010)					
Revised forecasts (July 29, 2010)	1,190,000	1,090,000	7,000	(5,000)	(80,000)
Increase (decrease)	20,000	---	---	---	---
Percent change	1.7	---	---	---	---
Reference: Results for the year ended March 31, 2010	1,062,398	942,472	(113,251)	(125,336)	(137,776)

Note 1: The consolidated financial results for the year ended March 31, 2010 are calculated based on the sum of respective figures at the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of "Net sales" and "Sales from semiconductors" of former Renesas Technology Corp. are reclassified to be consistent with the sales amount of former NEC Electronics Corporation

The statements in this press release are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

1.4 Forecasts of Cash Dividends

For the year ending March 31, 2011, the Company expects to post net losses. Therefore the company intends to forgo interim and year-end dividend payments but will work toward improved results that will allow dividends to be reinstated at the earliest possible date.

(For the year ending March 31, 2011)

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

2. Others

2.1 Changes in significant consolidated subsidiaries

Through merger with Renesas Technology Corp., thirty-nine subsidiaries, one of which is a specified subsidiary, were newly added to the consolidation of the Company. Four overseas subsidiaries of which were merged with subsidiaries located in the same region, and were excluded from the consolidation. As a result, total consolidated subsidiaries as of June 30, 2010 were fifty-three. Four companies of which are specified companies.

2.2 Adoption of simplified accounting methods and special accounting methods

2.2.1 Simplified accounting methods

None

2.2.2 Special accounting methods

Calculation of tax expenses

Tax expenses are calculated by, multiplying income before income taxes for the first quarter of the fiscal year ending March 31, 2011 by a reasonably estimated effective tax rate for income before income taxes for the fiscal year including this first quarter, while applying tax effect accounting.

Deferred tax expense is included in income taxes.

2.3 Changes in accounting principles, procedures, and presentations, etc.

2.3.1 Change in the valuation methods for inventories

Starting from April 1, 2010, the Company and part of its subsidiaries in Japan changed the valuation methods for merchandise and finished goods and raw materials from the first-in, first-out method to the average method. On the merger with Renesas Technology, the Group adopted the average-method thinking that it is more reasonable to adopt the average method as it would contribute to improvement of the cost management and consistency of the cost accounting.

The effects of this change on the operating result were immaterial.

2.3.2 Change in the depreciation methods for long-term assets

Starting from April 1, 2010, the Company and part of its subsidiaries in Japan changed the depreciation method for long-term assets from the declining-balance method to the straight-line method.

On the merger with Renesas Technology, the Group intends to maintain consistency of accounting policies. The Group therefore reevaluated its cost distribution method and decided to adopt the straight-line method thinking that the straight-line method would be more suited to present an actual situation of the business, by clarifying the connection between related revenue and depreciation expense.

As a result of this change, the depreciation expenses decreased by 1,773 million yen and operating loss, ordinary loss and loss before income taxes and minority income all decreased respectively by 1,034 million yen as compared with the previous method.

2.3.3 Change in classification for royalty expense

Starting from April 1, 2010, the Group changed the classification of royalty expenses, which were paid for research and manufacturing purpose from cost of sales to selling, general and administrative expenses.

On the merger with Renesas Technology, the Group unified the management department for royalty expenses which were previously separated and the Group reevaluated the nature of royalty expense. The Group therefore decided to change the classification thinking that royalty expenses was more relevant to design and research and development of products and new classification would be more suitable in presenting an actual situation.

As a result of this change, cost of sales decreased and selling, general and administrative expenses increased by 2,495 million yen compared with the previous method. There were no effects on operating loss, ordinary loss and loss before income taxes and minority income.

2.3.4 Adoption of "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

Effective April 1, 2010, the Group adopted the "Accounting Standard for Equity Method of Accounting for Investments" (the Accounting Standards Board of Japan ("ASBJ") Statement No. 16, issued on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ Practical Issues Task Force (PITF) No. 24, issued on March 10, 2008).

The effects of this adoption on operating results were immaterial.

2.3.5 Adoption of accounting standard for asset retirement obligations

Effective April 1, 2010, the Group adopted the "Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result of this change, operating loss increased by 89 million yen, ordinary loss increased by 89 million yen and loss before taxes increased by 1,577 million yen respectively. In addition, change in asset retirement obligations as a result of these adoptions was 2,809 million yen.

2.3.6 Adoption of accounting standard for business combination

Effective April 1, 2010, the Group adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, issued on December 26, 2008), “Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 issued on December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on December 26, 2008).

2.3.7 Changes in presentation

(Quarterly consolidated balance sheet)

The “Long-term accounts receivable-other” and the “Prepaid pension cost”, which previously were presented separately in the quarterly consolidated balance sheet as of June 30, 2009, were included in the “Other” in the quarterly consolidated balance sheet as of June 30, 2010 because they were no longer significant.

The amount of the “Long-term accounts receivable-other” and the “Prepaid pension cost” included in the “Other” of investments and other assets in the quarterly consolidated balance sheet as of June 30, 2010 were 5,525 million yen and 6,456 million yen, respectively.

(Quarterly consolidated statements of operations)

Effective April 1, 2010 the Group adopted “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, issued on March 24, 2009) based on “Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on December 26, 2008). As a result of this change, “Income before minority interests” was presented in the quarterly consolidated statement of operations for the three months ended June 30, 2010.

The “Dividends income”, which previously appeared in the “Other” in the quarterly consolidated statement of operations for the three months ended June 30, 2009, was presented separately in the quarterly consolidated statement of operations for the three months ended June 30, 2010.

The “Dividend income” included in the “Other” in the quarterly consolidated statement of operations for the three months ended June 30, 2009 was 4 million yen.

3. Quarterly Consolidated Financial Statements

3.1 Quarterly Consolidated Balance Sheets

As of March 31, 2010 and June 30, 2010

(In millions of yen)

	June 30,2010	March 31, 2010 (Condensed)
Assets		
Current assets		
Cash and deposits	65,550	24,685
Notes and accounts receivable-trade	178,810	63,752
Short-term investment securities	254,112	66,549
Merchandise and finished goods	43,169	13,446
Work in process	70,150	33,411
Raw materials and supplies	17,360	10,192
Accounts receivable-other	23,885	8,860
Other	12,535	3,811
Allowance for doubtful accounts	(371)	(167)
Total current assets	665,200	224,539
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	128,737	68,008
Machinery and equipment, net	157,448	85,373
Vehicles, tools furniture and fixtures, net	31,252	16,321
Land	36,015	14,737
Construction in progress	12,850	13,538
Total property, plant and equipment	366,302	197,977
Intangible assets		
Software	31,474	13,214
Other	41,669	705
Total intangible assets	73,143	13,919
Investments and other assets		
Investment securities	10,273	194
Long-term prepaid expenses	15,907	7,196
Prepaid pension cost	-	6,658
Long-term accounts receivable-other	-	5,829
Other	20,142	3,616
Total investments and other assets	46,322	23,493
Total long-term assets	485,767	235,389
Total assets	1,150,967	459,928

(In millions of yen)

	June 30, 2010	March 31, 2010 (Condensed)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	175,707	74,595
Short-term borrowings	123,333	2,450
Current portion of long-term borrowings	52,836	3,104
Current portion of bonds with share subscription rights	110,000	-
Current portion of lease obligations	7,877	3,223
Accounts payable-other	39,938	21,525
Accrued expenses	43,841	22,709
Accrued income taxes	3,130	2,812
Provision for product warranties	756	253
Provision for contingent loss	1,053	1,545
Asset retirement obligations	87	-
Other	12,539	7,642
Total current liabilities	571,097	139,858
Long-term liabilities		
Bonds with share subscription rights	-	110,000
Long-term borrowings	62,219	11,062
Lease obligations	19,091	11,054
Accrued retirement benefits	94,071	40,098
Provision for contingent loss	1,142	1,228
Asset retirement obligations	5,706	-
Other	24,181	10,290
Total long-term liabilities	206,410	183,732
Total liabilities	777,507	323,590
Net assets		
Shareholders' equity		
Common stock	153,255	85,955
Capital surplus	450,413	242,586
Retained earnings	(215,677)	(182,611)
Treasury stock	(11)	(11)
Total shareholders' equity	387,980	145,919
Valuation and translation adjustments		
Unrealized gains (losses) on securities	(377)	(16)
Foreign currency translation adjustments	(20,868)	(13,649)
Total valuation and translation adjustments	(21,245)	(13,665)
Share subscription rights	50	52
Minority interests	6,675	4,032
Total net assets	373,460	136,338
Total liabilities and net assets	1,150,967	459,928

3.2 Quarterly Consolidated Statements of Operations

Three Months Ended June 30, 2009 and 2010

(In millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net sales	102,292	292,035
Cost of sales	83,442	195,044
Gross profit	18,850	96,991
Selling, general and administrative expenses	40,346	97,330
Operating income (loss)	(21,496)	(339)
Non-operating income		
Interest income	93	157
Dividends income	-	24
Equity in earnings of affiliates	-	73
Foreign exchange gains	546	-
Subsidy income	372	-
Other	170	463
Total non-operating income	1,181	717
Non-operating expenses		
Interest expenses	18	957
Foreign exchange losses	-	1,343
Loss on disposal of long-term assets	262	293
Retirement benefit expenses	589	595
Other	217	717
Total non-operating expenses	1,086	3,905
Ordinary income (loss)	(21,401)	(3,527)
Special income		
Gain on sales of property, plant and equipment	61	159
Gain on negative goodwill	-	2,159
Reversal of provision for contingent loss	-	1,774
Gain on transfer of business	-	1,192
Gain on sales of investment securities	-	134
Total special income	61	5,418
Special loss		
Loss on sales of property, plant and equipment	-	6
Impairment loss	-	33,142
Business structure improvement expenses	577	42
Effect of accounting standard adoption for asset retirement obligations	-	1,488
Total special losses	577	34,678
Income (loss) before income taxes and minority interests	(21,917)	(32,787)
Income taxes	182	(200)
Income (loss) before minority interests	-	(32,587)
Minority interests in income (loss) of consolidated subsidiaries	(400)	479
Net income (loss)	(21,699)	(33,066)

3.3 Quarterly Consolidated Statements of Cash Flows

Three Months Ended June 30, 2009 and 2010

(In millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(21,917)	(32,787)
Depreciation and amortization	12,556	27,598
Amortization of long-term prepaid expenses	1,405	2,722
Impairment loss	-	33,142
Gain on negative goodwill	-	(2,159)
Increase (decrease) in accrued retirement benefits	1,646	551
Increase (decrease) in provision for contingent loss	-	(2,382)
Interest and dividends income	(93)	(181)
Interest expenses	18	957
Equity in (earnings) losses of affiliates	-	(73)
Loss (gain) on sales and valuation of investment securities	-	(134)
Loss (gain) on sales of property, plant and equipment	(61)	(153)
Loss on disposal of long-term assets	262	293
Business structure improvement expenses	577	1
Loss (gain) on transfer of business	-	(1,192)
Effect of accounting standard adoption for assets retirement obligations	-	1,488
Decrease (increase) in notes and accounts receivable-trade	(11,243)	(1,046)
Decrease (increase) in inventories	4,810	(4,249)
Decrease (increase) in accounts receivable-other	(2,152)	(1,847)
Increase (decrease) in notes and accounts payable-trade	(3,211)	(5,569)
Increase (decrease) in accounts payable-other and accrued expenses	(3,631)	(12,451)
Increase (decrease) in accrued consumption taxes	900	1,833
Other, net	(4,351)	463
Subtotal	(24,485)	4,825
Interests and dividends received	124	220
Interest paid	(18)	(977)
Income taxes paid	(296)	(2,670)
Payments for extra retirement benefits	(203)	(39)
Payments for loss on litigation and others	-	(3,386)
Net cash provided by (used in) operating activities	(24,878)	(2,027)

	Three months ended June 30, 2009	Three months ended June 30, 2010
		(In millions of yen)
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	-	(224)
Purchase of property, plant and equipment	(16,099)	(16,652)
Proceeds from sales of property, plant and equipment	191	801
Purchase of intangible assets	(644)	(1,077)
Purchase of long-term prepaid expenses	(819)	(404)
Proceeds from sales of investment securities	-	134
Proceeds from transfer of business	-	3,285
Proceeds from sales of subsidiary's stocks resulting in change in scope of consolidation	-	86
Other, net	-	(321)
Net cash provided by (used in) investing activities	(17,371)	(14,372)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	6,668	7,218
Repayment of long-term borrowings	-	(1,417)
Proceeds from issuance of common stock	-	134,600
Repayments of finance lease obligations	(69)	(2,355)
Repayments of installment payables	(938)	(1,302)
Proceeds from sale-and-leaseback transactions	13,976	-
Other, net	-	(357)
Net cash provided by (used in) financing activities	19,637	136,387
Effect of exchange rate change on cash and cash equivalents	784	(4,559)
Net increase (decrease) in cash and cash equivalents	(21,828)	115,429
Cash and cash equivalents at beginning of the period	101,279	91,234
Increase in cash and cash equivalents resulting from merger	-	111,892
Cash and cash equivalents at end of the period	79,451	318,555

3.4 Notes on assumption for going concern

None

3.5 Notes on significant changes in the amount of shareholders' equity

As of April 1, 2010, the Company merged with Renesas Technology. As a result of the merger, the amount of capital surplus of the Company increased by 140,527 million yen for the first quarter.

In addition, as of April 1, 2010, the Company issued the shares of its common stock to NEC Corporation, Hitachi, Ltd. and Mitsubishi Electric Corporation by way of third party allotment. As a result of the issuance, the amount of common stock and capital surplus of the Company increased by 67,300 million yen respectively for the three months ended June 30, 2010.

As a result, the amount of common stock and capital surplus of the Company amounted to 153,255 million yen and 450,413 million yen, respectively as of Jun 30, 2010.

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas Electronics 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 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 has subsidiaries in 20 countries worldwide. More information can be found at www.renesas.com.

# # #