



# ANNUAL REPORT 2011

Year Ended March 31, 2011

RENESAS ELECTRONICS CORPORATION

RENESAS  
ANNUAL REPORT 2011

## PROFILE

### NEC Electronics Corporation

In November 2002, NEC Electronics Corporation separated from parent company NEC Corporation to establish itself as an independent, dedicated semiconductor company. NEC Electronics went on to provide semiconductors used in a range of sectors, especially automotive, industrial, and consumer electronics, to customers worldwide.



### Renesas Technology Corporation

Renesas Technology Corporation was established in April 2003 from business integration between the semiconductor divisions (excluding semiconductors for power control systems) of Hitachi, Ltd. and Mitsubishi Electric Corporation. In subsequent years, Renesas Technology shifted its corporate focus beyond semiconductor design and manufacture to encompass software and other system solutions.



# RENESAS

In April 2010, NEC Electronics and Renesas Technology merged to become Renesas Electronics Corporation.

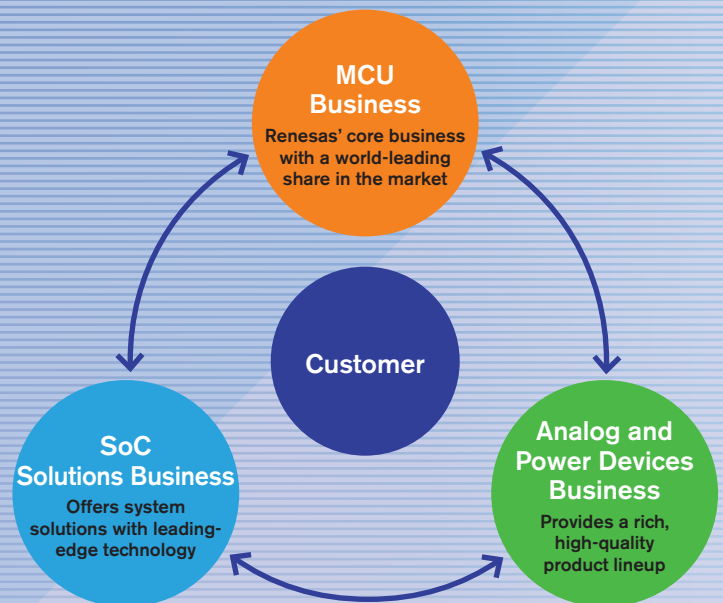
### Corporate Philosophy

Harnessing our collective expertise in new technologies, Renesas Electronics 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 product areas and synergy effects



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### (FORWARD-LOOKING STATEMENTS)

The statements in this report with respect to the plans, strategies and forecasts 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 could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are 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, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.

## FINANCIAL HIGHLIGHTS

### Summary of Consolidated Financial Results for the Year ended March 31, 2011

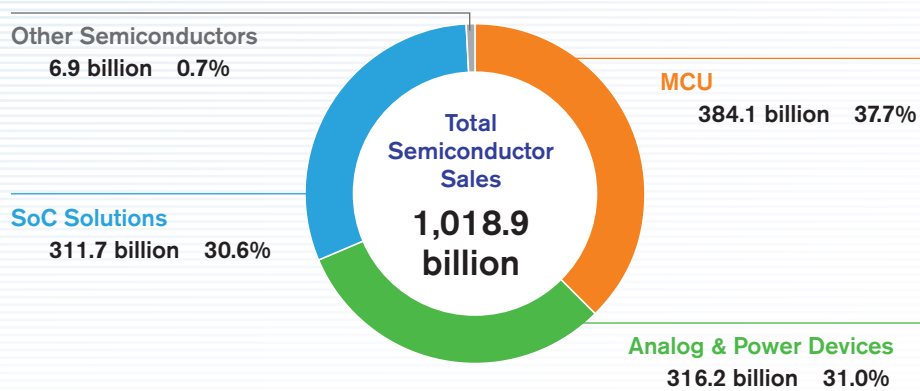
	Billion Yen
<b>Net sales</b>	<b>1,137.9</b>
<b>Sales from semiconductors</b>	<b>1,018.9</b>
<b>Sales from others</b>	<b>119.0</b>
<b>Operating income (loss)</b>	<b>14.5</b>
<b>Ordinary income (loss)</b>	<b>1.0</b>
<b>Net income (loss)</b>	<b>(115.0)</b>
<b>Capital expenditures</b>	<b>43.5</b>
<b>Depreciation and others</b>	<b>115.1</b>
<b>R&amp;D expenses</b>	<b>202.6</b>
<b>Total assets</b>	<b>1,145.0</b>
<b>Net assets</b>	<b>291.1</b>
<b>Equity ratio</b>	<b>24.8%</b>
<b>Interest-bearing debt</b>	<b>378.2</b>

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

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

3: Depreciation and others includes depreciation and amortization expenses and amortization of long-term prepaid expenses in consolidated statement of cash flows.

### Semiconductor Sales in Fiscal Year Ended March 31, 2011



## MESSAGE FROM THE PRESIDENT

I would like to begin this year's message by expressing my sincere sympathies to the victims of the Great East Japan Earthquake and my wishes for a quick recovery of the damaged areas.

As for financial results for the fiscal year ended March 31, 2011, Renesas Electronics achieved operating income, which was our goal for the first year following the merger of NEC Electronics and Renesas Technology. However, due to special losses arising from the earthquake and tsunami in addition to expenses for structural reforms, we recorded a 115.0 billion yen net loss as a result.

The devastating earthquake of March 2011 forced us to suspend production at eight Renesas Group factories. In particular, the Naka Factory in Ibaraki Prefecture, which is one of our core production sites, was severely damaged. To swiftly resume operations, we utilized the resources of the entire group along with the enormous support of companies outside our group. As a result, in September, output of this factory had returned to the same level as before the earthquake, well ahead of our initial schedule.

The Renesas Group is continuing to implement all possible measures for the total restoration of production, giving top priority to secure product supplies to our customers, as well as further accelerate business structural reforms to realize a stable profit structure. We greatly appreciate your kind understanding and your continuous support.



A handwritten signature in black ink that reads "Yasushi Akao". The signature is written in a cursive, flowing style.

Representative Director, President

**Yasushi Akao**

## BUSINESS REVIEW

### Operating Results for the Fiscal Year Ended March 31, 2011 (the "Period")

Consolidated net sales increased by 7.1% year on year to 1,137.9 billion yen for the Period. A recovery of the entire semiconductor market, especially demand growth in emerging countries, was mainly responsible for this increase. Net sales from semiconductors for the Period, the group's core activity, improved by 8.1% year on year to 1,018.9 billion yen. Net sales were as follows in the three product categories of Microcontroller Units (MCUs), Analog & Power Devices and System on Chip (SoC) Solutions and for Other Semiconductors, which covers all devices not included in the previous three categories.

Net sales of MCUs increased from the previous fiscal year to 384.1 billion yen. Growth was primarily the result of higher sales of microcontrollers used in automobiles, industrial equipment and consumer electronics.

Net sales of Analog & Power Devices increased from the previous fiscal year to 316.2 billion yen. Despite a downturn in sales of display driver ICs for PCs and LCD TVs, this decrease was more than offset by higher sales of power MOS FETs for automobiles and PC power supplies and other devices.

SoC Solutions net sales decreased from the previous fiscal year to 311.7 billion yen. This drop was mainly due to a decline in sales of semiconductors for PC peripherals and base-band LSIs for mobile handsets, despite a sales increase of semiconductors for industrial equipment and camera LSIs used in mobile handsets.

Net sales of Other Semiconductors totaled 6.9 billion yen.

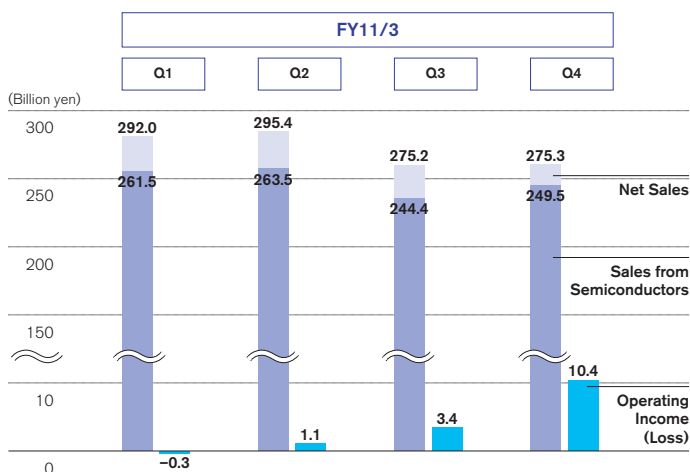
In addition to semiconductor sales, consolidated sales includes sales of products other than semiconductors sold on a resale basis by our sales subsidiaries, development and production for semiconductors under contract performed by the group's design and manufacturing subsidiaries, and other activities. These net sales for the Period totaled 119.0 billion yen.

Consolidated operating income for the Period was 14.5 billion yen, an improvement of 127.8 billion yen over the loss in the previous fiscal year. The improvement was owing to growth in sales, a reduction in depreciation cost through suppressing capital expenditures, and more efficient use of the R&D budget through measures like reexamining the product portfolio following the merger. These initiatives made it possible to fulfill the goal of reporting operating income on a consolidated basis in the first fiscal year following the merger.

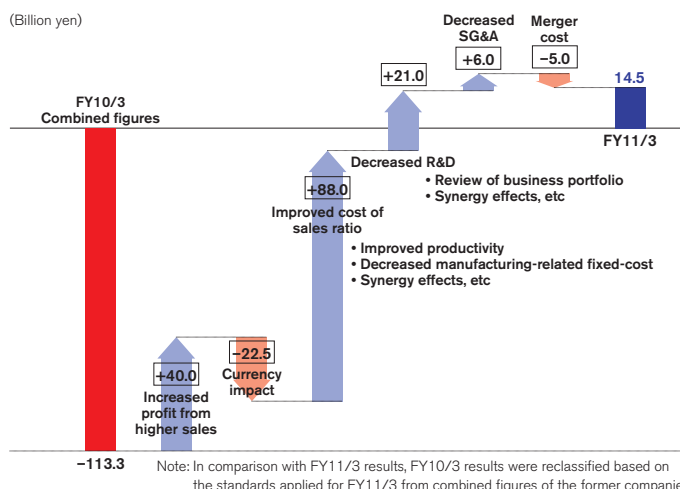
Consolidated net loss for the Period was 115.0 billion yen. This loss was due to recording a special loss of 111.8 billion yen. The special loss was comprised of impairment loss on long-term assets of 36.1 billion yen and business structural improvement expenses of 30.6 billion yen. In addition, even though insurance income receivable covered part of the costs, the loss on disaster from the Great East Japan Earthquake totaled 49.5 billion yen, including repair costs and loss on disposal of fixed assets.

Renesas Electronics fulfilled its goal of reporting operating income on a consolidated basis in the first fiscal year following the merger. The improvement was owing to growth in sales, a reduction in depreciation cost through suppressing capital expenditures, and more efficient use of the R&D budget through measures like reexamining the product portfolio following the merger.

### FY11/3 Quarterly Financial Results



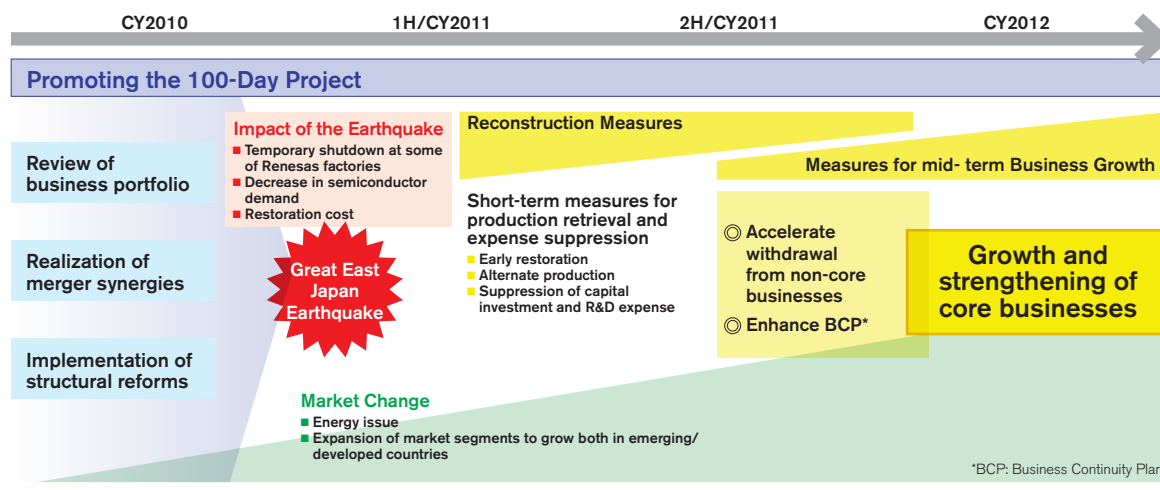
### Factors Affecting FY11/3 Operating Income (Loss) YoY



## Establishment of New Business Initiatives

The Great East Japan Earthquake caused severe damage at the Renesas Group. After completion of repair and restoration work, we took another look at the new environment in which we must reinvigorate our Group and achieve our vision. We saw that we must adapt to market changes involving energy problems, which emerged in part because of the earthquake. We also saw a need to tackle issues associated with the 100-Day Project that we started after the April 2010 merger. Based on this reexamination, we established new business initiatives centered on measures for medium-term growth in order to sustain consistent expansion for the entire Group.

### Impact of the Earthquake and Efforts toward Recovery, and Measures for Mid-Term Growth



### Strategic markets for reinforcing core businesses

Three keywords define our priority markets: “overseas market,” “emerging countries” and the “smart society.”

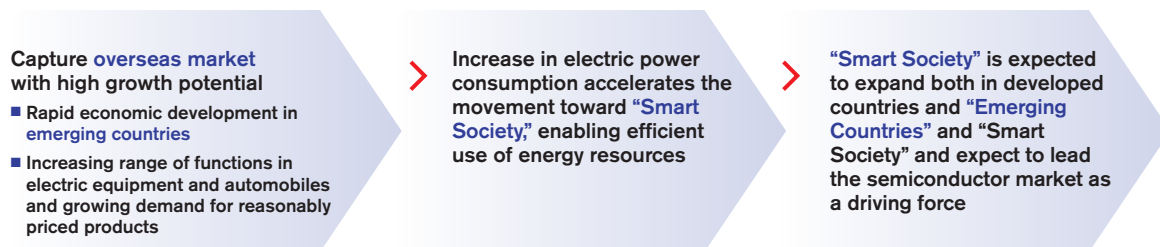
Markets for electronic devices and automobiles continue to grow, fueled by rapid economic growth in emerging countries with increased demand for affordably priced products in the volume zone. In addition, there will be a continuation in developed countries of consumers buying products to replace older ones owing to advances in performance.

On the other hand, global consumption of electricity is climbing along with the swift economic development of emerging countries. This increase in electric power consumption accelerates the movement toward a so-called “smart society” enabling efficient use of the world’s limited energy resources.

The transition to a smart society is taking place simultaneously in developed and emerging countries, underpinned by changes in the outlook for energy supplies in conjunction with the March 2011 earthquake, and an increase in demand for electric power among the emerging countries. Moreover, economic growth in emerging countries will create even greater demand for semiconductors required for a smart society. In fact, we expect that the smart society will be a driving force of the semiconductor market for the next few decades.

➤ **Economic growth in emerging countries will create even greater demand for the semiconductors required in the smart society. In fact, we expect that the smart society will be a driving force of the semiconductor market for the next few decades.**

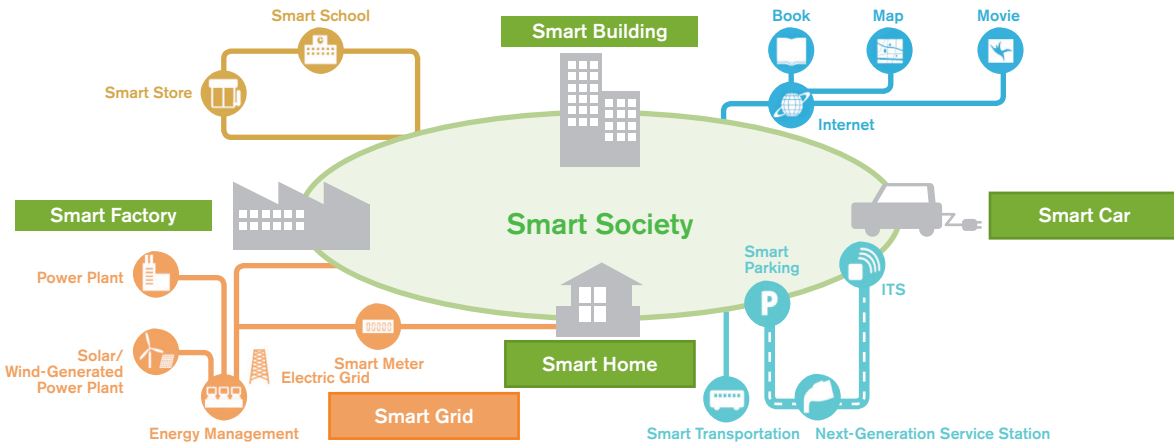
### Key Words: “Overseas Market,” “Emerging Countries” and “Smart Society”





Toward "Smart Society" through Coexistence with the Global Environment

> With the energy condition and zero-based infrastructure in addition to environmental conservation and convenience, smart society will develop both in emerging/developed countries



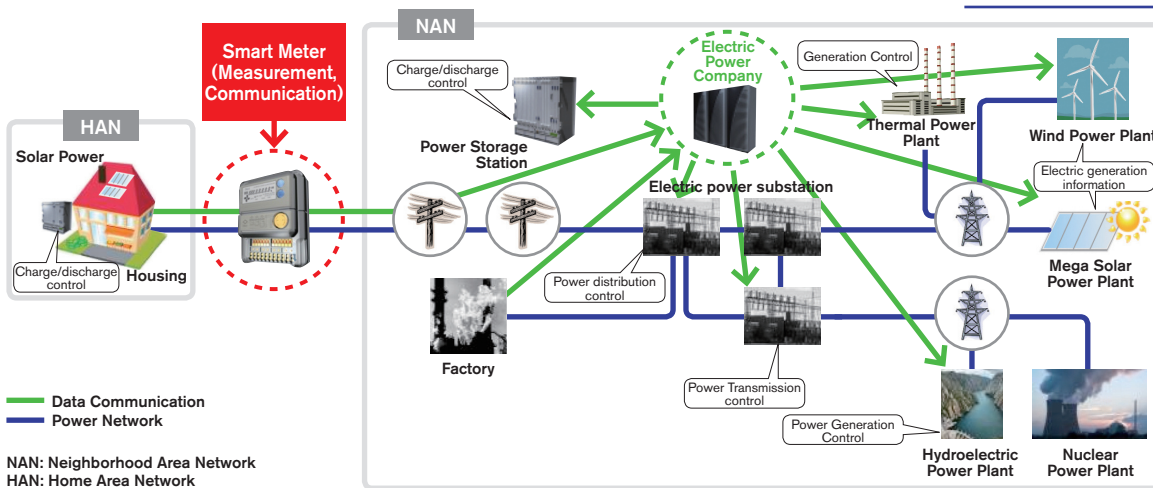
The three major markets comprising the smart society

(1) Smart Grids (Smart meters)

Backed by expertise gained over more than 30 years, the Renesas Group already has a large share of the electric meter market. Since smart meters with communication capabilities, in addition to the electricity measurement function, will become necessary for the infrastructure of efficient electric power grids—smart grids that will soon start to be developed globally—we foresee growth in MCU demand as a key component for smart meters in addition to the increase resulting from replacement demand. Furthermore, along with our experience in the meter market, we rank among the leading suppliers of MCUs for communication and security applications. This gives us the ability to offer customers MCUs for metering and communications along with analog and power devices as integrated solutions. We believe this will give us a valuable advantage as the market for smart meters continues to expand. The use of smart meters is growing faster in China than anywhere else because of the emerging aspect of this country's electric power infrastructure. More than 70% of the MCUs for smart meters in China are made by the Renesas Group. This dominance has made the smart meter devices a major source of growth for the Group's entire MCU business in China.

Approach to Smart Grid Market

> Provide solution for Smart Meter, a key component for Smart Grid

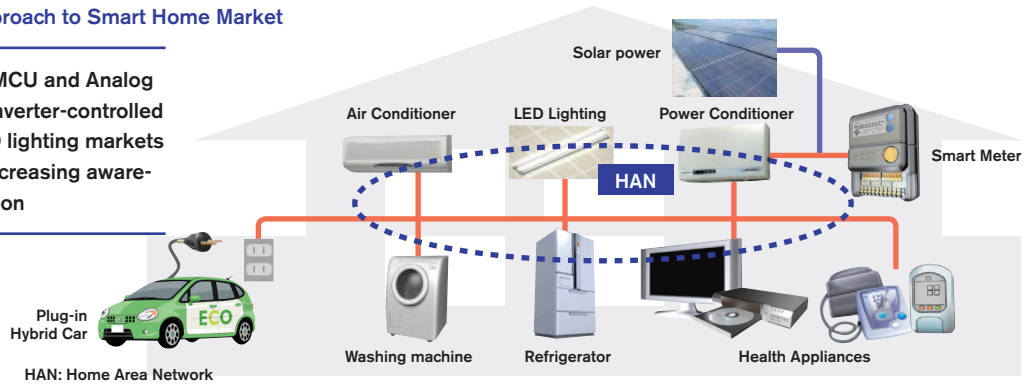


## (2) Smart Homes

The Renesas Group provides one-kit solutions for customers manufacturing home appliances equipped with inverters. We do this by combining MCUs for inverter-controlled appliances, a category where we have a 40% worldwide market share, with analog and power devices to produce reference boards. Inverter control technology, which precisely controls the rotation speed of a motor or compressor installed in a home, and other appliances play a key role in using electricity more efficiently. Our group's MCU business and Analog & Power Devices business are both targeting opportunities involving the control of inverters. This means increasing use of inverters will make a big contribution to sales in these two businesses. We are determined to build on the large market share we have earned by upgrading technologies over many years to achieve strong growth in the smart home sector.

### Approach to Smart Home Market

> Aggressive promotion of MCU and Analog & Power products to the inverter-controlled home electronics and LED lighting markets globally expanding with increasing awareness on energy conservation

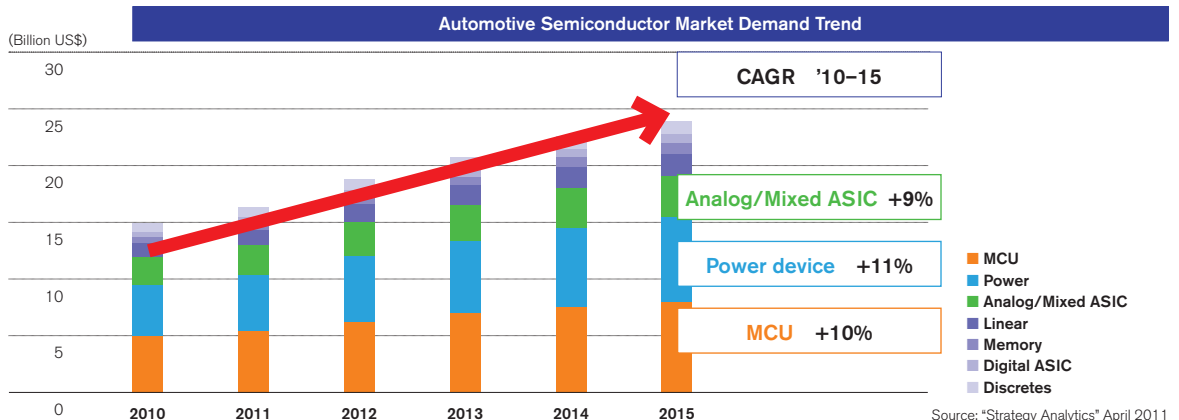


## (3) Smart Cars

Demand for automotive semiconductors is expected to continue increasing along with growth in sales of cars in emerging countries and the rising ratio of hybrid and pure electric vehicles. The Renesas Group has a 44% share of the global market for automotive MCUs. We plan to use this strength to capture a much larger share of the market for Analog & Power Devices, too. We propose kit solutions to our customers by preparing demonstration boards for analog and power devices based on our diverse lineup of MCUs. In addition, we supply sample software to run on the demonstration boards that meet the demands of a variety of automotive applications. Our goal is to help shorten the time needed to develop products for customers that are considering a kit solution.

### Approach to Smart Car Market

> Automotive semiconductor market is expected to increase steadily driven by growth in emerging countries and rise in HEV/EV ratio





## A stronger presence in overseas markets and emerging countries

For many years, the Renesas Group has been expanding operations in China. Due to these activities, our sales growth in China in the past fiscal year outpaced the growth rate of the market as a whole, and as a result, our market share rose significantly. In 2010, our share of the Chinese MCU market was 22%, far ahead of any competitor. Now we have the foundation needed to establish an even more powerful presence. Our group's expertise in basic technologies, products and other fields is one of the major reasons we have been able to grow in China. Moreover, the start-up of an operating framework to develop products in China that reflect the needs of local customers has definitely been instrumental in our rapid growth in China. To further heighten our profile in China, we remain dedicated to sustaining a permanent cycle of identifying needs and then developing and manufacturing products locally that fulfill those needs.

Also, we have started using this cycle focused on local markets in other emerging countries with good prospects for strong economic growth. In India, where the semiconductor market is expected to grow at an annual rate of about 40%, we already have a branch in Bangalore to determine the needs of customers and help increase sales. In Brazil, where double-digit growth is forecast for semiconductor demand, we have a sales agent and are considering the establishment of an office to give us a base to study markets and user needs.

Furthermore, strategic activities to increase sales outside Japan, including in emerging countries, requires coordinated initiatives by the MCU and Analog & Power Devices businesses. To facilitate this collaboration, we established the Marketing Unit in April 2011. In the past, the Business Units for each product line had a tendency to keep information about their customers' needs and their proposals to customers to themselves. Now we have a means for the horizontal sharing and examination of this information by the MCU and Analog & Power Devices Business Units. Using this approach will enable us to locate opportunities that were previously overlooked.

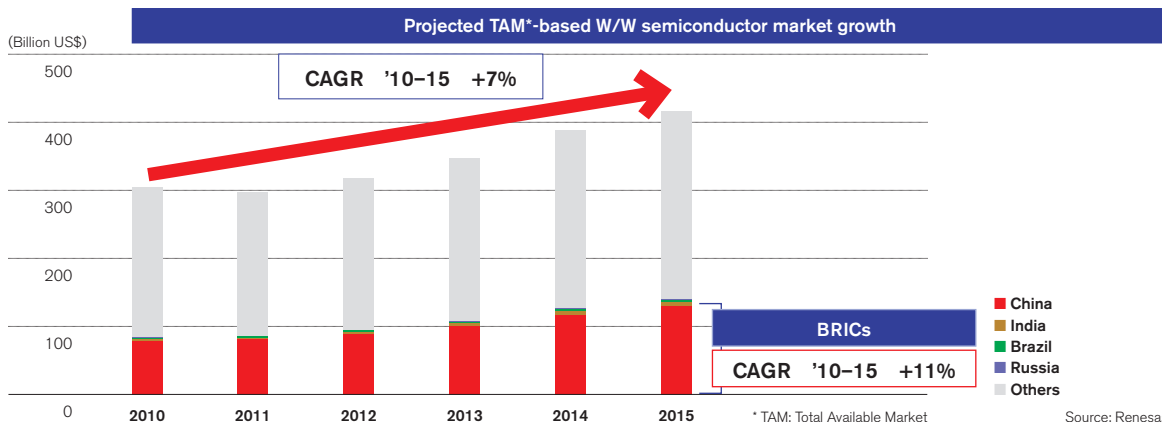
Other roles of the new Marketing Unit include the provision of tools for the expansion of combined sales of MCUs and Analog & Power Devices and training of overseas sales agents that sell our products. Activities like these will be used to assist the MCU and Analog & Power Devices businesses to aggressively target opportunities for increasing sales. Our objective is to capture new business by devising the best solutions for needs in overseas markets by combining expertise in MCUs and Analog & Power Devices.

> Our share of the Chinese MCU market was 22%, far ahead of any competitor. We now have the foundation needed to establish an even more powerful presence.

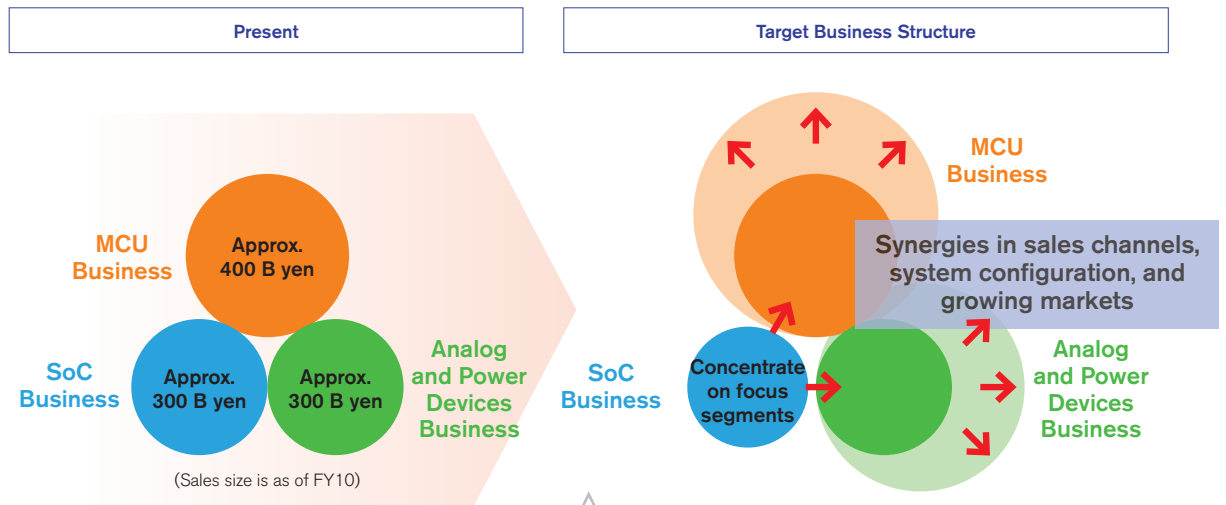
> An operating framework that allows us to develop products in China that reflect the needs of customers in this country is a major reason why we have been able to grow in China.

## Approach to Emerging Markets

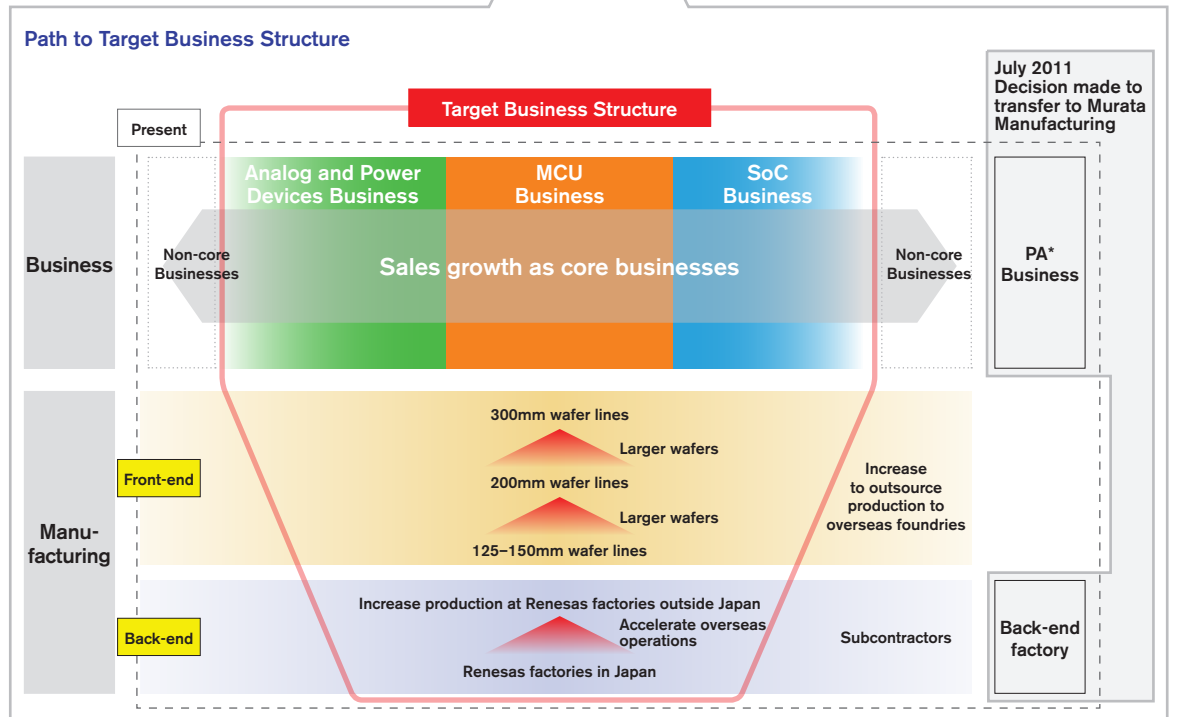
> Future semiconductor market growth will be led by China and other emerging countries



## Target Business Structure



> We aim for consistent growth and high profitability through transformation of business and manufacturing structure.



\* PA: Power Amplifier

## > Summary of Business Initiatives

Accelerate the pace of focusing resources on the MCU and Analog & Power Devices businesses.

- Continue growth of the MCU business, where Renesas is the world's largest supplier, by targeting opportunities in the smart society sector and emerging countries.
- Leverage synergies between MCU, Analog IC and Power Devices to achieve more growth and make these operations a core profit center.
- In the SoC business, step up measures to drastically sort out core competence and to concentrate resources on markets associated with social and industrial infrastructures and cloud computing.

The central theme of our business initiatives is to move even faster to focus resources on the MCU and Analog & Power Devices businesses. The smart society sector and emerging countries will be major sources of growth in semiconductor demand for several decades, and both are markets where the Renesas Group can make increasing use of its powerful MCU operations. Moreover, to grow rapidly in these markets, we aim to expand our Analog & Power Devices business, which benefits from many synergies with MCU operations, to make this business one of the global leaders in its field.

Meanwhile, as for non-core activities in the SoC and Analog & Power Devices businesses, we plan to downsize or terminate non-core activities through sales, alliances and other measures. In July 2011, we sold SoC's high-power amplifier business to Murata Manufacturing Co., Ltd. This was because we came to the conclusion that this business would become more competitive as a core element of Murata's module business.

As we reexamine our business portfolio, we will increase the speed of structural reforms aimed at underpinning growth in our core competencies.

Manufacturing accounts for a large share of our fixed expenses. To hold down expenses, we are making increased use of larger wafers in our front-end processes. We are also outsourcing production to overseas companies, which is also part of our multi-fab strategy of making our products at two or more factories. For back-end processes, we are strengthening operations at sites within Japan that can function as mother factories for spawning new technologies. At the same time, we are quickly reorganizing production activities including factory sales and closures, as we have already announced for the Fukuoka Factory, Tokyo Factory of Renesas Eastern Japan Semiconductor, Inc. and other facilities. By enacting structural reforms for both businesses and manufacturing operations, we are determined to become a company with strong earnings capacity and consistent growth.

Our goal is to use these reviews of our business portfolio and structural reforms to return to profitability in terms of both operating income and net income in the year ending March 31, 2013. In addition, over the next several years, we aim to become a consistently profitable company that can maintain an operating margin of at least 10%.



### Target Management Index

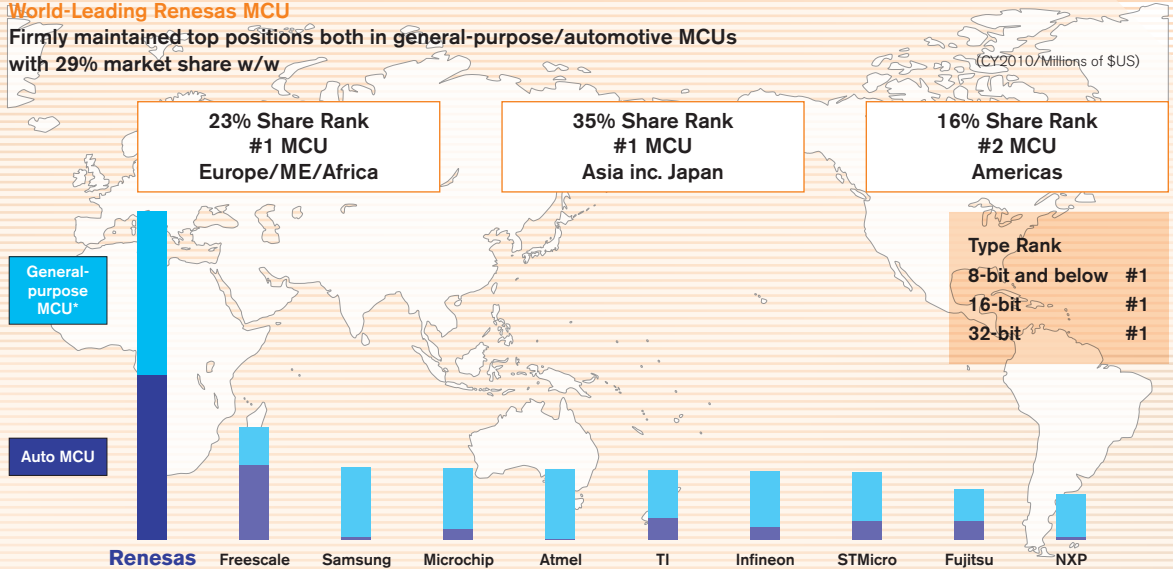
/Ratio to Sales	FY2010		Mid-term target
Operating Profit Ratio	1%	<b>Transformation of business structure</b> <ul style="list-style-type: none"> <li>■ Strengthen core businesses</li> <li>■ Accelerate withdrawal from non-core businesses</li> <li>■ Manufacturing realignment</li> </ul> <b>FY2012 Full-year</b> <ul style="list-style-type: none"> <li>■ Achieve operating profit</li> <li>■ Achieve net profit</li> </ul>	Over 10%
Gross Profit Ratio	34%		Approx. 40%
R&D Ratio	18%		Approx. 16%
SG&A Ratio	15%		Approx. 14%

# MCU Business

The Renesas Group is the world's largest supplier of both general-purpose and automotive MCUs. We are also well ahead of competitors in terms of the well-balanced composition of our MCU sales.

## World-Leading Renesas MCU

Firmly maintained top positions both in general-purpose/automotive MCUs with 29% market share w/w



\*General-purpose MCU: MCU market for applications excluding automotive  
 Source: Gartner, "Market Share: Semiconductor Applications, Worldwide, 2010," 30 March 2011, "Market Share Semiconductor Devices Worldwide 2010" 30 March 2011, Chart created by Renesas Technology based on Gartner data. Renesas Technology's MCU revenues in the 1st quarter (Jan.-Mar.) of 2010 has been combined in Renesas Electronics MCU revenues in 2010.  
 Note: The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this enterprise report) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

## > Core Strengths of MCU

### Outstanding quality (safety improvement)

#### Aiming to eliminate defects

We are constantly accumulating expertise for defect-reduction activities that span our entire organization, from designs to production. Currently, we have a defect ratio of virtually zero, with only about one defect per 2.5 million MCUs.

### Low power consumption (more environmentally responsible)

#### The best in the world

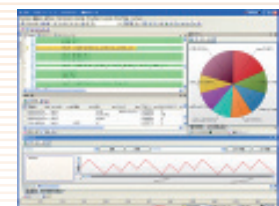
By optimizing the CPU cores and processes, we realize a world-class reduction in power that our MCUs consume. Our energy-efficient MCUs have generated a strong response from our customers. Demand for lower power consumption will continue to climb as the "smart society" becomes an increasingly important theme in our markets.

### Use of integrated support tools (providing the best development environment)

#### Integrated graphical user interface supports all MCU development with the same operation

In 2011, we began offering customers a choice of CPU cores matching the various versions of their electronic devices in conjunction with a comprehensive tool that provides high operability for MCU development.

Offering this integrated tool makes it possible to supply CPU cores extending from the low to high end of Renesas Group products with no need for customers to alter their development environments. This allows customers to launch new versions of products more efficiently.



**Extensive support (Hospitality unrivaled by competitors)**

**Customer support is vital to increasing MCU sales**

More than 700 companies worldwide work with the Renesas Group as alliance partners. Providing information on products and services of partners which support our products allows us to create a broad range of solutions for our customers.



Due to this breadth, customers can count on us for a variety of support worldwide in association with the use of Renesas Group products.

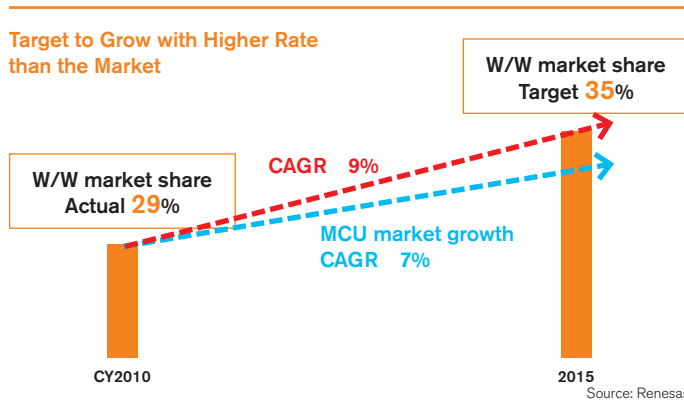
**A global network**

**A global framework for providing local assistance to customers**

Global access to support is particularly important in the automobile industry. We use an account management system for global sales, marketing and technological support that can cover the operations of automakers in their home countries—Japan, Europe, North America and China—as well as their overseas operations.

**> More Initiatives**

In our MCU business, we plan to use our industry-leading strengths to continue expanding in market sectors like the smart society that have excellent growth prospects. Another goal is establishing a solid presence in China and other emerging countries. By 2015, we are aiming for 9% annual growth, which exceeds growth of the entire MCU market, and a global market share of 35%.



**Highlights**

**Operations that reflect the needs of customers in China**

To keep up with the rapid pace of change in the Chinese market, we have enhanced our locally-based business structure for responding promptly to changes in the market environment and to build a product portfolio matching Chinese market needs.

This system allows us to adapt quickly to shifts in market conditions and customers' needs in China. By 2012, we plan to develop about 1,000 new products of MCUs in China in order to continue increasing our MCU sales in this market.





# Analog & Power Devices Business

In the Power Devices Business, the Renesas Group is the producer with the world's largest share of low-voltage MOSFET. And we also offer a broad range of power devices from low to high voltage for improving the power efficiency of electronic devices.

In the Analog IC Business, the Renesas Group has developed a portfolio of analog ASIC/ASSP products that account for approximately 60% of the analog IC market, for application mainly in automobiles, consumer products and PCs.

## > Power Devices Business

### Low-voltage power devices

Our low-voltage MOSFET offer numerous advantages: small on resistance, fast switching characteristics and high-density packaging. These benefits help miniaturize electronic devices and reduce the power consumption of batteries, power supplies and automotive devices. We aim to firmly maintain the top market share and sales growth.

MOSFET for battery	SVR solution for power supply of PC and server	Power device for automobile
<p>Established excellent record with world's smallest chip</p> <p><b>MOSFET for mobile phone</b></p> <p>1.65x1.65mm</p> <p>Mounted on the board</p>	<p>Energy-saving, space-saving and easy evaluation</p> <p>High-performance one-chip controller with built-in MCU + Highly-efficient power device Dr.MOS</p> <p>MCU + Analog control circuit (5x5mm)</p> <p>Driver+MOSFETx2 in 1 package</p> <p>Optimized Power control</p> <p>CPU</p> <p>SVR: Scalable Voltage Regulator</p>	<p><b>Automotive MOSFET</b></p> <p>Address wide range of needs from compact package to large-current bare die</p> <p>75A 6x5mm      180A      180A-bare die</p> <p><b>IPD (Intelligent Power Device)</b></p> <p>Switching device with integrated protection function</p> <p>Control IC      Output MOSFET</p>

### High-voltage power devices

Inverters are a vital technology in improving the efficiency of power consumption. To capture market share, we plan to make our high-voltage power devices for controlling these inverters smaller and more efficient by utilizing our trench-filling epitaxial technology, ultra-thin wafer processing technology and space-saving packaging. In specific terms, we plan to introduce many types of devices with resistance of more than 600V and start making devices for the above-900V category, a sector we have not yet targeted.

High-voltage MOSFET (Over 200V)	IGBT	SiC Diode
<p>Realize low on-resistance and high-speed switching by deep trench (50 micron) structure</p> <p>50 micron</p>	<p>Realize low saturated voltage by thin wafer (70 micron@8-inch)</p>	<p>Integrates the newly-adopted SiC and compound IGBT in a single package to achieve high efficiency in an inverter circuit</p> <p>SiC diode</p> <p>NC   Vcc   Com   GND</p>

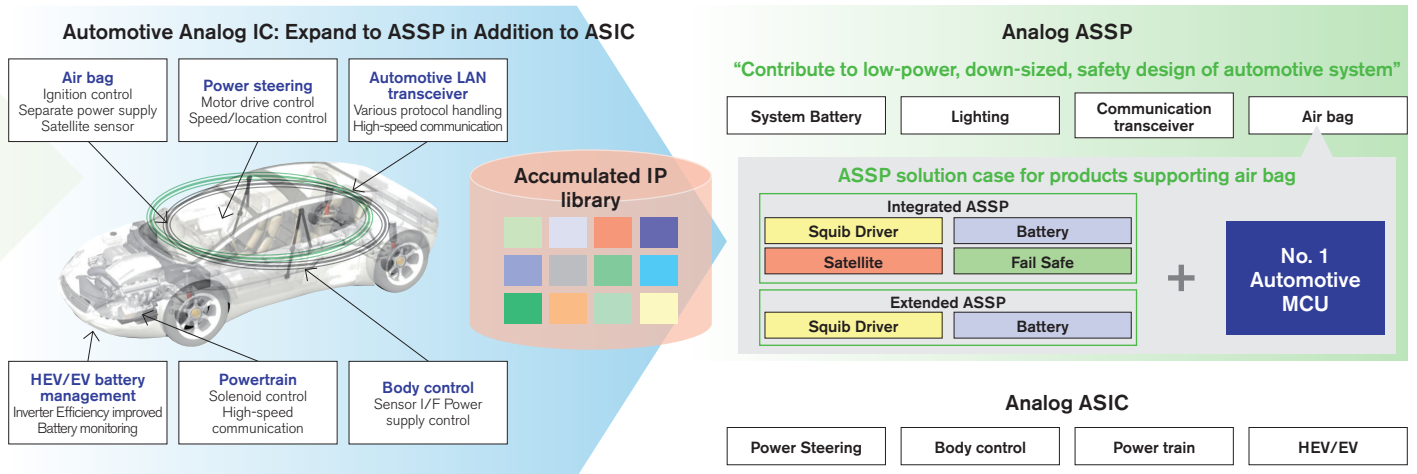


## > The Analog IC Business

### Automotive analog ICs

Analog ICs are a key component in automobiles because many automotive systems require input from sensors and the control of mechanical parts. To meet the need for smaller sizes and higher packaging densities, analog ICs are often at the heart of unitized automotive parts that combine several components.

The Renesas Group has accumulated a substantial collection of technologies involving automotive analog systems. With this know-how, we offer analog ASSPs that reduce the power consumption and size of automotive systems while helping create safer designs.



### Battery control solutions

In the battery control domain, the combination of MCU and analog IC in one package will enable prolonging the time of battery use. Even though the main application of this one-package battery control solution of ours is currently in mobile devices, such as cloud terminals, we have taken initiatives with the aim of developing them as battery control solutions in both hybrid and pure electric vehicles in the future.

## > More Initiatives

We are determined to become one of the world's leading suppliers of analog and power devices by benefiting as much as possible from synergies between our superior technologies and our MCU skills.

### Target Market Share

#### Power Devices Business

##### Power transistor & Thyristor

	CY2010	CY2015
1st	11%	
2nd	9.2%	
3rd	8.4%	
⋮		
5th	Renesas 7.4%	<b>Over 10%</b>

#### Analog IC Business

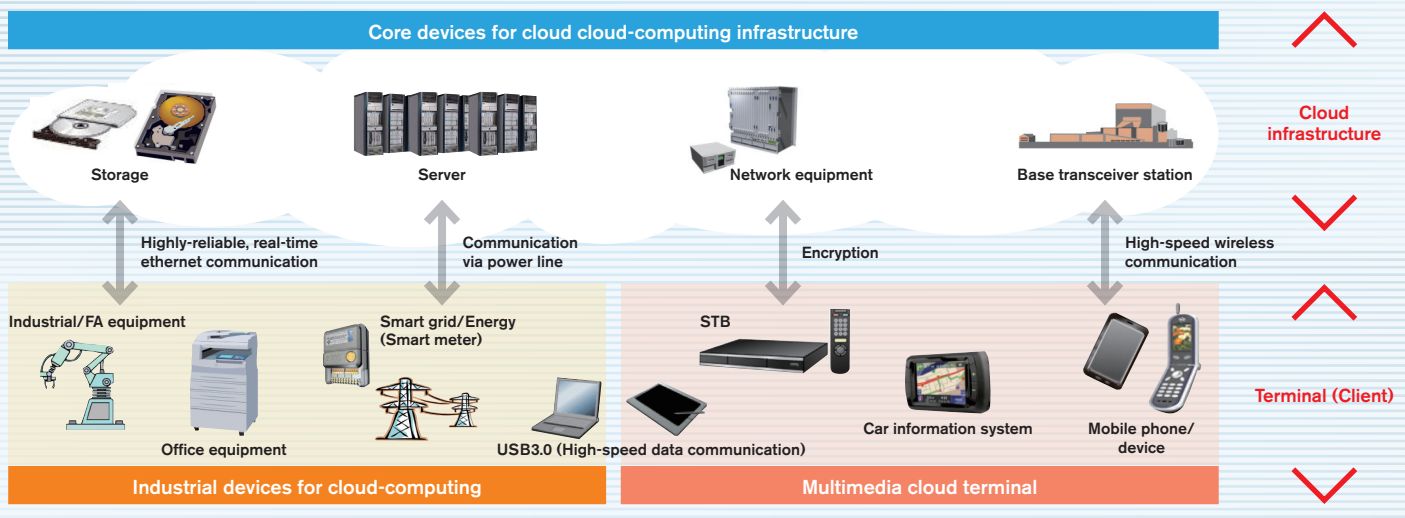
##### Analog application specific IC

	CY2010	CY2015
1st	10.9%	
2nd	9.0%	
3rd	6.7%	
⋮		
6th	Renesas 3.9%	<b>Over 5%</b>

Source: IHS iSuppli (CY10)

# SoC Solutions Business

The Renesas Group is concentrating resources on the industrial and social infrastructure domains while narrowing activities involving consumer products, which have a short life cycle. We will focus on key devices for cloud computing infrastructures and industrial equipment interfaced with cloud computing, which will be pivotal to creating a smart society. We will also strengthen technologies for connections to the cloud. In addition, resources in this business will be channeled to multimedia cloud devices where we can utilize system solutions.



## > A Focus on the Industrial and Social Infrastructure Domains

### Key components for cloud computing infrastructures and industrial equipment

By taking full advantage of our ability to maintain consistent, long-term supplies of products that deliver outstanding performance and reliability, we focus on cloud computing infrastructures and on industrial equipment segment where long-term steady demand is expected. Thus, we aim to maintain the stability of the SoC solutions business.

We are targeting the energy, factory automation and control, wireless communications, and network sectors. All are categories where we can grow by using our power-saving technologies and track record to make products with outstanding quality and reliability. Furthermore, customers can rely on our manufacturing structure for a stable supply over many years. We have many more strengths as well: An extensive sales and technical support network in Japan and overseas, a platform for designing custom LSIs, and a rich lineup of IP for industrial and communications equipment. Meeting needs involving infrastructure industrial applications by making highly distinctive products with excellent performance and reliability is the central goal. We believe that performing this role will help stabilize the performance of the SoC solutions business.

### Using a set-top box as a cloud computing terminal

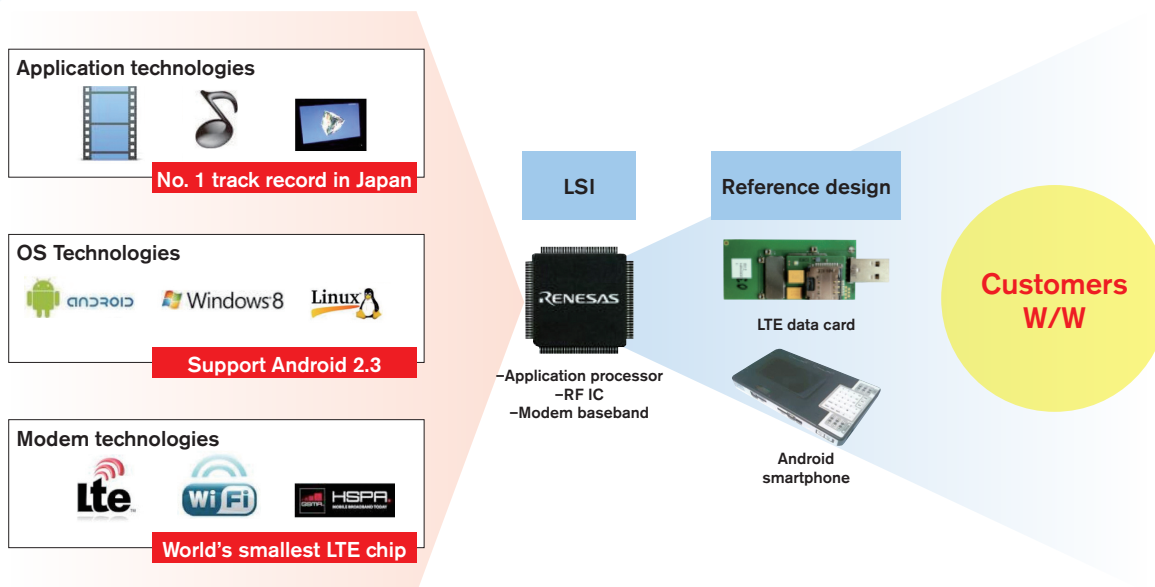
We view set-top boxes as one of the primary types of cloud computing terminals. Significant growth is expected for the market for pay-per-view Internet streaming video services. Our SoC solutions business plans to conduct a business in set-top boxes that are needed to provide this service. Supplying set-top manufacturers with LSIs that have the necessary encryption technology and other elements is just the first step. This business will also require collaboration with service providers. Success will demand concentrating on domains that are unrelated to merely supplying LSIs for ordinary consumer electronics. For instance, we will fabricate LSIs needed to create infrastructures for a cloud-computing society and then supply these chips to many set-top box manufacturers.

## > The Renesas Mobile Business Strategy

Supplying products for cloud terminals is mainly the responsibility of Renesas Mobile Corporation ("Renesas Mobile"). Life cycles of cloud terminals are certain to remain short and significant shifts in demand are expected as well. Based on this outlook, we plan to increase sales by utilizing Renesas Mobile's strength as a fabless manufacturer along with its other capabilities.

Service providers and handset makers in Japan require the world's most advanced application functions in the mobile communications field. In this demanding market, Renesas Mobile has application technology assets that clearly rank the company above all competitors. Further distinguishing this company is its success in placing both a mobile platform solution and Android, a global-standard OS, among other functions on the world's smallest LTE\*1 chip based on globally accepted modem technology we acquired from Nokia Corporation ("Nokia"). This accomplishment attracted attention from customers around the world.

Experience has shown that partnerships and other relationships that encompass long value chains in the communications industry are more valuable than even hardware, operating systems and applications. Placing advanced technologies in mobile platforms for use in mobile and network devices is impossible without building partnerships that reflect many years of interaction with network operators, network vendors and all the other parties involved. Only Renesas Mobile and a few other companies have these types of diverse partnerships. A large percentage of Renesas Mobile's overseas employees, who represent nearly 80% of its total workforce of about 1,800, are involved in building and deepening these relationships. Growth at this company is already gaining momentum. Renesas Mobile has captured orders from two Japanese and two overseas companies for the design-in of mobile platforms, including orders where shipments will begin in December 2011.



## Highlights

### Acquisition of Nokia Wireless Modem Technology

Renesas Electronics signed an agreement in July 2010 to establish a strategic business alliance with Nokia to develop semiconductor solutions and modem technologies for HSPA+\*2 and telecommunications standards beyond the LTE (long-term evolution) of 3G mobile technology. As part of this alliance, Renesas Electronics agreed to purchase the wireless modem business of Nokia. Renesas Mobile was established as a wholly owned subsidiary in association with this purchase. This new company started operations in December 2010 after absorbing the Renesas Group's multimedia business, which includes the wireless modem business acquired from Nokia.

Renesas Mobile is active in the market in which mobile phones, car navigation, net books and many other items associated with mobile devices converge. Utilizing the customer relationships in the MCU business where the Renesas Group ranks first in the world, Renesas Mobile provides platforms incorporating Nokia's wireless modem technology and the Renesas Group's application processor business, which has a long record of accomplishments, and other strengths.

\*1 Long-Term Evolution is a standard for high-speed data transmission using mobile phones. LTE is also known as 3.9G technology.

\*2 High-Speed Packet Access Plus is a standard for higher data transmission speeds in W-CDMA-based third-generation mobile phones.

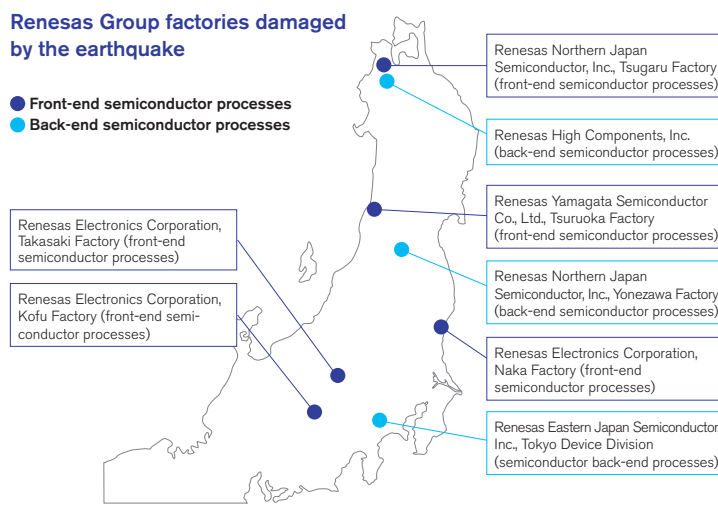
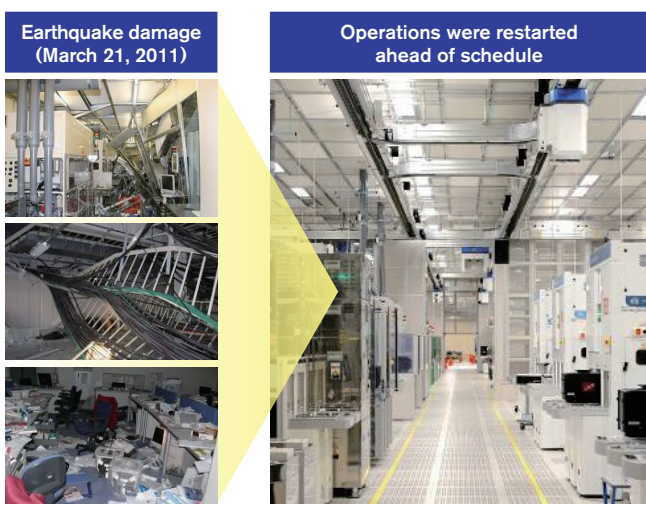
## RECOVERY FROM THE GREAT EAST JAPAN EARTHQUAKE



The Naka Factory and other manufacturing facilities of the Renesas Group were severely damaged by the Great East Japan Earthquake of March 2011. The Group used all its resources for restoration along with the extensive support of other companies and as a result, recovery work has been finished at factories that were damaged. We would like to express our sincere gratitude to everyone who played a part in enabling us to complete this enormous task.

### Impact of the Great East Japan Earthquake on the Renesas Group

Operations were suspended at five front-end semiconductor factories and three back-end factories of the Renesas Group following the earthquake. Damage was substantial at the Naka Factory (Hitachinaka City, Ibaraki Prefecture), which accounts for about 15% of the Group's total production. Non-stop activities to make repairs enabled us to restart some production in June 2011 at this factory. To maintain an adequate supply of products made at the Naka Factory for our customers, we are manufacturing these products at Naka as well as at other locations. Adopting this stance allowed us to return total output volume to the same level as at the Naka Factory before the earthquake by the middle of September, far ahead of our initial schedule. This output is the combination of the resumption of activity at the Naka Factory and substitute production at other Renesas Group factories and foundries.



### Special Losses for Earthquake Damage

The table below lists special losses that were posted for earthquake damage. Almost 70% of these losses are for expenses associated with repairs to return damaged equipment and other facilities to their original condition. Losses also include the disposal of equipment and other facilities that were destroyed, and fixed expenses during the suspension of operations and other items. Losses for earthquake damage totaled 65.5 billion yen, but we expect to receive insurance payments of about 16.0 billion yen to cover part of these expenses. As a result, special losses of 49.5 billion yen were posted for earthquake damage.

In the first quarter of the fiscal year ending in March 2012, we recorded a special loss of 11.9 billion yen primarily for fixed expenses incurred while operations were suspended.

(Year ended March 31, 2011)

Items	Amount (billion yen)
Repairs to property, plant and equipment (expenses for restoring to initial condition)	43.1
Loss on disposal of inventories	7.3
Loss on disposal of fixed assets	6.2
Fixed expenses during suspension of operations (loss for inability to operate)	5.9
Loss on cancellation of lease contracts and Others	3.0
<b>Total loss on disaster</b>	<b>65.5</b>
Insurance payments receivable	(16.0)
<b>Net special loss on disaster</b>	<b>49.5</b>

## The Renesas Business Continuity Plan

The Renesas Group apologizes for any inconvenience for customers caused by earthquake damage at a number of our group factories. We are using the lessons learned from this disaster to improve the Renesas Business Continuity Plan. To maintain a consistent supply of products for customers, we will make our factories more resistant to earthquakes and expand access to substitute production. Our plans also include providing customers with more information about risks associated with our operations.

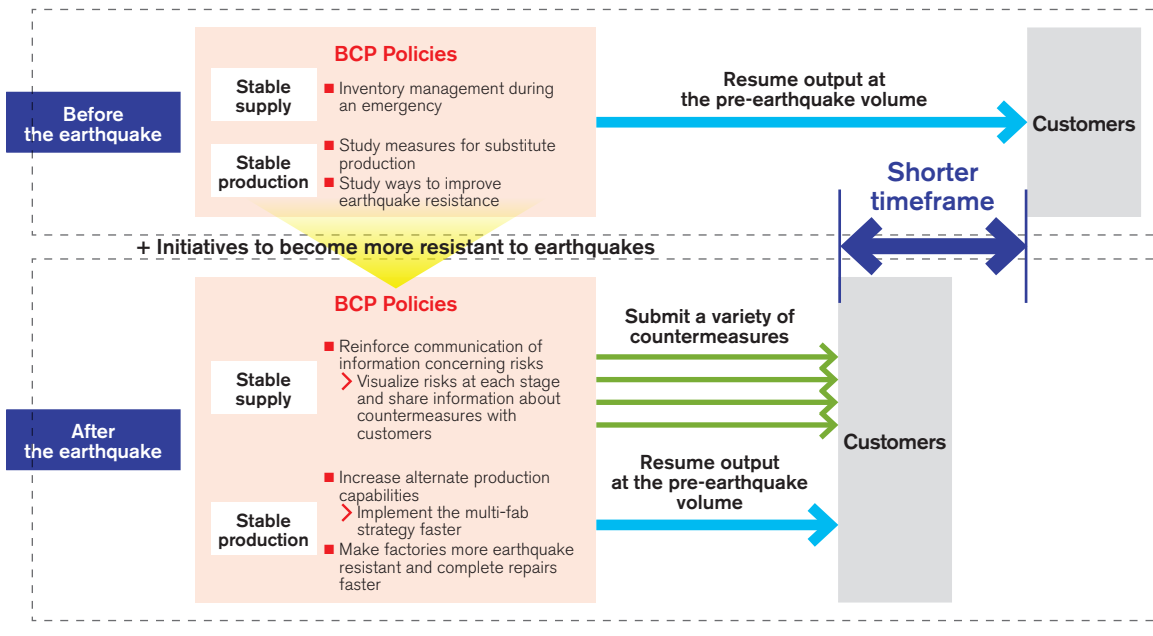
One measure is making our factories strong enough so that we can resume production within one month after an earthquake. We will upgrade earthquake resistance so that factories will not be severely damaged even by tremors of at the least the same intensity as the Great East Japan Earthquake. In addition, we will focus on improvements in areas where considerable time was needed to make repairs following this disaster. Furthermore, we will make the entire Renesas Group stronger by using what we learned from the Great East Japan Earthquake and the improvements made at damaged factories at all group business sites.

Establishing a fab network is the most effective means of providing customers with a consistent supply of products. This involves using a multi-fab manufacturing framework which allows us to respond to disasters by quickly switching output to alternate factories so that our customers can use the Renesas Group with confidence. Furthermore, to facilitate a smoother transition to the multi-fab framework, some of our manufacturing processes will be narrowed in breadth. Another advantage of using fab networks is the ability to adapt with greater speed and ease to changes in market conditions.

Reinforcing supply chain management is another goal of ours to prevent interruptions of production line operations at client companies. We are accomplishing this by upgrading activities extending from the procurement of parts and materials to the control of inventories of work in process and finished products.

Measures to secure supplies of raw materials will further encompass the use of multiple suppliers and the management of risk information going all the way to secondary suppliers. In addition, we will utilize knowledge gained from the March 2011 earthquake to control risks involving the storage volume and locations of the work in process inventory. In so doing, we will establish a system with backups for shipping products, even while damaged factories are undergoing repairs. Furthermore, we will provide customers with risk management information regarding the existence of alternate factories for our products, the preparatory status of photomasks and other vital factors. By offering our customers a diverse array of options for preventing problems associated with these risk factors, we aim to maintain an uninterrupted flow of products to our customers even if a factory is damaged.

### The Renesas Business Continuity Plan





# CORPORATE GOVERNANCE

## › Fundamental Corporate Governance Policy

Renesas Electronics is committed to strengthening corporate governance by improving its management structure and taking many other actions involving management. This stance is based on the recognition that efficient management along with the soundness and transparency of management are vital to achieving constant growth in corporate value.

Renesas Electronics has adopted the corporate auditor system for its corporate governance, and has a corporate governance structure with the Board of Corporate Auditors that monitors execution of directors' duties. Renesas Electronics believes that its audit structure for corporate governance is sufficiently functional, through full-time auditors, who can effectively obtain high quality information from the accounting auditors, the Internal

Auditing Office in charge of internal audits and other relevant divisions using their profound knowledge and experience of the semiconductor business, while the meetings of the Board of Corporate Auditors, which includes highly independent outside corporate auditors, conduct analysis of the information from objective and many different viewpoints.

The Company formulated the Renesas Electronics Group CSR Charter to provide guidelines for all group CSR activities. The charter reflects the conviction that CSR initiatives based on this charter will enable the Group to fulfill social obligations as a responsible corporate citizen as well as contribute to steady growth in corporate value and shareholder value.

## › Overview of Corporate Governance

### Renesas Electronics's Governance Structure

Corporate governance at Renesas Electronics is based on "the election of external directors and collaboration with the Board of Corporate Auditors." This is one of the governance models contained in Report of the Study Group on the Internationalization of Japanese Financial and Capital Markets (announced June 17, 2009), which was prepared by the Finance Committee of the Financial System Council. The Company places priority on incorporating external perspectives in order to deal with management issues from a diverse range of viewpoints. To gain access to these viewpoints, the Company has outside directors and corporate auditors with a broad array of experience and professional knowledge. Currently, three of the 10 directors and three corporate auditors are from outside the Renesas Electronics Group. To upgrade the Group's performance and corporate governance, the Company seeks individuals from the outside who can provide advice and judgments based on accurate and objective viewpoints. This is why the Company has one independent outside director and two independent outside corporate auditors who have no financial or other interest in the Group.

### Execution of Business Activities

The Company's Board of Directors carefully examines candidates for election as directors who are submitted at shareholders' meetings to ensure that all directors are well suited to executing business operations. Directors take into consideration background of candidates and other applicable items to reach decisions about their suitability.

The Board of Directors, which has 10 members that include three outside directors, meets once each month in principle and at other times as needed. The directors reach decisions with speed and flexibility about important matters involving management and supervise the execution of business operations by directors. The outside directors have two primary functions. One is to supervise and check the execution of business operations by directors to determine if these directors are performing their jobs properly. The other is to use their knowledge, experience and insight to reflect external viewpoints in the decision-making process for management. The Company plans to continue to appoint outside directors who have the required practical experience and professional skills to perform these functions.

All resolutions to be submitted for approval by the Board of Directors, except resolutions that do not require preliminary discussions, are, in principle, first submitted to the Executive Committee for a preliminary examination. These examinations provide for more thorough discussions of these resolutions. In addition, the Company has the following committees chaired by the president to oversee a broad range of risks.

### Internal Control Promotion Committee

The Internal Control Promotion Committee holds regular meetings to discuss agenda items, determine policies and oversee the necessary actions with regard to the Group's internal controls as prescribed in the Companies Act and Financial Instruments and Exchange Act.

### CSR Promotion Committee

This committee holds discussions and reaches decisions about important matters concerning the policies, goals and other items involving the Group's CSR activities.

### Information Management and Security Committee

This committee holds discussions and reaches decisions about important policies and initiatives concerning information management and security for the Group.

The Company uses the Corporate Officer System to clarify accountability for the execution of business operations and enable reaching decisions about these operations quickly. A suitable level of authority is delegated to each corporate officer in accordance with the responsibilities assigned to each corporate officer by the Board of Directors and the Company's own fundamental rules of decision-making and authorization procedure.

### Corporate Auditors and Board of Corporate Auditors

Corporate auditors are responsible for supervising the performance of the directors. The Board of Corporate Auditors has five members, including three outside corporate auditors and holds regular meetings once each month, in principle, and other meetings as required. At these meetings, the corporate auditors determine auditing policies and other matters and receive reports from each corporate auditor about the status of audits and other subjects. Two of the three outside corporate auditors are an attorney and certified public accountant who have no relationship with the Group. Full-time corporate auditors Hiroki Kawamura and Junichihiro Nishi both have many years of accounting experience. Mr. Kawamura was employed at NEC Corporation and a company affiliated with NEC and Mr. Nishi at Mitsubishi Electric Corporation, Renesas Technology Corporation and a company affiliated with Renesas Technology. As a result, both of these corporate auditors have extensive knowledge concerning finance and accounting. In addition, Yoshinobu Shimizu, who is not a full-time corporate auditor, is a certified public accountant.

In accordance with auditing policies and other items established by the Board of Corporate Auditors, each corporate auditor performs the following duties to supervise the performance of the directors: attend meetings of the Board of Directors and other important meetings; interview directors and employees about business activities and receive business reports from these individuals; examine documents approving decisions and other important business documents, perform investigations to determine the status of business operations and finances (including the compliance framework and internal controls system); and conduct investigations at subsidiaries. In addition, corporate auditors receive periodic reports from the Internal Audit Office and the independent auditor for the audit. Corporate auditors also exchange information and collaborate in other ways with these parties as required.



## Internal Audit Office

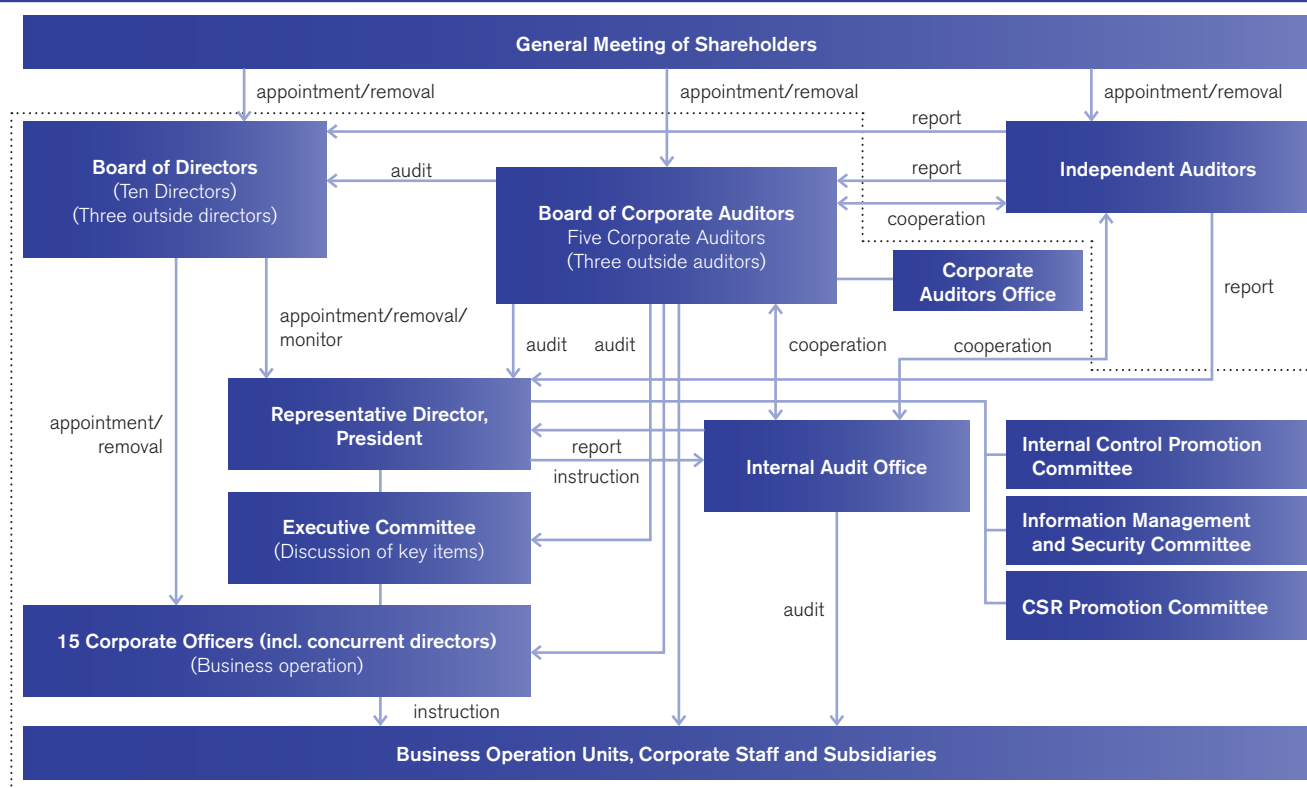
Internal audit is performed by the Internal Audit Office, staffed by 15 employees. Specifically, this office serves as an autonomous third party for verifying and evaluating other parts of the management organization, including divisions responsible for business operation units, corporate staff, consolidated subsidiaries and other areas. This is carried out from a compliance, risk management and internal control perspective. The Internal Audit Office also proposes concrete measures for rectifying or improving problems that arise.

## Accounting Audit

The auditors who performed the accounting audit of the Company's consolidated financial statements for the fiscal year ended March 31, 2011, were

Toshifumi Matsuoka, Kazuya Oki and Tetsuya Naito, partners of Ernst & Young ShinNihon LLC. None of the three partners have performed an accounting audit of the Company for seven or more consecutive years. The audit team included certified public accountants and junior accountants.

The Company and its consolidated subsidiaries pay a total of ¥336 million to Ernst & Young ShinNihon LLC for services provided. This amount includes a payment of ¥243 million by the Company for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act. In addition, the Company pays for non-auditing services provided by certified public accountant auditors and others. These services involve the preparation of documents submitted to securities companies in association with registration for the issuance of new corporate bonds.



(As of June 28, 2011)

## > Details of Remuneration for Directors and Corporate Auditors in the year ended March 31, 2011

Officer category	Total remuneration (in yen million)	Remuneration by category (in yen million)				Number of directors receiving remuneration
		Basic remuneration	Stock acquisition rights	Bonuses	Retirement allowances	
Directors (excluding outside directors)	143	143	—	—	—	6
Corporate auditors (excluding outside corporate auditors)	22	22	—	—	—	3
Outside directors and outside corporate auditors	53	53	—	—	—	10

- As of March 31, 2011, there were 11 directors, including five outside directors, and five corporate auditors, including three outside corporate auditors. Included in the above were one director, who was an outside director, and two corporate auditors, including one outside corporate auditor, who resigned at the close of the 8th Ordinary General Meeting of Shareholders held on June 25, 2010.
- Total remuneration for directors is limited to ¥30 million each month by a resolution approved by shareholders at an extraordinary shareholders meeting held on February 24, 2010.
- Total remuneration for corporate auditors is limited to ¥12 million each month by a resolution approved by shareholders at an extraordinary shareholders' meeting held on February 24, 2010.
- Remuneration for each director, within the limit approved at the shareholders' meeting (¥30 million per month), takes into account the remuneration of directors at other firms in the same industry and salaries of the Company's employees. In addition, remuneration is set at a proper level in relation to the responsibilities of each director. The result is a monthly payment that matches the position of each director at the Company. Remuneration for each corporate auditor, within the limit approved at the shareholders' meeting (¥12 million per month), takes into account the remuneration of corporate auditors at other firms in the same industry and remuneration and salaries of the Company's directors and employees. In addition, monthly remuneration is set at a proper level in relation to the responsibilities of each corporate auditor based on discussions among the corporate auditors.

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## Renesas Electronics Group CSR Charter

Established on April 1, 2010

The Renesas Electronics Group will contribute to the sustainable advancement of society. As an enterprise, we will conduct business that helps build a better future for people around the world by supplying superior semiconductor products powered with advanced technologies and by providing customer service that is honest and sincere.

We pledge to conduct our business with integrity and in compliance with legal requirements. We will work with and for the benefit of our stakeholders based on the following guiding principles:

### > Customer focus

We will quickly provide optimized and high-quality solutions in response to our customers' needs to maximize customer satisfaction and to earn our customers' 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.

### > Healthy work environment

We will respect the individual personalities of our employees. We will promote a rewarding, safe, and flexible working environment where each person is able to demonstrate his/her best talents and capabilities.

### > Global perspective

As a member of the global community, we will respect the history, culture, customs and human rights of each country and region, and we will not practice or permit any forced or child labor. In addition, we will promote activities that contribute to the betterment of the global society.

### > Environmentally friendly

We pledge to develop, manufacture and sell semiconductor products that respect the environment, and we will strive to minimize the environmental impact of our products throughout the entire product life cycle. We will also participate in activities intended to harmonize human pursuits and the environment with an awareness of issues such as climate change and biodiversity.

## > Environmental Preservation

The semiconductor integrated circuits that the Renesas Electronics Group offers bring two major benefits. First, our products themselves provide energy-saving performance.

Second, our products can generate additional power-savings when adopted for use in the products of our customers. The Group consumes a significant amount of energy and chemical substances to manufacture semiconductor products and, consequently, generates various types of waste. To comprehensively manage the energy, chemical substances and waste it uses or generates, and to fulfill its responsibility to all stakeholders, including customers, local communities, and shareholders, the Renesas Electronics Group is proactively promoting environmental management activities based on four environmental cornerstones, namely the: (1) Eco-Management Initiative; (2) Eco-Factories Initiative; (3) Eco-Products Initiative; and (4) Eco-Communication Initiative.

## > Four Environmental Cornerstones of Renesas Electronics

- Eco-Management Initiative, aimed at ensuring compliance with laws and regulations and promoting overall environmental management
- Eco-Factories Initiative, aimed at reducing the environmental impact of manufacturing sites through the reduction of greenhouse gases (GHG) and the appropriate management of chemical substances in manufacturing processes
- Eco-Products Initiative, aimed at supplying eco-friendly semiconductors to which environmental considerations are given throughout their lifecycles, including the control of chemical substances contained in products and the development of products boasting excellent energy-saving performance
- Eco-Communication Initiative, aimed at strengthening employee awareness through environmental education and disseminating the Group's environmental information to society

Renesas Electronics is accelerating environmental management—involving all business units, executives and employees—underpinned by the four environmental initiatives just outlined. The CSR Promotion Committee, which is chaired by the president, makes decisions regarding matters relating to these initiatives. Meanwhile, the Environmental Promotion Meeting, which is chaired by a board member in charge of environmental issues, promulgates related activities throughout the Company.



## Accomplishments for the Year Ended March 31, 2011

### Eco-Management Initiative

The sharing of environmental information was promoted throughout the Group.

- We convened the reorganized Environmental Promotion Meeting.
- We promoted the exchange of environmental information among our manufacturing sites.
- We audited nine business bases, including those overseas, to monitor the status of compliance with environmental laws and regulations.



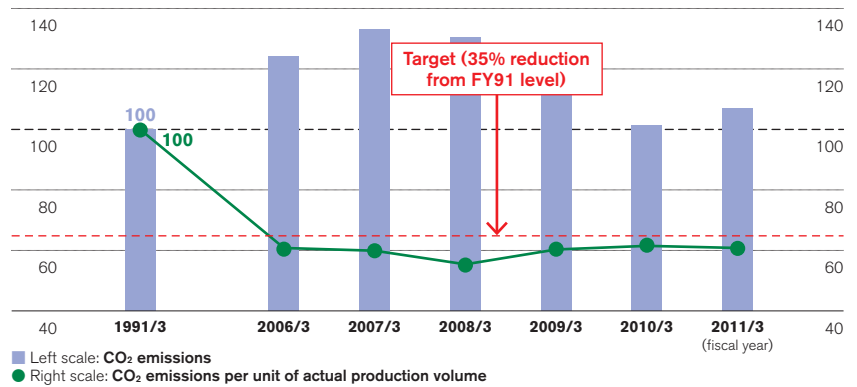
Environmental Promotion Meeting

### Eco-Factories Initiative

We reduced the environmental impact of our manufacturing sites.

- We reduced CO<sub>2</sub> emissions attributable to energy use through energy-saving activities and reduced the use of PFC and VOC to cut their emissions. We achieved our fiscal 2011 targets for reducing all of these emissions.
- We worked to reduce waste generation and achieved zero emissions (landfill disposal ratio of less than 1%).
- We continued to replace chillers that use specified CFCs.

### CO<sub>2</sub> Emissions per Unit of Actual Production Volume (Domestic)

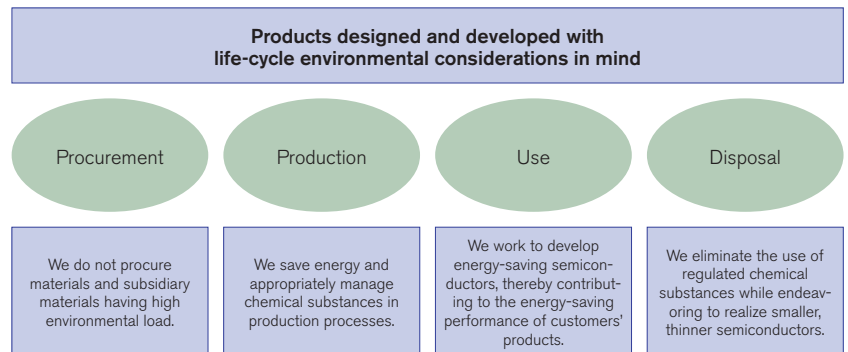


### Eco-Products Initiative

We updated our chemical substance management system to ensure that our products are safe for customers to use.

- We formulated Groupwide Green Procurement Guidelines and began the management of raw materials, parts and components based on these guidelines.
- We expanded our environmental assessment of products in the design stage.
- We continued to provide customers with "Green Devices," such as high-performance microcontrollers and microcontrollers with low power consumption.
- We maintained our compliance with applicable chemical substance regulations. Also, we reclassified the chemical substances that are subject to appropriate management into those used in the production stage and those included in our final products.

### Eco-Products Initiative Processes



### Eco-Communication Initiative

We strengthened our collaborations with stakeholders.

- We published the CSR and Environmental Report 2011. Also, we disclosed information about our environmental activities on our Website.
- We reinforced our education programs for manufacturing divisions.

### Environmental education system

Program	Purpose	Description
General Environmental Education	Raising environmental awareness of employees	<ul style="list-style-type: none"> <li>• Distribution of environmental "Web News"</li> <li>• Position-specific education (new employees/new leaders/new managers)</li> <li>• Environmental e-learning sessions, etc.</li> </ul>
Specialized Environmental Education	Gaining environmental knowledge required for operations	<ul style="list-style-type: none"> <li>• Environmental education for design and development divisions</li> <li>• Education for product environmental quality management</li> <li>• Environmental education for sales divisions</li> <li>• Environmental education for manufacturing divisions, etc.</li> </ul>
ISO14001 Education	<ul style="list-style-type: none"> <li>• Understanding the ISO14001 certification system</li> <li>• Developing skills of internal auditors</li> </ul>	<ul style="list-style-type: none"> <li>• Basic ISO14001 education</li> <li>• Internal auditor education, etc.</li> </ul>

# MEMBERS OF THE BOARD, CORPORATE AUDITORS AND CORPORATE OFFICERS

(As of October 1, 2011)



**Yasushi Akao**  
*Representative Director,  
President*



**Masaki Kato**  
*Representative Director  
and Executive Managing  
Vice President*



**Kazuaki Ogura**  
*Executive Vice President  
and Member of the Board*



**Yoichi Yano**  
*Executive Vice President  
and Member of the Board*



**Shozo Iwakuma**  
*Senior Vice President  
and Member of the Board*



**Shigeo Mizugaki**  
*Senior Vice President  
and Member of the Board*



**Susumu Furukawa**  
*Member of the Board*



**Noritomo Hashimoto**  
*Member of the Board*



**Takashi Niino**  
*Member of the Board*



**Masahiro Yamamura**  
*Member of the Board*

## MEMBERS OF THE BOARD

### **Representative Director, President**

Yasushi Akao

### **Representative Director and Executive Managing Vice President**

Masaki Kato

### **Executive Vice President and Member of the Board**

Kazuaki Ogura  
Yoichi Yano

### **Senior Vice President and Member of the Board**

Shozo Iwakuma  
Shigeo Mizugaki

### **Member of the Board**

Susumu Furukawa  
Noritomo Hashimoto  
Takashi Niino  
Masahiro Yamamura

## CORPORATE AUDITORS

Hiroki Kawamura  
Junichiro Nishi  
Yoichiro Yamakawa  
Yoshinobu Shimizu  
Toyoaki Nakamura

## CORPORATE OFFICERS

Shunsuke Hosomi  
Yoshiro Miyaji  
Tetsuya Tsurumaru  
Shinichi Iwamoto  
Hideaki Chaki  
Hideo Tsujioka  
Tetsuro Kitano  
Toshihide Tsuboi

Notes: 1. Mr. Susumu Furukawa, Mr. Noritomo Hashimoto and Mr. Takashi Niino are outside Directors as stipulated in Item 15, Article 2 of the Companies Act.

2. Mr. Hiroki Kawamura, Mr. Yoichiro Yamakawa and Mr. Yoshinobu Shimizu are outside Corporate Auditors as stipulated in Item 16, Article 2 of the Companies Act.

## FINANCIAL SECTION

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Renesas Electronics Corporation began its business operations from April 1, 2010, through the integration of NEC Electronics Corporation (TSE: 6723) and Renesas Technology Corporation. Figures stated as of the year ended March 31, 2010 was the former NEC Electronics Corporation.

## CONSOLIDATED BALANCE SHEETS

As of March 31, 2010 and 2011

	(In millions of yen)	
	March 31, 2010	March 31, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	24,685	170,691
Notes and accounts receivable—trade	63,752	137,346
Short-term investment securities	66,549	166,998
Merchandise and finished goods	13,446	45,800
Work in process	33,411	61,193
Raw materials and supplies	10,192	16,378
Deferred tax assets	324	1,289
Accounts receivable—other	8,860	37,966
Other	3,487	4,239
Allowance for doubtful accounts	(167)	(237)
<b>Total current assets</b>	<b>224,539</b>	<b>641,663</b>
Long-term assets		
Property, plant and equipment		
Buildings and structures	228,432	294,478
Accumulated depreciation	(160,424)	(174,870)
Buildings and structures, net	68,008	119,608
Machinery and equipment	702,430	793,130
Accumulated depreciation	(617,057)	(657,424)
Machinery and equipment, net	85,373	135,706
Vehicles, tools, furniture and fixtures	110,068	138,544
Accumulated depreciation	(93,747)	(104,392)
Vehicles, tools, furniture and fixtures, net	16,321	34,152
Land	14,737	35,887
Construction in progress	13,538	20,947
<b>Total property, plant and equipment</b>	<b>197,977</b>	<b>346,300</b>
Intangible assets		
Goodwill	—	2,485
Software	13,214	28,742
Other	705	52,003
<b>Total intangible assets</b>	<b>13,919</b>	<b>83,230</b>
Investments and other assets		
Investment securities	194	10,635
Deferred tax assets	1,077	2,100
Long-term prepaid expenses	7,196	43,096
Prepaid pension cost	6,658	—
Long-term accounts receivable—other	5,829	—
Other	2,539	18,024
<b>Total investments and other assets</b>	<b>23,493</b>	<b>73,855</b>
<b>Total long-term assets</b>	<b>235,389</b>	<b>503,385</b>
<b>Total assets</b>	<b>459,928</b>	<b>1,145,048</b>



(In millions of yen)

	March 31, 2010	March 31, 2011
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	74,595	144,944
Current portion of bonds with share subscription rights	—	110,000
Short-term borrowings	2,450	143,467
Current portion of long-term borrowings	3,104	44,321
Current portion of lease obligations	3,223	8,176
Accounts payable—other	21,525	78,250
Accrued expenses	22,709	55,538
Accrued income taxes	2,812	3,962
Provision for product warranties	253	590
Provision for loss on guarantees	—	456
Provision for business structure improvement	—	2,239
Provision for contingent loss	1,545	399
Provision for loss on disaster	—	46,042
Asset retirement obligations	—	404
Other	7,642	6,474
Total current liabilities	139,858	645,262
Long-term liabilities		
Bonds with share subscription rights	110,000	—
Long-term borrowings	11,062	58,192
Lease obligations	11,054	14,073
Deferred tax liabilities	7,097	14,063
Accrued retirement benefits	40,098	84,831
Provision for contingent loss	1,228	1,163
Asset retirement obligations	—	5,426
Other	3,193	30,980
Total long-term liabilities	183,732	208,728
Total liabilities	323,590	853,990
<b>Net assets</b>		
Shareholders' equity		
Common stock	85,955	153,255
Capital surplus	242,586	450,413
Retained earnings	(182,611)	(297,634)
Treasury stock	(11)	(11)
Total shareholders' equity	145,919	306,023
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	(16)	(259)
Foreign currency translation adjustments	(13,649)	(22,007)
Total accumulated other comprehensive income	(13,665)	(22,266)
Share subscription rights	52	48
Minority interests	4,032	7,253
Total net assets	136,338	291,058
Total liabilities and net assets	459,928	1,145,048

# CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended March 31, 2010 and 2011

	(In millions of yen)	
	The year ended March 31, 2010	The year ended March 31, 2011
Net sales	471,034	1,137,898
Cost of sales	353,781	745,927
Gross profit	117,253	391,971
Selling, general and administrative expenses	166,488	377,447
Operating income (loss)	(49,235)	14,524
Non-operating income		
Interest income	245	553
Dividends income	—	83
Equity in earnings of affiliates	—	759
Compensation income	881	—
Subsidy income	711	—
Other	866	2,250
Total non-operating income	2,703	3,645
Non-operating expenses		
Interest expenses	586	3,777
Loss on valuation of securities	6	—
Foreign exchange losses	937	5,783
Loss on disposal of long-term assets	2,506	2,952
Retirement benefit expenses	2,376	2,383
Other	1,454	2,241
Total non-operating expenses	7,865	17,136
Ordinary income (loss)	(54,397)	1,033
Special income		
Gain on sales of property, plant and equipment	557	768
Gain on negative goodwill	—	2,159
Reversal of provision for contingent loss	9,576	1,774
Gain on sales of subsidiary's stocks	98	—
Gain on liquidation of subsidiary	42	—
Gain on transfer of business	—	1,192
Gain on sales of investment securities	—	320
Compensation income	—	116
Total special income	10,273	6,329
Special loss		
Loss on sales of property, plant and equipment	16	402
Impairment loss	646	36,051
Loss on disaster	—	49,504
Business structure improvement expenses	5,600	30,598
Loss on litigation and others	2,098	—
Loss on sales of investment securities	171	—
Loss on valuation of investment securities	161	119
Effect of adoption of accounting standard for asset retirement obligations	—	1,488
Total special losses	8,692	118,162
Income (loss) before income taxes and minority interests	(52,816)	(110,800)
Income taxes—current	2,245	2,885
Income taxes—deferred	1,871	(829)
Total income taxes	4,116	2,056
Income (loss) before minority interests	—	(112,856)
Minority interests in income (loss) of consolidated subsidiaries	(500)	2,167
Net income (loss)	(56,432)	(115,023)

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended March 31, 2010 and 2011

	(In millions of yen)	
	The year ended March 31, 2010	The year ended March 31, 2011
Income (loss) before minority interests	—	(112,856)
Other comprehensive income		
Unrealized gains (losses) on securities	—	(239)
Foreign currency translation adjustments	—	(8,744)
Share of other comprehensive income of affiliates accounted for by the equity method	—	(12)
Total other comprehensive income	—	(8,995)
Comprehensive income	—	(121,851)
Comprehensive income attributable to		
shareholders of parent company	—	(123,624)
minority interests	—	1,773

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended March 31, 2010 and 2011

(In millions of yen)

	The year ended March 31, 2010	The year ended March 31, 2011
<b>Shareholders' equity</b>		
Common stock		
Balance at end of previous year	85,955	85,955
Changes during the period		
Issuance of new shares	—	67,300
Total changes during the period	—	67,300
Balance at end of current year	85,955	153,255
Capital surplus		
Balance at end of previous year	242,586	242,586
Changes during the period		
Issuance of new shares	—	67,300
Increased by merger	—	140,527
Total changes during the period	—	207,827
Balance at end of current year	242,586	450,413
Retained earnings		
Balance at end of previous year	(126,179)	(182,611)
Changes during the period		
Net income (loss)	(56,432)	(115,023)
Total changes during the period	(56,432)	(115,023)
Balance at end of current year	(182,611)	(297,634)
Treasury stock		
Balance at end of previous year	(11)	(11)
Changes during the period		
Purchase of treasury stock	(0)	(0)
Total changes during the period	(0)	(0)
Balance at end of current year	(11)	(11)
Total shareholders' equity		
Balance at end of previous year	202,351	145,919
Changes during the period		
Issuance of new shares	—	134,600
Increased by merger	—	140,527
Net income (loss)	(56,432)	(115,023)
Purchase of treasury stock	(0)	(0)
Total changes during the period	(56,432)	160,104
Balance at end of current year	145,919	306,023
Accumulated other comprehensive income		
Unrealized gains (losses) on securities		
Balance at end of previous year	2	(16)
Changes during the period		
Net changes in items other than shareholders' equity	(18)	(243)
Total changes during the period	(18)	(243)
Balance at end of current year	(16)	(259)
Foreign currency translation adjustments		
Balance at end of previous year	(12,183)	(13,649)
Changes during the period		
Net changes in items other than shareholders' equity	(1,466)	(8,358)
Total changes during the period	(1,466)	(8,358)
Balance at end of current year	(13,649)	(22,007)
Total accumulated other comprehensive income		
Balance at end of previous year	(12,181)	(13,665)
Changes during the period		
Net changes in items other than shareholders' equity	(1,484)	(8,601)
Total changes during the period	(1,484)	(8,601)
Balance at end of current year	(13,665)	(22,266)
Share subscription rights		
Balance at end of previous year	67	52
Changes during the period		
Net changes in items other than shareholders' equity	(15)	(4)
Total changes during the period	(15)	(4)
Balance at end of current year	52	48
Minority interests		
Balance at end of previous year	4,467	4,032
Changes during the period		
Net changes in items other than shareholders' equity	(435)	3,221
Total changes during the period	(435)	3,221
Balance at end of current year	4,032	7,253
Total net assets		
Balance at end of previous year	194,704	136,338
Changes during the period		
Issuance of new shares	—	134,600
Increased by merger	—	140,527
Net income (loss)	(56,432)	(115,023)
Purchase of treasury stock	(0)	(0)
Net changes in items other than shareholders' equity	(1,934)	(5,384)
Total changes during the period	(58,366)	154,720
Balance at end of current year	136,338	291,058

# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2010 and 2011

	(In millions of yen)	
	The year ended March 31, 2010	The year ended March 31, 2011
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(52,816)	(110,800)
Depreciation and amortization	52,957	103,494
Amortization of long-term prepaid expenses	5,051	11,596
Impairment loss	646	36,051
Loss on disaster	—	6,187
Gain on negative goodwill	—	(2,159)
Increase (decrease) in accrued retirement benefits	5,318	(8,532)
Increase (decrease) in provision for business structure improvement	—	505
Increase (decrease) in provision for contingent loss	(9,595)	(1,807)
Increase (decrease) in provision for loss on disaster	—	46,042
Interest and dividends income	(245)	(636)
Interest expenses	586	3,777
Equity in (earnings) losses of affiliates	—	(759)
Loss (gain) on sales and valuation of investment securities	338	(201)
Loss (gain) on sales of property, plant and equipment	(541)	(366)
Loss on disposal of long-term assets	2,506	2,952
Business structure improvement expenses	3,767	7,895
Loss (gain) on transfer of business	—	(1,192)
Effect of adoption of accounting standard for asset retirement obligations	—	1,488
Loss (gain) on sales of subsidiary's stocks	(98)	—
Loss (gain) on liquidation of subsidiary	(42)	—
Decrease (increase) in notes and accounts receivable—trade	(18,398)	39,807
Decrease (increase) in inventories	5,578	(880)
Decrease (increase) in accounts receivable—other	(1,928)	(10,368)
Increase (decrease) in notes and accounts payable—trade	14,171	(35,490)
Increase (decrease) in accounts payable—other and accrued expenses	1,252	27,886
Increase (decrease) in accrued consumption taxes	1,952	—
Other, net	(1,459)	1,794
Subtotal	9,000	116,284
Interest and dividends received	276	670
Interest paid	(586)	(3,826)
Income taxes paid	(1,020)	(5,450)
Payments for extra retirement benefits	(1,410)	(786)
Payments for loss on litigation and others	—	(4,407)
Net cash provided by (used in) operating activities	6,260	102,485
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	—	531
Purchase of property, plant and equipment	(59,547)	(77,111)
Proceeds from sales of property, plant and equipment	20,287	7,526
Purchase of intangible assets	(2,174)	(9,875)
Purchase of long-term prepaid expenses	(1,534)	(2,007)
Purchase of investment securities	—	(465)
Proceeds from sales of investment securities	1,229	649
Purchase of investments in subsidiary	—	(649)
Proceeds from transfer of business	—	3,285
Payments for transfer of business	—	(17,654)
Proceeds from sales of investments in subsidiary resulting in change in scope of consolidation	158	86
Other, net	(647)	(80)
Net cash provided by (used in) investing activities	(42,228)	(95,764)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	1,324	27,377
Proceeds from long-term borrowings	15,000	40,056
Repayment of long-term borrowings	(834)	(53,970)
Purchase of treasury stock	(0)	—
Proceeds from issuance of common stock	—	134,600
Repayments of finance lease obligations	(1,939)	(8,256)
Repayments of installment payables	(2,906)	(6,853)
Proceeds from sale-and-leaseback transactions	15,992	—
Other, net	—	(357)
Net cash provided by (used in) financing activities	26,637	132,597
Effect of exchange rate change on cash and cash equivalents	(714)	(5,155)
Net increase (decrease) in cash and cash equivalents	(10,045)	134,163
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	91,234	337,289

# GLOBAL NETWORK

(As of September 31, 2011)

## JAPAN SITES

### ■ Manufacturing

Renesas Electronics Corporation

Renesas Northern Japan Semiconductor, Inc.

Haguro Electronics Co., Ltd.

Hokkai Electronics Co., Ltd.

Renesas Yamagata Semiconductor Co., Ltd.

Renesas Naka Semiconductor Co., Ltd.

Renesas Eastern Japan Semiconductor, Inc.

Renesas Kofu Semiconductor Co., Ltd.

Renesas High Components, Inc.

Renesas Yanai Semiconductor, Inc.

Renesas Kansai Semiconductor Co., Ltd.

Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.

Renesas Kyushu Semiconductor Corp.

### ■ Design/application technologies

Renesas Electronics Corporation

Renesas Solutions Corp.

Renesas Micro Systems Co., Ltd.

Renesas Design Corp.

### ■ Engineering services

Renesas Semiconductor Engineering Corp.

Renesas Takasaki Engineering Services Co., Ltd.

Renesas Musashi Engineering Services Co., Ltd.

Renesas Kitaitami Engineering Services Co., Ltd.



## OVERSEAS SITES

### ■ Manufacturing

Renesas Semiconductor (Beijing) Co., Ltd.

Renesas Semiconductor (Suzhou) Co., Ltd.

Shougang NEC Electronics Co., Ltd.

Renesas Semiconductor Singapore Pte. Ltd.

Renesas Semiconductor (Malaysia) Sdn. Bhd.

Renesas Semiconductor Technology (M) Sdn. Bhd.

Renesas Semiconductor (Kedah) Sdn. Bhd.

Renesas Semiconductor KL Sdn. Bhd.

■ Manufacturing   ● Design/application technologies   ● Sales   ● Others

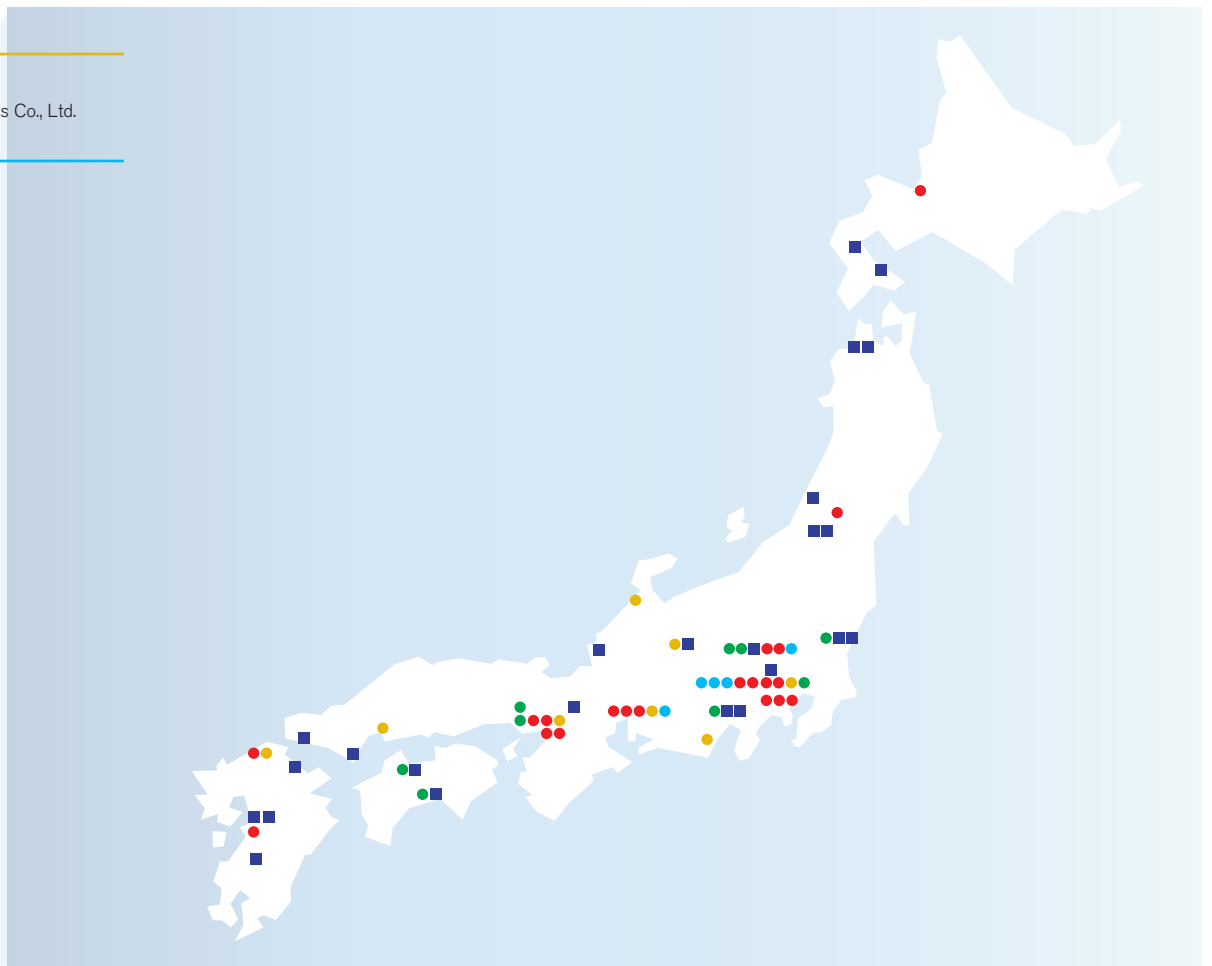


## ■ Sales

Renesas Electronics Sales Co., Ltd.

## ■ Others

Renesas Mobile Corp.  
Renesas SP Drivers Inc.



■ Manufacturing ● Design/application technologies ● Engineering services ● Sales ● Others

## ■ Design/application technologies

Renesas Design France S.A.S  
Renesas Design Vietnam Co., Ltd.  
Renesas Semiconductor Design (Beijing) Co., Ltd.  
Renesas Semiconductor Design (Malaysia) Sdn. Bhd.  
Renesas System Solutions Korea Co., Ltd.

## ■ Sales

Renesas Electronics America Inc.  
Renesas Electronics Canada Limited  
Renesas Electronics Europe Limited  
Renesas Electronics Europe GmbH  
Renesas Electronics (China) Co., Ltd.  
Renesas Electronics (Shanghai) Co., Ltd.  
Renesas Electronics Hong Kong Limited  
Renesas Electronics Taiwan Co., Ltd.  
Renesas Electronics Singapore Pte. Ltd.  
Renesas Electronics Malaysia Sdn. Bhd.  
Renesas Electronics Korea Co., Ltd.

## ■ Others

Renesas Mobile Europe Oy  
Renesas Mobile (Beijing) Co., Ltd.  
Renesas Mobile India Private Limited  
Renesas SP Drivers Taiwan Inc.

## STOCK INFORMATION

(As of March 31, 2011)

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### Total Number of Shares Issued

417,121,942 (excluding 2,548 of treasury stock)

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### Shareholders

Name of Shareholders	Number of Shares Held (In thousands of shares)	Percentage of Shares Held
Hitachi, Ltd.	127,725	30.62
Mitsubishi Electric Corporation	104,502	25.05
Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Trust & Banking Co., Ltd. / NEC Corporation pension and severance payments Trust Account)	78,200	18.75
NEC Corporation	69,695	16.71
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02	4,022	0.96
STATE STREET BANK AND TRUST COMPANY	3,654	0.88
RBC DEXIA INVESTOR SERVICES TRUST, LONDON-CLIENTS ACCOUNT	3,555	0.85
GOLDMAN, SACHS & CO. REG	1,572	0.38
DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	1,439	0.34
Renesas Electronics Employee Stock Plan	1,147	0.28

Notes: 1 Percentage of shares held is calculated excluding 2,548 of Company's own shares.

2 Percentage of shares held is calculated by rounding off to two decimal places.

3 78,200,000 shares (percentage of shares held: 18.75%) owned by Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Trust & Banking Co., Ltd. / NEC Corporation pension and severance payments Trust Account) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation. Therefore, NEC Corporation holds 35.46% of voting rights.

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### Transfer Agent

The Sumitomo Trust and Banking Co., Ltd.

Stock Transfer Agency Department: 3-1, Yaesu 2-chome, Chuo-ku, Tokyo 104-0028, Japan

Postal Address: 1-10 Nikkou-cho, Fuchu-shi, Tokyo 183-8701, Japan

Request forms for change of address, etc.: Toll free (in Japan): 0120-176-417

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### Stock Exchange Listing

Tokyo Stock Exchange First Section (code: 6723)

## CORPORATE DATA

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### Company Name

Renesas Electronics Corporation

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### Established

November 1, 2002 (Started Operation as Renesas Electronics on April 1, 2010)

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### Capital Stock

153.2 billion yen (As of March 31, 2011)

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### Major Operations

Research, development, design, manufacture, sale, and servicing of semiconductor products

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### Employees (Consolidated)

46,630 (As of March 31, 2011)

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### Registered Head Office

1753 Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa 211-8668, Japan

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### Headquarters

Nippon Bldg., 2-6-2, Ote-machi, Chiyoda-ku, Tokyo 100-0004, Japan

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### Investor Relations

<http://www.renesas.com/ir/>

Guided by the Renesas Electronics Guiding Principles, we promote highly transparent business practices that are fair, honest and conducted in good faith. We also proactively disclose the content of our activities to the public.

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### Contact Information

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Corporate Communications Division  
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