

2Q 2022 PRESENTATION

RENESAS ELECTRONICS CORPORATION
JULY 28, 2022

NON-GAAP BASIS INFORMATION

In this section, Renesas Electronics Group (hereinafter “the Group”) applies non-GAAP financial measures (hereinafter “non-GAAP basis”) used for management’s decision making. Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS: International Financial Reporting Standards) figures following a certain set of rules. The Group believes providing non-GAAP figures will help to better understand the Group’s constant business results.

The Group reports its forecasts on a quarterly basis as a substitute for a yearly forecast.

DISCLAIMER

- **Adoption of IFRS:** With the outlook that the Group will continue to expand globally and to provide financial figures that can be compared on a global scale, the Group discloses its consolidated financial statements in accordance with IFRS starting from the annual securities report for FY2018/12.
- **Non-GAAP figures:** Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS) figures following a certain set of rules. This adjustment and exclusion include the amortization of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.
- **Presentation of financial forecasts:** Starting from the consolidated forecasts for the three months ended March 31, 2019, the Group presents its financial forecasts as a range, and gross margin and operating margin figures in the non-GAAP format. The gross margin and operating margin forecasts are given assuming the midpoint in the sales revenue forecast.
- **Start of consolidation of Dialog and Celeno:** The Group completed acquisitions of Dialog Semiconductor Plc (“Dialog”) on August 31, 2021, and Celeno Communications Inc. (“Celeno”) on December 20, 2021. The Group has since begun the consolidation of their financial figures.
- **Purchase Price Allocation (PPA):** The allocation of the acquisition costs for the business combinations with Dialog has been revised at the end of the three months ended March 31, 2022, and for the business combinations with Celeno at the end of the three months ended June 30, 2022. The revised allocation of the acquisition costs (PPA) has been reflected in the consolidated financial results for the year ended December 31, 2021 and for the three months ended March 31, 2022.

2Q 2022 FINANCIAL SNAPSHOT

NON-GAAP

(B yen)	2021		2022								
	2Q (Apr-Jun)	1H (Jan-Jun)	1Q (Jan-Mar)	2Q (Apr-Jun) Forecast	2Q (Apr-Jun) Actual	YoY	QoQ	Change from Apr 27 FCT ^{*1}	1H (Jan-Jun) Actual	YoY	Change from Apr 27 FCT ^{*1}
Revenue	217.9	421.6	346.7	375.0 (±4.0)	377.1	+73.1%	+8.8%	+0.6%	723.8	+71.7%	+0.3%
Gross Margin	52.0%	51.1%	58.4%	57.5%	58.6%	+6.6pts	+0.2pt	+1.1pts	58.5%	+7.4pts	+0.6pt
Operating Profit (Margin)	61.4 (28.2%)	114.0 (27.0%)	135.5 (39.1%)	136.9 (36.5%)	145.3 (38.5%)	+83.9 (+10.4pts)	+9.8 (-0.6pt)	+8.4 (+2.0pts)	280.9 (38.8%)	+166.9 (+11.8pts)	+8.4 (+1.1pts)
Profit Attributable to Owners of Parent	45.8	78.4	90.2	-	81.4	+35.6	-8.8	-	171.6	+93.2	-
Profit Attributable to Owners of Parent (Excluding Foreign Exchange Loss) ^{*2}	46.3	91.3	107.8	-	120.4	+74.1	+12.6	-	228.2	136.9	-
EBITDA ^{*3}	80.6	152.4	155.2	-	165.2	+84.6	+9.9	-	320.4	+168.0	-
1 US\$=	109 yen	107 yen	115 yen	124 yen	124 yen	15 yen depreciation	10 yen depreciation	0 yen depreciation	120 yen	13 yen depreciation	0 yen depreciation
1 Euro=	131 yen	129 yen	130 yen	134 yen	134 yen	4 yen depreciation	5 yen depreciation	0 yen depreciation	132 yen	3 yen depreciation	0 yen depreciation

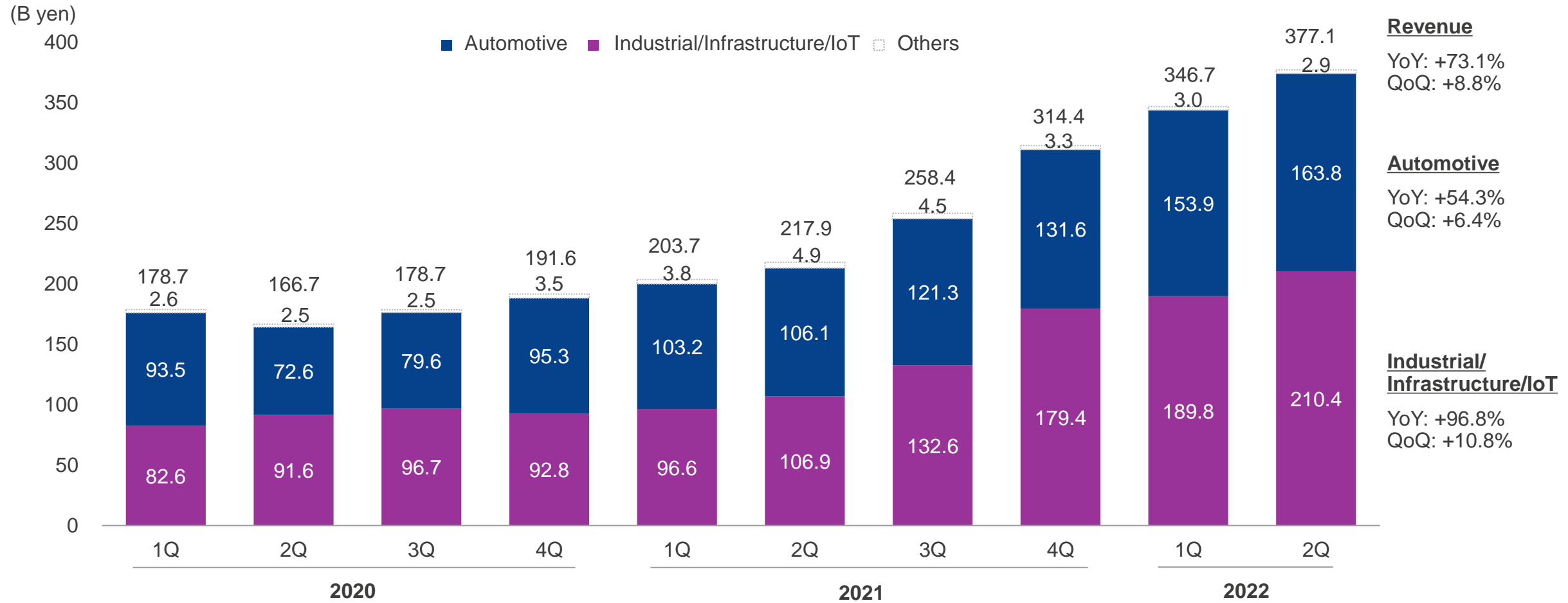
*1: Each figure represents comparisons with the midpoint in the sales revenue forecast range

*2: Profit attributable to owners of parent – foreign exchange loss

*3: Operating profit + Depreciation and amortization

QUARTERLY REVENUE TRENDS

NON-GAAP



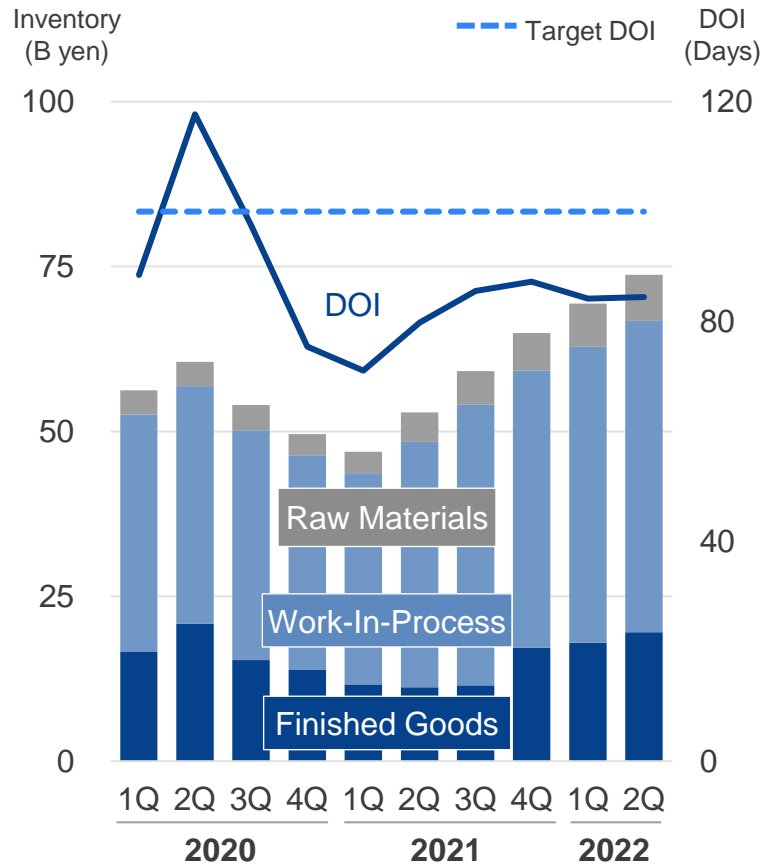
2Q 2022 REVENUE AND GROSS/OPERATING MARGIN

NON-GAAP

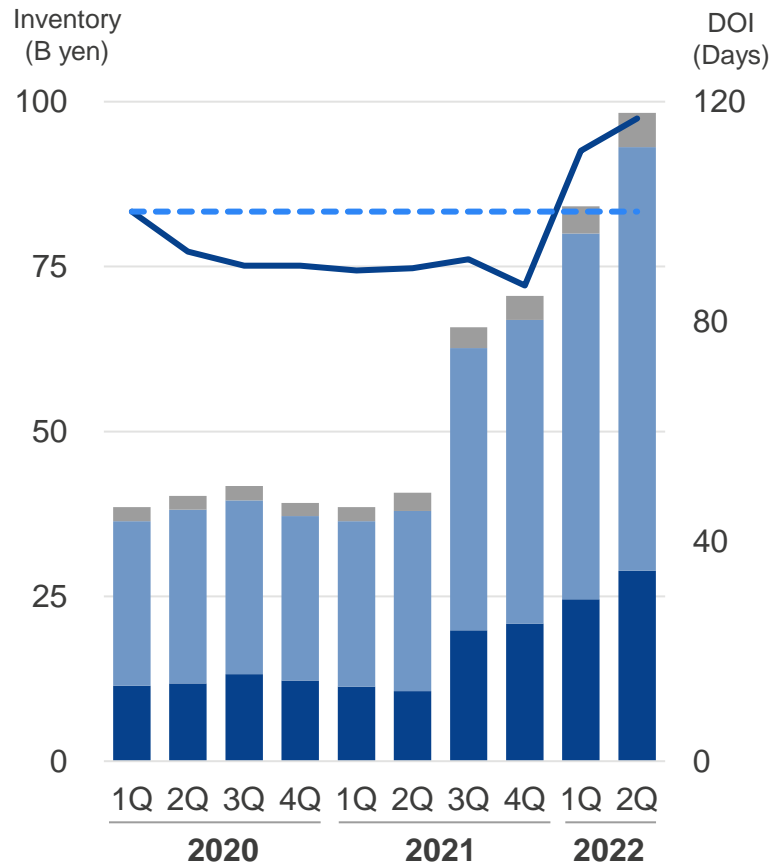
	Automotive	Industrial / Infrastructure / IoT	Company Total	
Revenue	163.8 B yen vs FCT: - QoQ: +6.4%	210.4 B yen vs FCT: + QoQ: +10.8%	377.1 B yen vs FCT: +0.6% QoQ: +8.8%	Operating Margin vs FCT +2.0pts Revenue Gross Margin vs FCT: +1.1pts Currency Impact Product Mix Production Recovery Production Costs, etc. Operating Expenses
Gross Margin	52.0% QoQ: +0.2pt	64.0% QoQ: -0.0pt	58.6% vs FCT: +1.1pts QoQ: +0.2pt	Operating Margin QoQ -0.6pt Revenue Gross Margin QoQ: +0.2pt Currency Impact Product Mix Production Recovery Production Costs, etc. Operating Expenses
Operating Margin	36.3% QoQ: -1.1pts	40.1% QoQ: +0.2pt	38.5% vs FCT: +2.0pts QoQ: -0.6pt	

IN-HOUSE INVENTORY (FINANCIAL ACCOUNTING BASIS) AND DOI*1*2

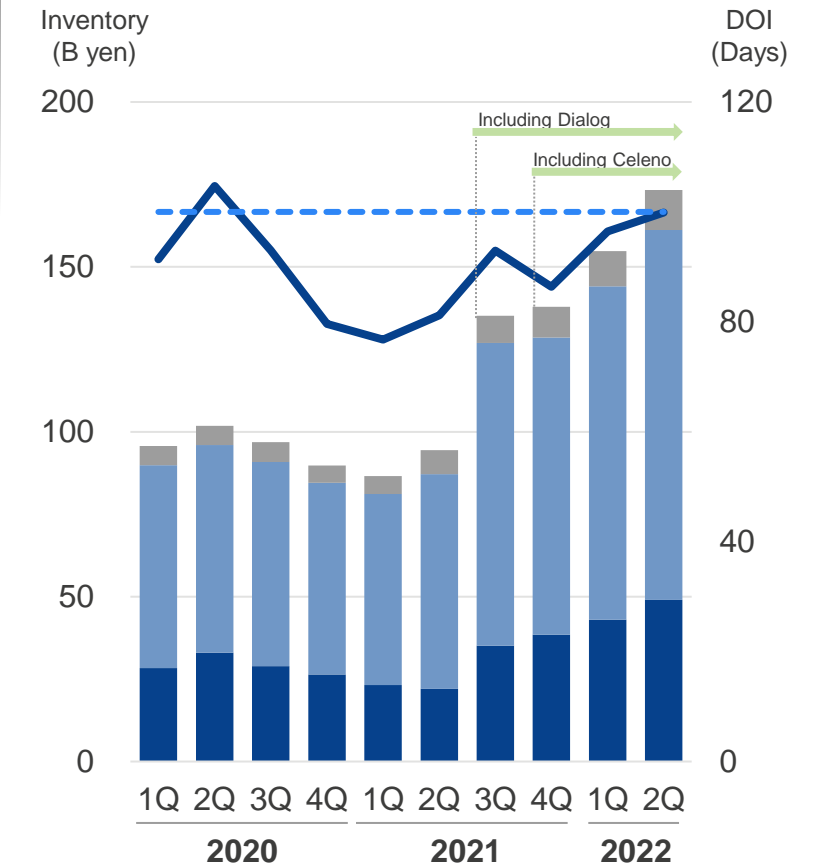
Automotive



Industrial/Infrastructure/IoT



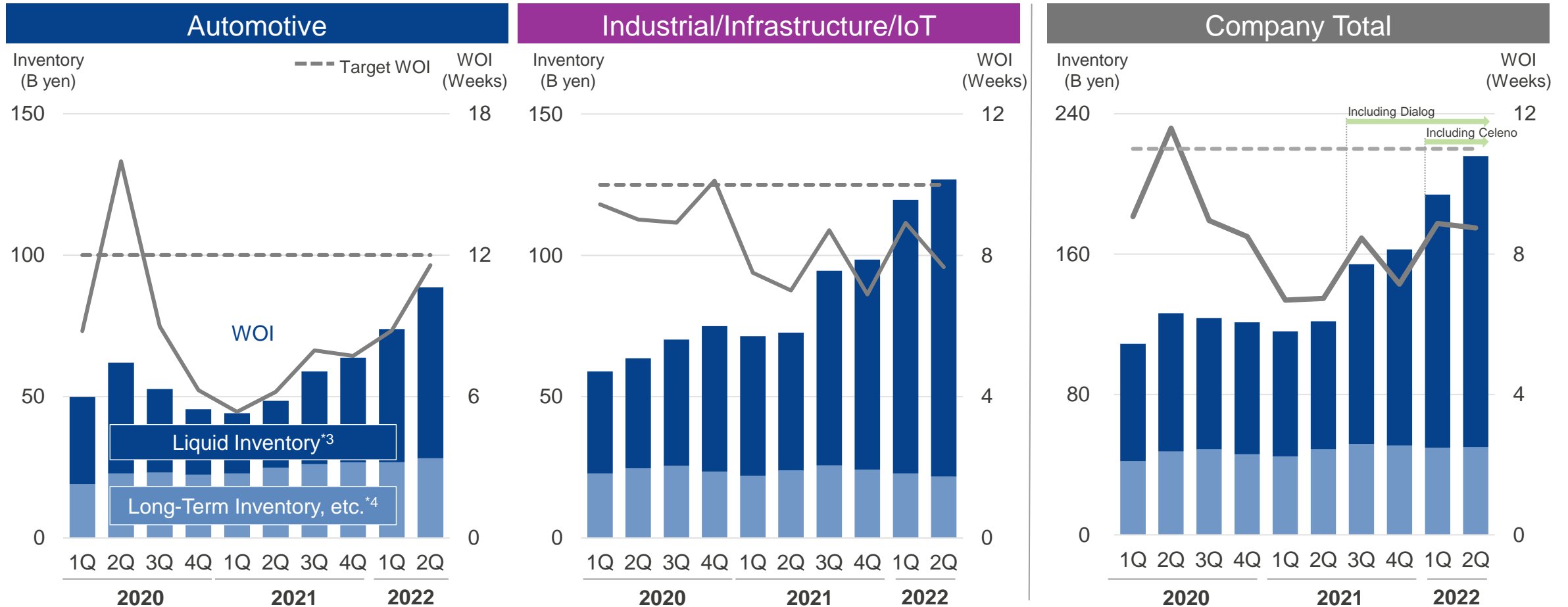
Company Total



*1: DOI: Days of Inventory = Inventory valuation balance at the end of the quarter / cost of sales of the quarter (Non-GAAP) × 90.

*2: The figures include Dialog's inventories from 3Q21 and Celeno's inventories from 4Q21. However, note that Dialog's quarterly cost of sales for 3Q21 is calculated by multiplying Dialog's September costs by 3.

SALES CHANNEL INVENTORY*1 (MANAGEMENT ACCOUNTING BASIS) AND WOI*2

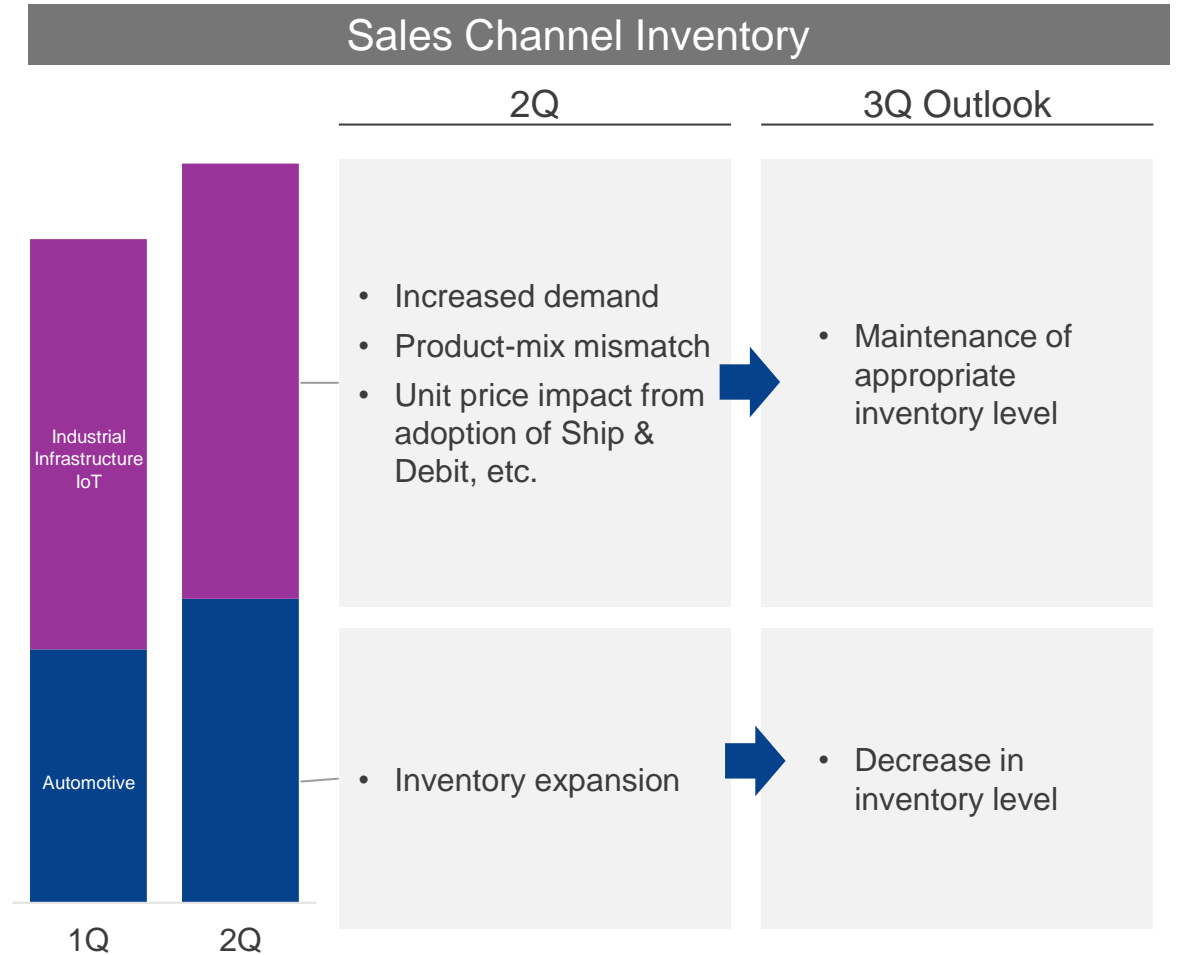
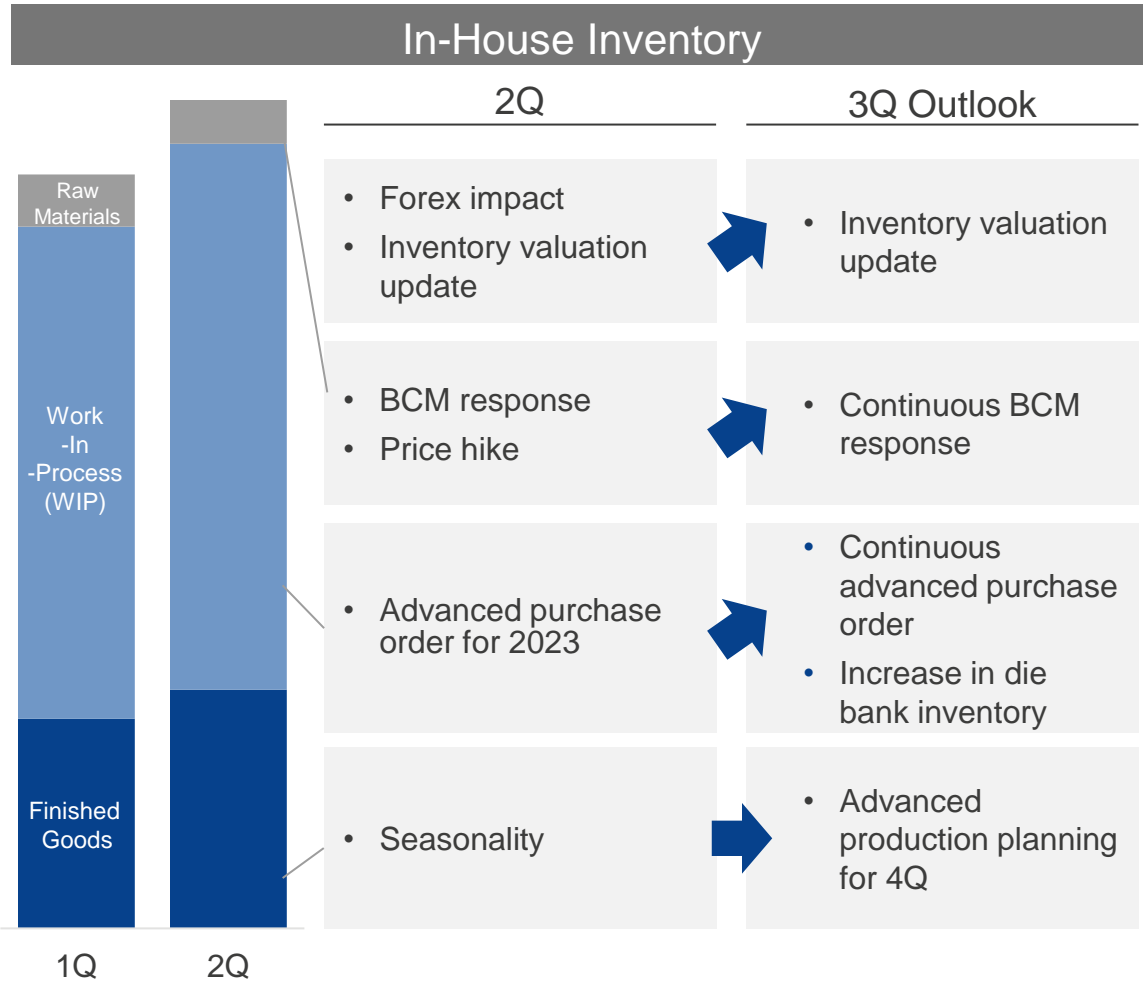


*1: Channel Inventory: Total inventory amount for Tokuyakutens for Japanese customers and overseas distributors (including channel inventories of Dialog from September 2021 and those of Celeno from March 2022)

*2: WOI: Weeks of Inventory = Channel inventory at the end of the quarter / (cost of channel sales in the quarter / 13 weeks). It should be noted that from the inventory management perspective, to calculate appropriate WOI, certain Long-Term Inventory is excluded from Channel Inventory

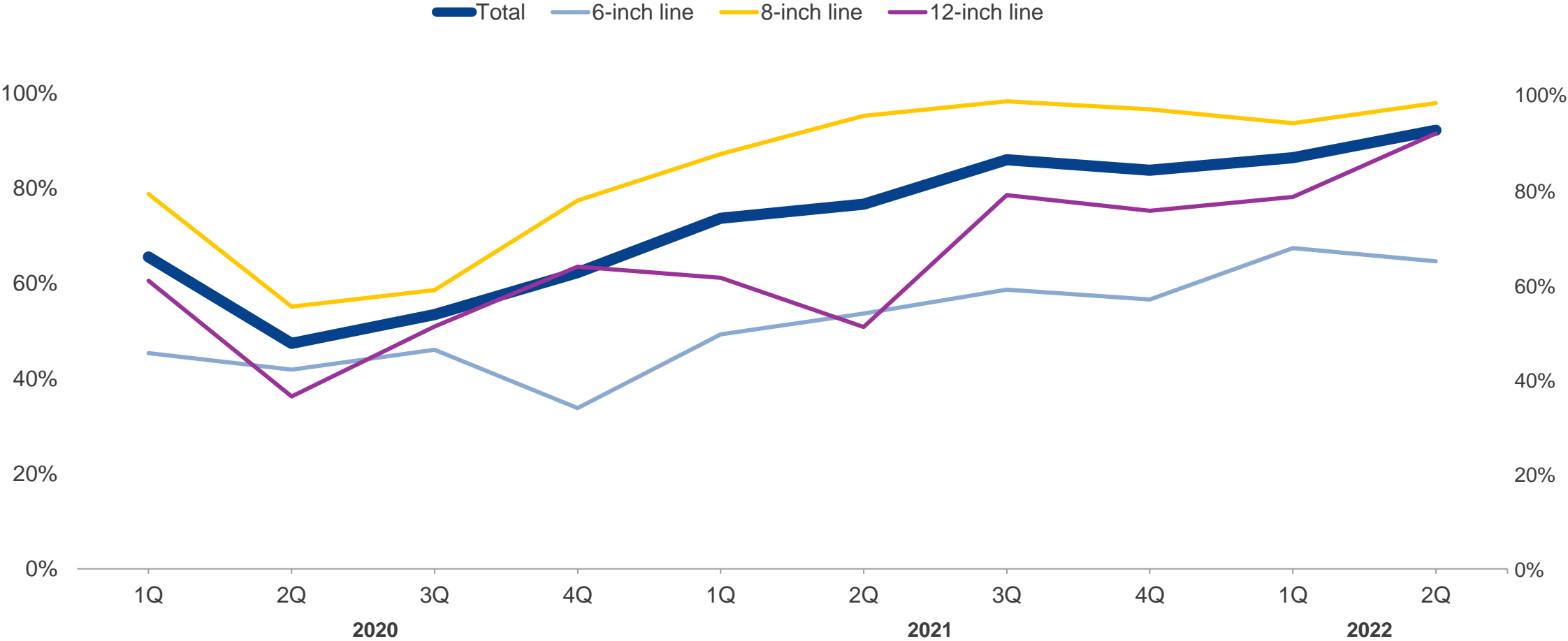
*3: Liquid Inventory: Channel Inventory – Long-Term Inventory, etc. *4: Long-Term Inventory: Inventory with unique holding periods (End of Life or "EOL" products, e-commerce inventory etc.)

INVENTORY ANALYSIS



QUARTERLY TRENDS IN FRONT-END UTILIZATION RATE*1

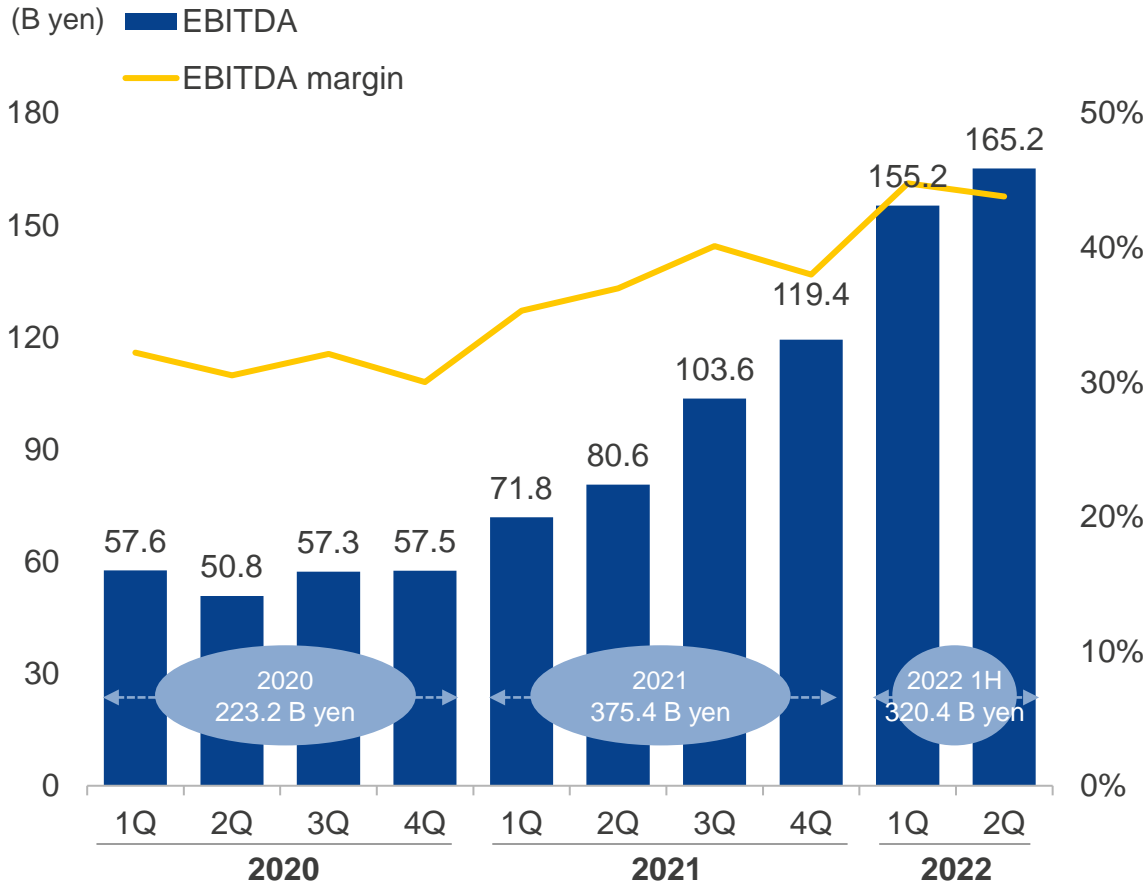
WAFER INPUT BASIS



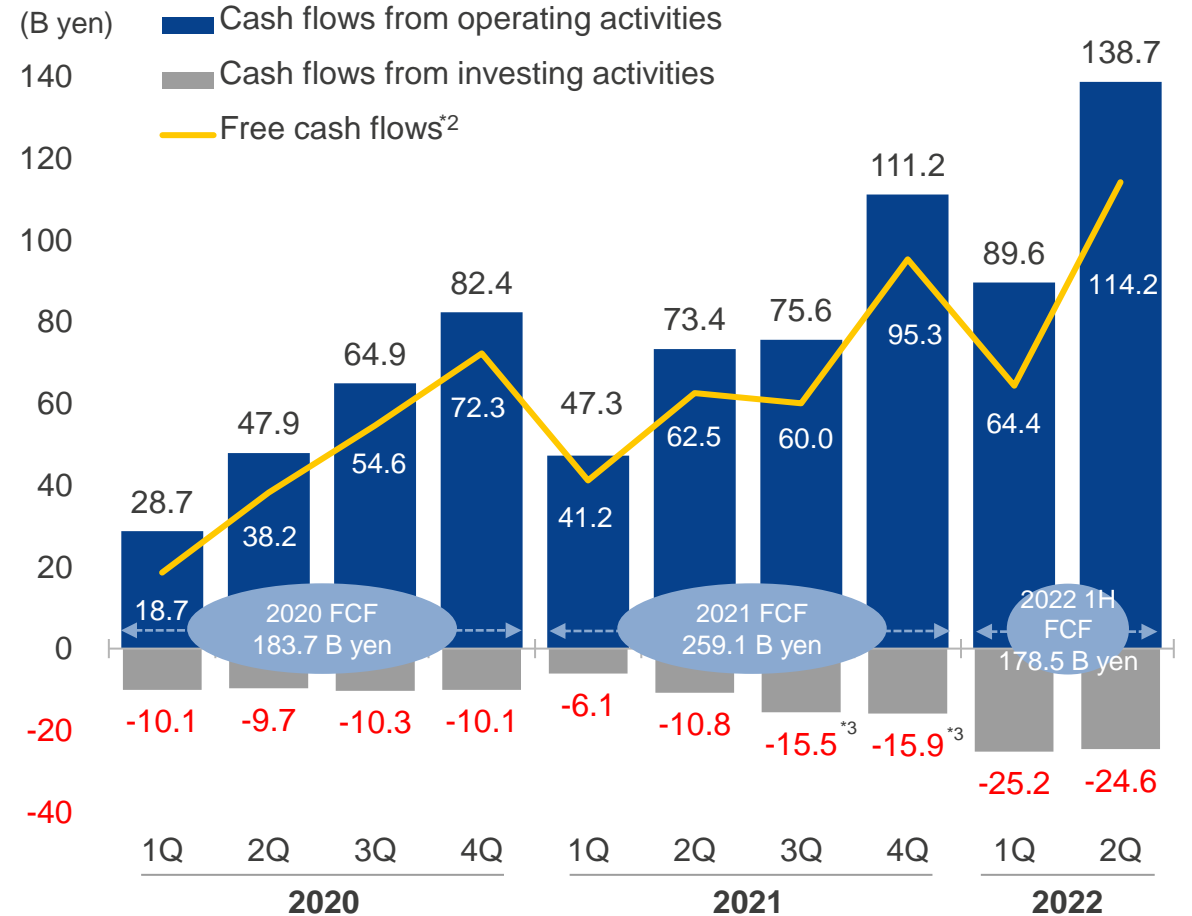
*1: Utilization rates are calculated by excluding the 6-inch line capacity of the Shiga Factory (closed in August 2021) and the Yamaguchi Factory (closed in June 2022) from 1Q21 and 1Q22 onwards, respectively.

NON-GAAP EBITDA*1 AND GAAP CASH FLOWS

Non-GAAP EBITDA



GAAP Cash Flows



*1: Operating profit + Depreciation and amortization *2: Cash flows from operating activities + Cash flows from investing activities

*3: 587.0 billion yen and 27.8 billion yen are excluded from the cash flows from investing activities as acquisition-related payments of Dialog for the 3Q21 and Celeno for the 4Q21, respectively.

3Q 2022 FORECAST

NON-GAAP

(B yen)	2021		2022					
	3Q (Jul-Sep)	9 months (Jan-Sep)	2Q (Apr-Jun)	3Q (Jul-Sep) Midpoint Forecast (Range)*1	YoY	QoQ	9 months (Jan-Sep) Forecast	YoY
Revenue	258.4	680.0	377.1	384.0 (±4.0)	+48.6% (±1.5pts)	+1.8% (±1.1pts)	1,107.8 (±4.0)	+62.9% (±0.6pt)
Gross Margin	55.2%	52.7%	58.6%	56.5%	+1.3pts	-2.1pts	57.8%	+5.1pts
Operating Margin	32.5%	29.1%	38.5%	34.5%	+2.0pts	-4.0pts	37.3%	+8.2pts
1 US\$ =	110 yen	108 yen	124 yen	135 yen	25 yen depreciation	11 yen depreciation	125 yen	17 yen depreciation
1 Euro=	131 yen	129 yen	134 yen	138 yen	7 yen depreciation	3 yen depreciation	134 yen	4 yen depreciation

*1: Each figure represents comparisons with the midpoint in the sales revenue forecast range

APPENDIX

The figures in this section are mainly based on segment disclosure and GAAP (IFRS) stated on a financial reporting basis and are provided as additional information.

REVENUE AND GROSS PROFIT BY SEGMENT

NON-GAAP

(B yen)		2021					2022			
		1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	4Q (Oct-Dec)	Full-Year (Jan-Dec)	1Q (Jan-Mar)	2Q (Apr-Jun)	YoY	QoQ
Revenue		203.7	217.9	258.4	314.4	994.4	346.7	377.1	+73.1%	+8.8%
	Automotive	103.2	106.1	121.3	131.6	462.3	153.9	163.8	+54.3%	+6.4%
	Industrial, Infrastructure, IoT	96.6	106.9	132.6	179.4	515.5	189.8	210.4	+96.8%	+10.8%
	Others	3.8	4.9	4.5	3.3	16.6	3.0	2.9	-40.3%	-2.0%
Gross Profit (Margin)		102.2 (50.2%)	113.3 (52.0%)	142.7 (55.2%)	170.7 (54.3%)	528.9 (53.2%)	202.3 (58.4%)	220.9 (58.6%)	+107.6 (+6.6pts)	+18.5 (+0.2pt)
	Automotive	43.8 (42.4%)	46.5 (43.8%)	59.6 (49.2%)	64.6 (49.1%)	214.6 (46.4%)	79.7 (51.8%)	85.2 (52.0%)	+38.7 (+8.2pts)	+5.5 (+0.2pt)
	Industrial, Infrastructure, IoT	57.8 (59.8%)	66.0 (61.8%)	82.4 (62.1%)	106.1 (59.1%)	312.3 (60.6%)	121.6 (64.1%)	134.7 (64.0%)	+68.7 (+2.3pts)	+13.1 (-0.0pt)
	Others	0.4 (10.8%)	0.7 (13.7%)	0.6 (13.2%)	0.3 (9.4%)	2.0 (12.0%)	0.8 (27.2%)	0.8 (28.3%)	+0.2 (+14.6pts)	+0.0 (+1.2pts)
	Adjustments*1	0.2	0.1	0.1	-0.4	0.0	0.2	0.1	+0.0	-0.0

*1: Adjustments include deductions or adjustments of non-recurring items or other specified adjustments, allocated in the reportable segments

OPERATING PROFIT AND EBITDA*1 BY SEGMENT

NON-GAAP

(B yen)	2021					2022			
	1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	4Q (Oct-Dec)	Full Year (Jan-Dec)	1Q (Jan-Mar)	2Q (Apr-Jun)	YoY	QoQ
Operating Profit (Margin)	52.6 (25.8%)	61.4 (28.2%)	83.9 (32.5%)	98.7 (31.4%)	296.6 (29.8%)	135.5 (39.1%)	145.3 (38.5%)	+83.9 (+10.4pts)	+9.8 (-0.6pt)
Automotive	22.8 (22.1%)	25.1 (23.6%)	35.5 (29.2%)	39.2 (29.7%)	122.4 (26.5%)	57.5 (37.4%)	59.4 (36.3%)	+34.3 (+12.6pts)	+1.9 (-1.1pts)
Industrial, Infrastructure, IoT	24.9 (25.8%)	34.6 (32.4%)	47.5 (35.8%)	60.1 (33.5%)	167.1 (32.4%)	75.7 (39.9%)	84.3 (40.1%)	+49.7 (+7.7pts)	+8.6 (+0.2pt)
Others	0.4 (10.8%)	0.7 (13.8%)	0.6 (13.1%)	0.3 (9.4%)	2.0 (12.0%)	0.8 (27.2%)	0.8 (28.3%)	+0.2 (+14.5pts)	+0.0 (+1.1pts)
Adjustments*2	4.5	1.1	0.3	-0.9	5.1	1.5	0.8	-0.3	-0.7
EBITDA	71.8	80.6	103.6	119.4	375.4	155.2	165.2	+84.6	+9.9
Automotive	33.9	36.0	46.3	49.7	165.9	68.3	70.0	+34.0	+1.7
Industrial, Infrastructure, IoT	33.0	42.8	56.4	70.2	202.4	84.7	93.5	+50.7	+8.9
Others	0.4	0.7	0.6	0.3	2.0	0.8	0.8	+0.2	+0.0
Adjustments*2	4.5	1.1	0.3	-0.9	5.1	1.5	0.8	-0.3	-0.7

*1: Operating profit + Depreciation and amortization

*2: Adjustments include deductions or adjustments of non-recurring items or other specified adjustments, allocated in the reportable segments

STATEMENT OF FINANCIAL POSITION

GAAP

(B yen)	21/3	21/6	21/9	21/12	22/3	22/6
Total Assets	1,688.1	1,942.7	2,354.1	2,426.3	2,598.7	2,840.3
Cash and Cash Equivalents* ¹	243.6	504.8	223.0	221.9	267.2	247.9
Inventories	86.6	94.4	135.0	137.8	155.5	173.3
Goodwill	631.6	630.9	1,044.0	1,089.5	1,159.3	1,294.6
Intangible Assets	369.7	351.9	526.3	534.8	532.0	559.7
Total Liabilities	966.9	966.9	1,308.8	1,272.9	1,252.6	1,391.1
Interest-Bearing Liabilities* ²	671.1	647.7	898.0	831.3	810.5	886.0
Total Equity	721.1	975.8	1,045.2	1,153.4	1,346.1	1,449.2
D/E Ratio (Gross)*³	0.93	0.67	0.86	0.72	0.60	0.61
D/E Ratio (Net)*⁴	0.60	0.15	0.65	0.53	0.40	0.44
Equity Ratio Attributable to Owners of Parent*⁵	42.5%	50.1%	44.3%	47.4%	51.7%	50.9%
Leverage Ratio (Gross)*⁶	2.8	2.4	2.9	2.2	1.8	1.6
Leverage Ratio (Net)*⁷	1.8	0.5	2.2	1.6	1.2	1.2

*1: This is comprised of cash on hand, demand deposit, and short-term investments that are readily convertible into cash, bearing low risk of changes in value and are redeemable in three months or less from each acquisition date

*2: Borrowings (current and non-current liabilities) + Lease Liabilities (current liabilities) + Lease Liabilities (non-current liabilities) + Bonds

*3: Interest-Bearing Liabilities / Equity attributable to owners of parent *4: (Interest-Bearing Liabilities - Cash and Cash Equivalents) / Equity attributable to owners of parent

*5: Equity attributable to owners of parent / Total liabilities and equity *6: Interest-Bearing Liabilities / EBITDA (Non-GAAP) *7: (Interest-Bearing Liabilities-Cash and Cash Equivalents) / EBITDA (Non-GAAP)

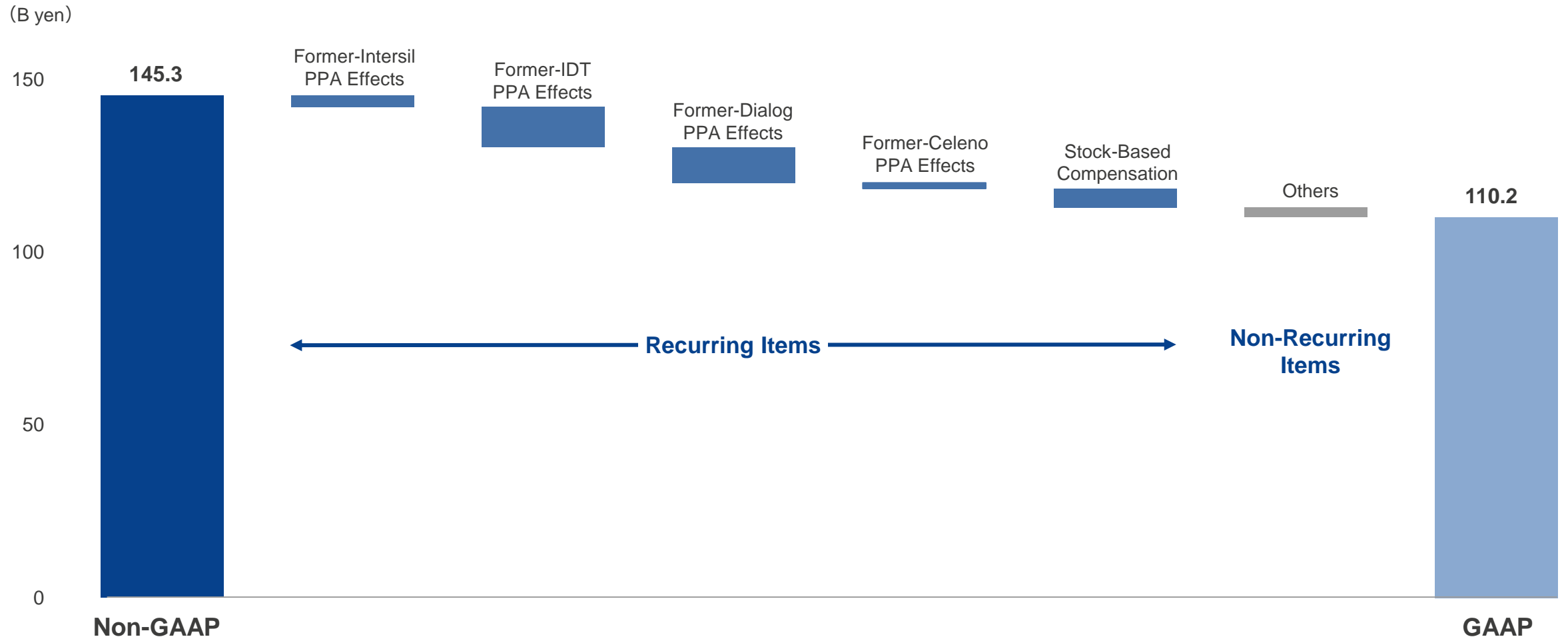
GAAP / NON-GAAP RECONCILIATION*1

(B yen)	Full-Year 2021 (Jan-Dec)								2022			
	2Q (Apr-Jun)								2Q (Apr-Jun)			
	Gross Profit	Operating Profit	Net Profit	EBITDA	Gross Profit	Operating Profit	Net Profit	EBITDA	Gross Profit	Operating Profit	Net Profit	EBITDA
Non-GAAP (vs Revenue)	113.3 (52.0%)	61.4 (28.2%)	45.8 (21.0%)	80.6 (37.0%)	528.9 (53.2%)	296.6 (29.8%)	222.2 (22.3%)	375.4 (37.7%)	220.9 (58.6%)	145.3 (38.5%)	81.4 (21.6%)	165.2 (43.8%)
Recurring Items	-0.5	-17.9	-15.8	-3.8	-15.9	-95.6	-80.8	-28.5	-2.0	-32.3	-28.7	-6.7
Former-Intersil PPA Effects	-0.1	-3.9	-3.0	-	-0.3	-15.6	-12.0	-	-0.1	-3.3	-2.6	-
Former-IDT PPA Effects	-0.1	-10.2	-9.0	-	-0.5	-40.4	-34.2	-	-0.1	-11.6	-10.2	-
Former-Dialog PPA Effects	-	-	-	-	-13.7	-24.7	-19.8	-13.6	-0.5	-10.3	-8.8	-0.4
Former-Celero PPA Effects	-	-	-	-	-	-	-	-	-0.9	-1.7	-1.7	-0.9
Stock-Based Compensation	-0.4	-3.8	-3.8	-3.8	-1.4	-14.9	-14.9	-14.9	-0.5	-5.4	-5.4	-5.4
Non-Recurring Items	-7.8	-8.0	-6.0	-8.0	-16.9	-27.1	-21.8	-27.0	-0.9	-2.8	-2.1	-2.4
Naka Factory Fire Impact	-7.9	-8.0	-5.9	-8.0	-15.4	-15.5	-11.6	-15.5	-0.2	-0.2	-0.2	-0.2
Others	0.2	-0.1	-0.1	-0.0	-1.5	-11.6	-10.3	-11.5	-0.7	-2.6	-1.9	-2.2
Non-GAAP Adjustments Total	-8.3	-25.9	-21.8	-11.8	-32.7	-122.8	-102.7	-55.5	-3.0	-35.1	-30.9	-9.1
GAAP (vs Revenue)	104.9 (48.2%)	35.5 (16.3%)	24.0 (11.0%)	68.7 (31.5%)	496.1 (49.9%)	173.8 (17.5%)	119.5 (12.0%)	319.9 (32.2%)	217.9 (57.9%)	110.2 (29.3%)	50.6 (13.4%)	156.1 (41.4%)

*1: From 3Q 2021 onwards, Non-GAAP adjustments have been also applied to the revenue following the implementation of PPA

2Q 2022 CONSOLIDATED OPERATING PROFIT

BRIDGE FROM NON-GAAP TO GAAP



2Q 2022 FINANCIAL SNAPSHOT

GAAP

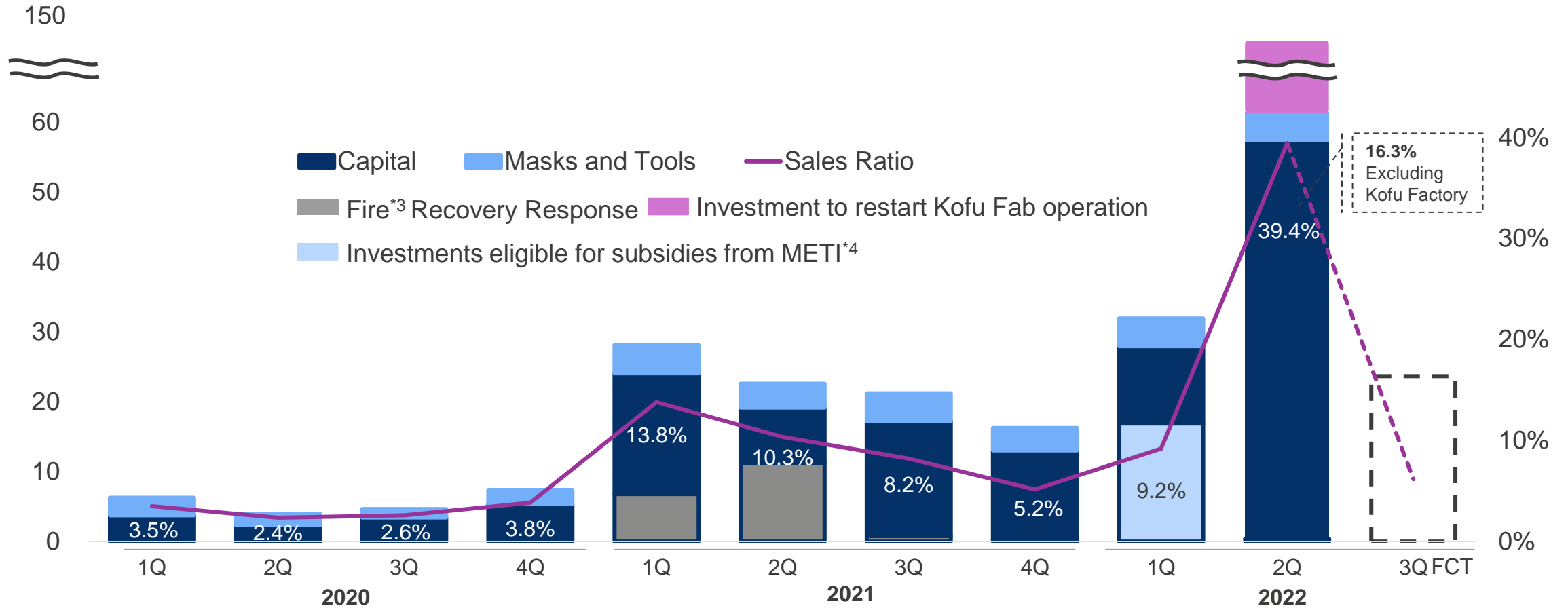
(B yen)	2021		2022					
	2Q (Apr-Jun)	1H (Jan-Jun)	1Q (Jan-Mar)	2Q (Apr-Jun)	YoY	QoQ	1H (Jan-Jun)	YoY
Revenue* ¹	217.9	421.6	346.3	376.6	+72.9%	+8.8%	722.9	+71.5%
Gross Margin	48.2%	48.1%	57.1%	57.9%	+9.7pts	+0.7pt	57.5%	+9.4pts
Operating Profit (Margin)	35.5 (16.3%)	65.7 (15.6%)	99.8 (28.8%)	110.2 (29.3%)	+74.7 (+13.0pts)	+10.4 (+0.4pt)	210.0 (29.1%)	+144.3 (+13.5pts)
Profit Attributable to Owners of Parent	24.0	37.7	59.9	50.6	+26.6	-9.3	110.4	+72.7
EBITDA* ²	68.7	131.4	143.8	156.1	+87.4	+12.2	299.9	+168.5
1 US\$=	109 yen	107 yen	115 yen	124 yen	15 yen depreciation	10 yen depreciation	120 yen	13 yen depreciation
1 Euro=	131 yen	129 yen	130 yen	134 yen	4 yen depreciation	5 yen depreciation	132 yen	3 yen depreciation

*1: Non-GAAP adjustments have been also applied to the revenue following the implementation of PPA. The revenue figures in this page are based on IFRS.

*2: Operating profit + Depreciation and amortization

CAPITAL EXPENDITURES*1*2

(B yen)



*1: The figures represent the investment decision basis tangible and intangible assets and do not match the sum listed in the cash flow statement. However, the investment amount for former Dialog and Celeno is based on equipment delivery
 *2: Total amount of the Group's capital investment, including investments made by former IDT from 2Q 2019, by former Dialog from 3Q 2021 and by former Celeno from 1Q 2022
 *3: The fire which occurred at a Renesas consolidated subsidiary on March 19, 2021 *4: METI: Ministry of Economy, Trade and Industry

MAJOR TOPICS DURING 2Q 2022

Restart Operation of Kofu Factory

- Location: Kofu Factory (Yamanashi Prefecture)
- Investment Amount: 90.0 B yen
- Size of Clean Room: 18,000m²
- Prospective Products: IGBT, Power MOSFET
- Schedule: 1H 2024: Start Operation
2025: Start Mass Production

Acquisition of Reality AI

- Overview:
 - Source of Financing: Cash-on-hand
 - Closing: July 19, 2022
- Purpose:
 - Enhance Renesas' endpoint AI solution offering capability
 - Extend Renesas' global software development talent base

Investment in Arduino

- Overview:
 - Investment in Arduino, a popular open-source hardware/software company, for its new round of series B funding
 - Investment Amount: \$10 million
- Purpose:
 - Gain access to new customers through Arduino's community of 30 million developers worldwide

Strategic Partnership with Tata Group Companies

- Overview:
 - Collaboration with Tata Motors to develop next-generation automotive electronics
 - Collaboration with Tejas Networks for implementing next-generation wireless network solutions
 - Establishment of a Joint System Solution Development Center with Tata Consultancy Service
- Purpose:
 - Accelerate innovation across electronics systems for the Indian and emerging markets

IMPACT OF EARTHQUAKE IN THE COAST OF FUKUSHIMA AND INSTANTANEOUS VOLTAGE DROP AT KAWASHIRI FACTORY

■ Overview of the impact caused to the Renesas Group factories

– Earthquake in the Coast of Fukushima:

4 fabrication lines at the following three factories temporarily halted production due to temporary blackouts, etc.:

Naka factory (front-end), Takasaki factory (front-end), Yonezawa factory (back-end)

Completed start-up of all production lines and reached full pre-earthquake production capacity on March 26

– Instantaneous Voltage Drop at Kawashiri Factory:

Approx. 90% of the production equipment was temporarily suspended due to an instantaneous voltage drop caused by lightning hitting a power line on July 5

Reached full production capacity (wafer input base) equivalent to before the instantaneous voltage drop on July 11

■ Financial Impact: Result and Forecast

(B yen)		2022				Contents
		1Q (Jan-Mar)	2Q (Apr-Jun) Forecast	2Q (Apr-Jun) Actual	3Q (Jul-Sep) Forecast	
Revenue	Fukushima coast earthquake	-0.7	-2.6	-2.2	-	Decrease in shipments
	Instantaneous voltage drop	-	-	-	-0.4	
Operating Profit (Non-GAAP)	Fukushima coast earthquake	-1.2	-1.6	-1.4	-	including operation loss
	Instantaneous voltage drop	-	-	-	-0.4	
Operating Profit (GAAP)	Fukushima coast earthquake	-2.1	-2.5	-2.1	-	incl. inventory disposal and repairment costs
	Instantaneous voltage drop	-	-	-	-0.6	

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(FORWARD-LOOKING STATEMENTS)

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