RENESAS

2010

FINANCIAL REPORT Year Ended March 31, 2010

RENESAS ELECTRONICS CORPORATION

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Report of Independent Auditors

The following section, Management's Discussion and Analysis of Operations, provides an overview of the consolidated financial statements of Renesas Electronics Corporation ("Renesas Electronics") (formerly NEC Electronics Corporation), and its consolidated subsidiaries (together, "the Group"), for the year ended March 31, 2010.

Introduction

Financial Position, Operating Results and Cash Flow Analysis

Forward-looking statements concerning financial position, operating results and cash flow are the Group's judgment as of March 31, 2010.

(1) Significant Accounting Policies and Estimates

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported value of assets and liabilities and the disclosure of contingent assets and liabilities at the fiscal year-end, and the reported amounts of revenues and expenses during the period presented. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable. As a consequence, actual results may differ from these estimates and assumptions.

The Group believes when the following significant accounting policies are used, its estimates and assumptions could have a significant impact on its consolidated financial statements.

1) Allowance for Doubtful Accounts

The Group provides an allowance for doubtful accounts based on the historical write-off ratio for receivables and any specific doubtful accounts based on a case-by-case determination of collectability. On the basis of information currently available, we consider the allowance for doubtful accounts to be adequate. However, changes in the underlying financial position of our customers, resulting in an impairment of their ability to make payments, may require additional provisions.

2) Inventories

Inventories are valued at the lower of cost or market. Regarding slow-moving and obsolete inventories, the Group writes down such inventories to their estimated market value based on assumptions about future demand and market conditions. If future demand and market conditions are less favorable than those projected, additional inventory write-downs may be required.

3) Investment Securities

Investment securities with a market value are valued at fair value based on the stock market price and other factors at the fiscal year-end. Unrealized gains and losses are included as a component of net assets, and the cost of securities sold is computed using the moving-average method. Investment securities without a market value are valued at cost or amortized cost using the moving-average method. If there is a significant decline in market price or value, the Group recognizes impairment, except when a recovery is expected. There could be extraordinary losses in the future if there is a significant decline in market price or value and no recovery is expected.

4) Impairment of Long-term Assets

The Group assesses whether or not the residual value of long-term assets on the balance sheets can be recovered from future cash flows from those assets, if there are signs of impairment. If sufficient cash flows cannot be generated from these assets, the Group may have to recognize impairment of the carrying value.

5) Deferred Tax Assets

The Group has recorded deferred tax assets resulting from deductible temporary differences and net loss carryforwards, both of which will reduce taxable income in the future. We set up a valuation allowance to reduce deferred tax assets to an amount that is more likely than not to be realized.

We evaluate the necessity of a valuation allowance for each subsidiary based on the information currently available, such as historical income performance, estimates of future taxable income, and estimates of the timing of when temporary differences will reverse. As a result, based on estimates of the levels of future taxable income and other factors carried out at Renesas Electronics, subsidiaries in Japan, and American subsidiary, NEC Electronics America, Inc., we recorded a valuation allowance of 161.1 billion yen at March 31, 2010.

6) Pension and Severance Plans

The Group recorded pension and severance costs and liabilities that are calculated from actuarial valuations. Changes in the related pension and severance costs and liabilities may occur in the future due to changes in assumptions such as the discount rate, the rate of increase in future compensation level and the expected long-term rate of return on plan assets, in addition to changes in the number of employees covered. Assumptions are evaluated at least annually; if circumstances change, we change these assumptions. We amortize variations in the assumptions or actual results that differ from the assumptions over the average remaining service period of employees.

The Group applied 2.5% for the expected long-term rate of return on plan assets for the fiscal years ended March 31, 2009 and 2010. To determine the expected long-term rate of return on plan assets, we consider current and expected asset allocations, as well as historical and expected long-term rates of return on various categories of plan assets.

The assumed discount rate as of March 31, 2010 was 2.5%.

7) Contingent Liabilities

The Group is involved in several lawsuits and other litigation in which compensation for damages is being sought. At present, we have booked allowances to cover losses associated with these actions in such cases where these losses are reasonably estimable. Currently, no allowances have been made with respect to cases in which such losses cannot be reasonably estimated.

(2) Operating Results

Net Sales

Consolidated net sales for the fiscal year ended March 31, 2010 were 471.0 billion yen, a decrease of 79.6 billion yen, or 14.5%, from 550.7 billion yen in the previous fiscal year. Sales in all product areas except for automotive and industrial decreased. In particular, computing and peripherals, and consumer electronics devices decreased considerably, by approximately 25% year on year. In addition, the yen became stronger compared to the corresponding period of the previous fiscal year, which contributed to the decrease in net sales.

Net sales by market application were as follows:

Communications

Net sales were 51.7 billion yen, down 8.8 billion yen, or 14.5%, from 60.5 billion yen in the previous fiscal year. Sales of semiconductors for broadband networking equipment, ICs for camera-equipped mobile phones, and digital baseband ICs all decreased year on year.

Computing and Peripherals

Net sales were 64.9 billion yen, down 22.9 billion yen, or 26.0%, from 87.8 billion yen. Sales of LCD driver ICs for computer monitors and televisions, and LSI chips for DVD drives and Blu-ray disc drives decreased year on year.

Consumer Electronics

Net sales were 83.9 billion yen, down 36.9 billion yen, or 30.5%, from 120.8 billion yen. Semiconductors for game consoles dropped significantly and sales of semiconductors for home appliances declined year on year.

Automotive and Industrial
Net sales were 93.4 billion yen, up 1.2 billion yen, or 1.2%, from 92.2 billion yen in the previous fiscal year. Sales of automotive microcontrollers increased year on year due to the recovery of the automotive market in the second half of the fiscal year.

Multi-market ICs
Net sales were 66.5 billion yen, down 4.4 billion yen, or 6.1%, from 70.9 billion yen. Although sales of general-purpose microcontrollers increased year on year as a result of an increase in demand due to the market recovery, sales of gate arrays declined year on year.

Discrete, Optical and Microwave Devices
Net sales were 91.5 billion yen, down 2.3 billion yen, or 2.5%, from 93.8 billion yen. Sales of discrete semiconductors declined year on year.

Other
Sales in Other mainly include non-semiconductor products such as LCD panels, sold on a resale basis by Renesas Electronics' sales subsidiaries. Net sales were 19.1 billion yen, down 5.6 billion yen, or 22.7%, from 24.7 billion yen.

Cost of Sales
Cost of sales declined 63.0 billion yen, or 15.1%, from 416.8 billion yen to 353.8 billion yen. The cost of sales as a percentage of net sales improved from 75.7% to 75.1%.

Selling, General and Administrative Expenses
Selling, general and administrative (SG&A) expenses declined 33.8 billion yen, or 16.9%, from 200.3 billion yen to 166.5 billion yen. As a percentage of net sales, SG&A expenses dropped from 36.4% to 35.3%.

Income Taxes
The Group's loss before income taxes and minority interests, provision for income taxes and effective tax rate were as follows:

(In billions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Income (loss) before income taxes and minority interests:	(91.5)	(52.8)
Income taxes:		
Current	2.0	2.2
Deferred	(8.3)	1.9
Tax rate (%)	-	-

Minority Interests in Income (Loss) of Consolidated Subsidiaries
The Group recorded minority interests mainly in losses of a consolidated subsidiary in China of 0.5 billion yen for the fiscal year ended March 31, 2010, compared with a 0.1 billion yen loss for the fiscal year ended March 31, 2009.

Net Loss
The Group recorded a net loss of 56.4 billion yen, compared with a net loss of 85.1 billion yen in the previous fiscal year. As a percentage of net loss to net sales, this was negative 12.0%.

(3) Geographical Segment Analysis
Our net sales to external customers on a geographic basis were as follows:

Japan
Net sales in Japan were 254.6 billion yen, down 51.3 billion yen, or 16.8%, from 305.8 billion yen. Although sales of automotive microcontrollers increased, sales of semiconductors for game consoles and mobile handsets decreased year on year.

Asia
Net sales in Asia, excluding Japan, were 120.4 billion yen, down 11.3 billion yen, or 8.6%, to 131.7 billion yen. Overall sales of LCD driver ICs for LCD televisions and PC monitors, as well as semiconductors for mobile handsets decreased.

Europe
Net sales in Europe were 64.2 billion yen, down 10.2 billion yen, or 13.7%, from 74.5 billion yen. Sales of general-purpose microcontrollers and semiconductors for broadband networking equipment decreased.

North America
Net sales in North America were 31.8 billion yen, down 6.8 billion yen, or 17.7%, from 38.6 billion yen. Sales of automotive microcontrollers and semiconductors for mobile handsets decreased.

(4) Seasonality
The Group's main customers for semiconductor products are manufacturers of electronic products.

Our net sales are generally higher from July through December compared to the period from January through June. This is due to the higher volume of product sales to customers that manufacture consumer products for the year-end holiday season.

(5) Effect of Change in Exchange Rates on Foreign Currency

The average annual exchange rate of the Japanese yen against the U.S. dollar during the fiscal year ended March 31, 2010 was stronger compared to the fiscal year ended March 31, 2009. This decreased the yen-denominated amount of U.S. dollar-denominated sales, thereby contributing to decreased earnings. From time to time, we enter into foreign currency forward exchange contracts to reduce exposure to market risks from fluctuations in foreign currency exchange. We recorded a net foreign exchange loss of 0.9 billion yen for the fiscal year ended March 31, 2010. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the fiscal year-end. Revenue and expenses are translated at the average exchange rate for the fiscal year. Adjustments resulting from the translation are accumulated and recorded in “foreign currency translation adjustments” and “minority interests” in the consolidated balance sheets. For details, see basis of consolidated financial statements.

(6) Liquidity and Capital Resources

The Group’s financial policy is to secure adequate liquidity and capital resources for its operations and to maintain the strength of its balance sheet. In order to secure stable capital resources, Renesas Electronics issued bonds with share subscription rights (zero coupon unsecured yen convertible bonds due 2011) on May 27, 2004 and raised 110.0 billion yen. The bonds are subject to certain covenants. Under the conditions of the covenants, during a certain period, bondholders have the right to claim conversion if the stock price exceeds 110% of the conversion price of 9,860 yen, as of March 31, 2010. In addition, the bonds carry a call option that gives Renesas Electronics the right to call the bonds at the principal amount after May 27, 2008, if Renesas Electronics’ stock price exceeds 130% or more of the conversion price for 30 consecutive trading days. As of March 31, 2010, the outstanding balance of convertible bonds was 110.0 billion yen.

As of March 31, 2010, the total amount of interest-bearing debt, including bonds, borrowings, and lease obligations, was 140.9 billion yen. As of March 31, 2010, we had 91.2 billion yen in liquidity, including cash and deposits, and short-term investment securities. Moreover, Renesas Electronics has obtained credit ratings from Rating and Investment Information, Inc. (R&I), one of Japan’s major credit rating agencies. As of March 31, 2010, Renesas Electronics’ senior long-term credit and current short-term debt ratings from R&I are BBB and a-2, respectively.

(7) Financial Position

Total Assets and Net Assets

Total assets at March 31, 2010 totaled 459.9 billion yen, a 28.3 billion yen decrease from 488.2 billion yen at March 31, 2009. This was mainly due to a 30.6 billion yen decline in long-term assets, including buildings and structures, machinery and equipment, and software.

Total net assets at March 31, 2010 stood at 136.3 billion yen, down 58.4 billion yen from 194.7 billion yen at March 31, 2009. This decline mainly reflected the 56.4 billion yen net loss in the fiscal year ended March 31, 2010.

Cash Flow
Net cash provided by operating activities was 6.3 billion yen, a change of 14.4 billion yen from the net cash used of 8.2 billion yen in the previous fiscal year. Although the Group recorded a net loss, this change reflected mainly depreciation and amortization of 53.0 billion yen and an increase in notes and accounts payable-trade.

Net cash used in investing activities was 42.2 billion yen, a decrease of 6.8 billion yen from 49.1 billion yen in the previous fiscal year. Although cash of 59.5 billion yen was used for the purchase of property, plant and equipment, this was offset somewhat by 20.3 billion yen in proceeds from sales of property, plant and equipment.

Net cash provided by financing activities amounted to 26.6 billion yen, a change of 29.9 billion yen from the 3.2 billion yen net cash used in the fiscal year ended March 31, 2009. Net cash provided mainly reflected proceeds from long-term borrowings.

(8) Capital Expenditures
The Group's capital expenditures for the fiscal years ended March 31, 2009 and 2010 were 56.6 billion yen and 31.4 billion yen, respectively. For the fiscal year ended March 31, 2010, capital expenditures were largely allocated to the upgrade and expansion of our 300mm wafer production line, and assembly and testing lines.

(9) Off-balance Sheet Arrangements
The Group securitizes receivables by selling certain trade receivables to Special Purpose Entities ("SPEs") and others without recourse from time to time. The purpose of these securitization transactions is to enhance asset efficiency. The Group services, administers and collects the securitized trade receivables on behalf of the SPEs and others. We received proceeds from securitization transactions of 10.0 billion yen for the fiscal year ended March 31, 2010. No proceeds from securitization transactions were received in the fiscal year ended March 31, 2009.

The Group has also sold portions of its machinery and equipment to leasing companies and to certain SPEs, leasing them back for periods of less than five years, for the purpose of eliminating risks associated with a decline in the value of obsolete production facilities, as well as stabilizing cash flows. These transactions are treated as operating leases for accounting purposes. The amount of machinery and equipment sold for lease back to the Group in the fiscal years ended March 31, 2009 and 2010 were 4.5 billion yen and 19.4 billion yen, respectively.

Risk Factors

The Group recognizes the following as some of the most significant risk factors faced in its business operations, which could adversely affect investors' judgments. The Group recognizes the following as some of the most significant risk factors faced in its business operations as of March 31, 2010.

(1) Risks Related to the Group's Businesses

1) Impact of Market Fluctuations

Although the Group carefully monitors changes in market conditions, it is difficult to completely avoid the impact of market fluctuations due to economic cycles in countries around the world and changes in the demand for end products. Market downturns, therefore, could lead to sales declines for the Group, as well as lower fab utilization rates, which may in turn result in diminished cost ratios, ultimately leading to a significant deterioration in profits.

2) Foreign Currency Fluctuations

The operating results and financial position of the Group are affected by fluctuations in foreign currency exchange markets. The Group takes various measures to reduce risks relating to fluctuations in the foreign currency exchange markets, such as forward exchange contracts. However, significant fluctuations in the exchange rate may impact the yen values of foreign currency-denominated product sales, materials costs, and production costs in factories overseas. In addition, conversion of Renesas Electronics' foreign currency-denominated assets and liabilities, and the foreign currency-denominated financial statements of overseas subsidiaries into Japanese yen for disclosure may also affect the Group's assets and liabilities, as well as earnings and expenses.

3) Impact of Countries' Legal Systems and Related Compliance

The Group conducts development, production and sales activities all over the world. Consequently, the Group may encounter risks associated with the countries and regions where it operates. Such risks include political and social instability, changes in legal regulations and social policies pertaining to areas such as trade, employment and the environment that impact business development, as well as deterioration in underlying economic conditions.

4) Natural Disasters

Natural disasters such as earthquakes, typhoons, and floods, as well as accidents, acts of terror and other factors beyond the control of the Group could severely damage semiconductor manufacturing facilities and other Group-owned facilities. The Group owns facilities in areas where earthquakes occur at a frequency higher than the global average. Consequently, the effects of earthquakes and other events could force a halt to manufacturing and other operations. The Group is insured against losses and damages relating to earthquakes; however, the insurance may be unable to cover all the losses and damages if the earthquake is extraordinarily severe.

5) Competition

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

6) Risks Associated with Products from Orders to Final Shipment

The Group receives orders from specific customers for the development of semiconductor products. There are cases where, after the Group has started product design work based on their unique specifications, customers decide to postpone or cancel the launch of the end products in which the ordered product is scheduled to be embedded. There is also the possibility that customer dissatisfaction with product function and/or performance, could result in cancelled purchases. Further, the lackluster sale of end products in which products developed by the Group are embedded may prompt customers to reduce the volume of products ordered, or to postpone delivery dates. Such changes in product plans, order reductions, postponements and other actions on the part of the customer for products developed for specific customers may cause declines in the Group sales and profitability.

7) Risks Associated with Product Production

a. Production Process Risk

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

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

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

c. Product Defects, Anomalies and Malfunctions

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

d. Risks Associated with Outsourced Production

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

8) Risks Associated with Product Sales

a. Reliance on Key Customers

The Group relies on certain key customers for the bulk of its product sales to end customers. During the fiscal year under review, sales to the Group's top 10 end customers accounted for approximately half of consolidated net sales. The decision by these key customers to cease adoption of the Group's products, or to dramatically reduce order volume, could negatively impact the Group's operating results.

b. Reliance on Authorized Sales Agents

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

9) Retaining Human Resources

There is fierce competition in the semiconductor industry for talented human resources such as managers, technicians, researchers, and developers. For this reason, there is a risk that the Group may be unable to indefinitely retain talented human resources with adequate backgrounds in science, technology or engineering, particularly in the fields of LSI design and semiconductor manufacturing process technology.

10) Risks Related to Projected Benefit Obligations

Projected benefit obligations and prepaid pension cost recognized by the Group are calculated based on the premise of actuarial calculation such as discount rate and expected rate of return on plan assets. It could negatively affect the Group's business, earnings and financial conditions that projected benefit obligations will increase if there is a discrepancy between the premise and result on actuarial calculation due to lower interest rates or stock market declines.

11) Impairment Loss on Long-term Assets

The Group has recorded property, plant and equipment and many other long-term assets in its consolidated balance sheet, and when there is an indicator of impairment loss, Renesas Electronics and its subsidiaries review whether they will be able to recover the recorded residual value of these assets in the form of future cash flows. If these assets do not generate sufficient cash flows, the Group may be forced to recognize impairment loss in their value.

12) Information Management

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

13) Environmental Factors

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

14) Legal Issues

The Group conducts business operations on a global scale. As a consequence, there is a risk that the Group may become the subject of lawsuits, be requested to pay compensation for damages, or be named in other legal disputes. While a number of unresolved cases of this kind are typically pending at any particular time, with the exception of those discussed below, such cases are considered to have no major impact on the Group's financial condition and operating results as of March 31, 2010.

Although NEC Electronics America, Inc., a subsidiary in the U.S., has resolved by settlement, class action civil antitrust lawsuits from direct purchasers (customers who had directly purchased DRAM from the Group in the past), it is still in settlement negotiations with several customers who have opted out of such class action lawsuits.

NEC Electronics America, Inc. has also been named as one of the defendants in numerous class action civil lawsuits from indirect purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the U.S.

Additionally, the Group is cooperating with and providing information to the European Commission in its investigation of potential violation of the competition laws in the DRAM industry.

The Group is also subject to investigations by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission, and the Competition Bureau of Canada in connection with potential antitrust violations in the thin-film transistor liquid crystal display (TFT-LCD) industry. In May 2009, the European Commission issued a statement of objections against the parties concerned and entered into a formal procedural step. The Group has not yet received this statement of objections.

NEC Electronics America, Inc., and NEC Electronics remain defendants in numerous class action civil antitrust lawsuits in the United States and Canada seeking damages for alleged antitrust violations in the SRAM industry. Among these cases, class action civil antitrust lawsuits in the U.S. are expected to be resolved by settlement.

Regarding the aforementioned investigations, antitrust lawsuits and settlement negotiations, the Group recorded probable and reasonably estimable losses in the amount of 2,253 million yen in provision for contingent loss related to the DRAM civil lawsuits and settlements in the U.S. and investigations by the European Commission. It is possible that this estimated amount may increase or decrease with the progress of such cases in the future. No other expenses pertaining to other civil lawsuits and official investigations have been recorded, since the Group's liability for compensation pertaining to such lawsuits and its alleged behavior under such investigations remain undetermined. Consequently, any reasonable estimate of related expenses and losses is not feasible at this time.
In May 2010, NEC Electronics' subsidiaries in Europe, together with NEC Corporation, received the European Commission's notice communicating its decision to impose fines regarding its investigation in the DRAM industry. This decision is based on the settlement procedure introduced by the European Commission.

15) Merger With Renesas Technology Corp.

Renesas Electronics commenced business operations on April 1, 2010 as Renesas Electronics Corporation, following a merger between NEC Electronics Corporation and Renesas Technology Corp. If the Group is unable to sufficiently capture the expected benefits and synergies of this merger, if disorder occurs as a result of changing business processes due to this merger, or if higher-than-expected expenses are incurred due to unforeseen circumstances related to this merger, the Group's performance could be negatively affected.

(Reference) Renesas Technology Corp. Summary of Consolidated Financial Results for the Fiscal Years Ended March 31, 2009 and 2010.

(In millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Net sales	702,739	599,790
Ordinary income (loss)	(102,799)	(70,939)
Income (loss) before income taxes	(136,656)	(77,978)
Net income (loss)	(203,257)	(81,344)
Net assets	176,888	166,800
Total assets	682,937	610,927

FINANCIAL SECTION

1. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Renesas Electronics Corporation ("Renesas Electronics") (former NEC Electronics Corporation ("NEC Electronics")) and its consolidated subsidiaries (together, "the Group") were prepared in accordance with the Ministry of Finance Ordinance No. 28, 1976 "Regulations Concerning the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" ("Regulations for Consolidated Financial Statements").

The consolidated financial statements for the previous fiscal year (from April 1, 2008 to March 31, 2009) were prepared in accordance with the Regulations for Consolidated Financial Statements before amendment, whereas the consolidated financial statements for the current fiscal year (from April 1, 2009 to March 31, 2010) were prepared in accordance with the Regulations for Consolidated Financial Statements after amendment.

2. Audit Certification

The consolidated financial statements for the previous fiscal year (from April 1, 2008 to March 31, 2009) and those for the current fiscal year (from April 1, 2009 to March 31, 2010) were audited by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, Section 1, of the Financial Instruments and Exchange Law.

The audit report on the consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan was issued on June 25, 2010 by Ernst & Young ShinNihon LLC, in addition to the audit report on the consolidated financial statements prepared in accordance with accounting principles generally accepted in the U.S. issued on June 25, 2009 by Ernst & Young ShinNihon LLC.

3. Special Measures for Preparing Fairy Stated Financial Statements

The Group takes special measures to prepare fairy stated financial statements. For the purpose of appropriately matching accounting standards and dealing appropriately with changes in accounting standards, the Group has been a member of the Accounting Standards Board of Japan ("ASBJ") and participates in the seminars which are held by the entity which formulates the accounting standards. In addition, the Group maintains and updates internal accounting rules and manuals.

Consolidated Financial Statements

1. Consolidated Balance Sheets

As of March 31, 2009 and 2010

(In millions of yen)

		March 31, 2009		March 31, 2010
Assets				
Current assets				
Cash and deposits		48,698		24,685
Notes and accounts receivable-trade	*1	46,372		63,752
Short-term investment securities		52,581		66,549
Merchandise and finished goods		14,453		13,446
Work in process		38,377		33,411
Raw materials and supplies		10,390		10,192
Deferred tax assets		725		324
Accounts receivable-other		6,300		8,860
Other		4,468		3,487
Allowance for doubtful accounts		(202)		(167)
Total current assets		222,162		224,539
Long-term assets				
Property, plant and equipment				
Buildings and structures		232,084		228,432
Accumulated depreciation		(157,917)	*2	(160,424)
Buildings and structures, net		74,167		68,008
Machinery and equipment		730,835		702,430
Accumulated depreciation	*2	(640,242)	*2	(617,057)
Machinery and equipment, net		90,593		85,373
Vehicles, tools, furniture and fixtures		115,946		110,068
Accumulated depreciation	*2	(97,343)	*2	(93,747)
Vehicles, tools, furniture and fixtures, net		18,603		16,321
Land		15,136		14,737
Construction in progress		17,589		13,538
Total property, plant and equipment		216,088		197,977
Intangible assets				
Software		19,510		13,214
Other		787		705
Total intangible assets		20,297		13,919
Investments and other assets				
Investment securities		1,769		194
Deferred tax assets		734		1,077
Long-term prepaid expenses		10,464		7,196
Prepaid pension cost		9,046		6,658
Long-term accounts receivable-other		6,048		5,829
Other		1,582		2,539
Total investments and other assets		29,643		23,493
Total long-term assets		266,028		235,389
Total assets		488,190		459,928

(In millions of yen)

		March 31, 2009		March 31, 2010
Liabilities				
Current liabilities				
Notes and accounts payable-trade		61,175		74,595
Short-term borrowings	*1	1,135		2,450
Current portion of long-term borrowings		—		3,104
Current portion of lease obligations		76		3,223
Accounts payable-other		33,219		21,525
Accrued expenses		18,633		22,709
Accrued income taxes		1,462		2,812
Provision for product warranties		468		253
Provision for contingent loss		—	*3	1,545
Other		4,688		7,642
Total current liabilities		120,856		139,858
Long-term liabilities				
Bonds with share subscription rights		110,000		110,000
Long-term borrowings		—		11,062
Lease obligations		134		11,054
Deferred tax liabilities		5,385		7,097
Accrued retirement benefits		37,168		40,098
Provision for contingent loss	*3	12,603	*3	1,228
Other		7,340		3,193
Total long-term liabilities		172,630		183,732
Total liabilities		293,486		323,590
Net assets				
Shareholders' equity				
Common stock		85,955		85,955
Capital surplus		242,586		242,586
Retained earnings		(126,179)		(182,611)
Treasury stock		(11)		(11)
Total shareholders' equity		202,351		145,919
Valuation and translation adjustments				
Unrealized gains (losses) on securities		2		(16)
Foreign currency translation adjustments		(12,183)		(13,649)
Total valuation and translation adjustments		(12,181)		(13,665)
Share subscription rights		67		52
Minority interests		4,467		4,032
Total net assets		194,704		136,338
Total liabilities and net assets		488,190		459,928

2. Consolidated Statements of Operations

For the Years Ended March 31, 2009 and 2010

(In millions of yen)

		The year ended March 31, 2009		The year ended March 31, 2010
Net sales		550,679		471,034
Cost of sales	*1	416,774	*1	353,781
Gross profit		133,905		117,253
Selling, general and administrative expenses	*2 *3	200,311	*2 *3	166,488
Operating income (loss)		(66,406)		(49,235)
Non-operating income				
Interest income		1,566		245
Gain on sales of securities		159		—
Compensation income		—		881
Subsidy income		—		711
Other		1,011		866
Total non-operating income		2,736		2,703
Non-operating expenses				
Interest expenses		124		586
Loss on valuation of securities		392		6
Foreign exchange losses		3,635		937
Loss on disposal of long-term assets		4,278		2,506
Retirement benefit expenses		2,487		2,376
Other		1,565		1,454
Total non-operating expenses		12,481		7,865
Ordinary income (loss)		(76,151)		(54,397)
Special income				
Gain on sales of property, plant, and equipment	*4	1,169	*4	557
Reversal of provision for contingent loss		—		9,576
Gain on sales of subsidiary's stocks		—		98
Gain on liquidation of subsidiary		—		42
Total special income		1,169		10,273
Special loss				
Loss on sales of property, plant, and equipment	*5	116	*5	16
Impairment loss	*6	2,014	*6	646
Business structure improvement expenses	*7	4,407	*7	5,600
Provision for contingent loss		9,945		—
Loss on litigation and others		—		2,098
Loss on sales of investment securities		—		171
Loss on valuation of investment securities		—		161
Total special losses		16,482		8,692
Income (loss) before income taxes and minority interests		(91,464)		(52,816)
Income taxes-current		1,998		2,245
Income taxes-deferred		(8,283)		1,871
Total income taxes		(6,285)		4,116
Minority interests in income (loss) of consolidated subsidiaries		(117)		(500)
Net income (loss)		(85,062)		(56,432)

3. Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2009 and 2010

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at end of previous year	85,955	85,955
Changes during the period		
Total changes during the period	—	—
Balance at end of year	85,955	85,955
Capital surplus		
Balance at end of previous year	242,586	242,586
Changes during the period		
Total changes during the period	—	—
Balance at end of year	242,586	242,586
Retained earnings		
Balance at end of previous year	(41,117)	(126,179)
Changes during the period		
Net income (loss)	(85,062)	(56,432)
Total changes during the period	(85,062)	(56,432)
Balance at end of year	(126,179)	(182,611)
Treasury stock		
Balance at end of previous year	(10)	(11)
Changes during the period		
Purchase of treasury stock	(1)	(0)
Total changes during the period	(1)	(0)
Balance at end of year	(11)	(11)
Total shareholders' equity		
Balance at end of previous year	287,414	202,351
Changes during the period		
Net income (loss)	(85,062)	(56,432)
Purchase of treasury stock	(1)	(0)
Total changes during the period	(85,063)	(56,432)
Balance at end of year	202,351	145,919

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
Valuation and translation adjustments		
Unrealized gains (losses) on securities		
Balance at end of previous year	4	2
Changes during the period		
Net changes other than shareholders' equity	(2)	(18)
Total changes during the period	(2)	(18)
Balance at end of year	2	(16)
Foreign currency translation adjustments		
Balance at end of previous year	(3,900)	(12,183)
Changes during the period		
Net changes other than shareholders' equity	(8,283)	(1,466)
Total changes during the period	(8,283)	(1,466)
Balance at end of year	(12,183)	(13,649)
Total valuation and translation adjustments		
Balance at end of previous year	(3,896)	(12,181)
Changes during the period		
Net changes other than shareholders' equity	(8,285)	(1,484)
Total changes during the period	(8,285)	(1,484)
Balance at end of year	(12,181)	(13,665)
Share subscription rights		
Balance at end of previous year	59	67
Changes during the period		
Net changes other than shareholders' equity	8	(15)
Total changes during the period	8	(15)
Balance at end of year	67	52
Minority interests		
Balance at end of previous year	5,353	4,467
Changes during the period		
Net changes other than shareholders' equity	(886)	(435)
Total changes during the period	(886)	(435)
Balance at end of year	4,467	4,032
Total net assets		
Balance at end of previous year	288,930	194,704
Changes during the period		
Net income (loss)	(85,062)	(56,432)
Purchase of treasury stock	(1)	(0)
Net changes other than shareholders' equity	(9,163)	(1,934)
Total changes during the period	(94,226)	(58,366)
Balance at end of year	194,704	136,338

4. Consolidated Statements of Cash Flows

For the Years Ended March 31, 2009 and 2010

(In millions of yen)

	The year ended March 31, 2009		The year ended March 31, 2010
Net cash provided by (used in) operating activities			
Income (loss) before income taxes and minority interests	(91,464)		(52,816)
Depreciation and amortization	59,738		52,957
Amortization of long-term prepaid expenses	5,119		5,051
Impairment loss	2,014		646
Increase (decrease) in accrued retirement benefits	3,364		5,318
Increase (decrease) in provision for contingent loss	9,945		(9,595)
Interest income	(1,566)		(245)
Interest expenses	124		586
Loss (gain) on sales and valuation of investment securities	233		338
Loss (gain) on sales of property, plant and equipment	(1,053)		(541)
Loss on disposal of long-term assets	4,278		2,506
Business structure improvement expenses	4,407		3,767
Loss (gain) on sales of subsidiary's stocks	—	*3	(98)
Loss (gain) on liquidation of subsidiary	—		(42)
Decrease (increase) in notes and accounts receivable-trade	31,690		(18,398)
Decrease (increase) in inventories	10,911		5,578
Decrease (increase) in accounts receivable-other	7,764		(1,928)
Increase (decrease) in notes and accounts payable-trade	(31,166)		14,171
Increase (decrease) in accounts payable-other and accrued expenses	(15,443)		1,252
Increase (decrease) in accrued consumption taxes	(2,245)		1,952
Other, net	23		(1,459)
Subtotal	(3,327)		9,000
Interest and dividends received	1,620		276
Interest paid	(124)		(586)
Income taxes paid	(2,903)		(1,020)
Payments for extra retirement benefits	(3,167)		(1,410)
Payments for loss on litigation and others	(264)		—
Net cash provided by (used in) operating activities	(8,165)		6,260
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment	(49,030)		(59,547)
Proceeds from sales of property, plant and equipment	6,271		20,287
Purchase of intangible assets	(3,847)		(2,174)
Purchase of long-term prepaid expenses	(1,885)		(1,534)
Purchase of investment securities	(154)		—
Proceeds from sales of investment securities	159		1,229
Proceeds from sales of subsidiary's stocks resulting in change in scope of consolidation	—	*3	158
Other, net	(586)		(647)
Net cash provided by (used in) investing activities	(49,072)		(42,228)

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	185	1,324
Proceeds from long-term borrowings	—	15,000
Repayment of long-term borrowings	(593)	(834)
Purchase of treasury stock	(1)	(0)
Repayments of finance lease obligations	(131)	(1,939)
Repayments of installment payables	(2,707)	(2,906)
Proceeds from sale-and-leaseback transactions	—	15,992
Net cash provided by (used in) financing activities	(3,247)	26,637
Effect of exchange rate change on cash and cash equivalents	(3,709)	(714)
Net increase (decrease) in cash and cash equivalents	(64,193)	(10,045)
Cash and cash equivalents at beginning of year	165,472	101,279
Cash and cash equivalents at end of year	*1 101,279	*1 91,234

Basis of Consolidated Financial Statements

Items	The year ended March 31, 2009	The year ended March 31, 2010
1. Scope of Consolidation	All subsidiaries were consolidated. The number of consolidated companies of the Group: 21 Names of the substantial consolidated subsidiaries: NEC Semiconductors Yamagata, Ltd. NEC Semiconductors Kansai, Ltd. NEC Semiconductors Kyushu Yamaguchi, Ltd. NEC Micro Systems, Ltd. NEC Fabserve, Ltd. NEC Electronics America, Inc. NEC Electronics (Europe) GmbH NEC Semiconductors (Malaysia) Sdn. Bhd. NEC Semiconductors Singapore Pte. Ltd. NEC Electronics Singapore Pte. Ltd. Shougang NEC Electronics Co., Ltd. NEC Electronics (China) Co., Ltd. NEC Electronics Hong Kong Limited NEC Electronics Taiwan Ltd. NEC Electronics Korea Limited	All subsidiaries were consolidated. The number of consolidated companies of the Group: 18 Names of the substantial consolidated subsidiaries: NEC Semiconductors Yamagata, Ltd. NEC Semiconductors Kansai, Ltd. NEC Semiconductors Kyushu Yamaguchi, Ltd. NEC Micro Systems, Ltd. NEC Electronics America, Inc. NEC Electronics (Europe) GmbH NEC Semiconductors (Malaysia) Sdn. Bhd. NEC Semiconductors Singapore Pte. Ltd. NEC Electronics Singapore Pte. Ltd. Shougang NEC Electronics Co., Ltd. NEC Electronics (China) Co., Ltd. NEC Electronics Hong Kong Limited NEC Electronics Taiwan Ltd. NEC Electronics Korea Limited NEC Electronics merged with Renesas Technology Corp. ("Renesas") as of April 1, 2010, and changed its company name to Renesas Electronics. Accordingly, the subsidiaries above changed their companies' names as follows: The details of the business combination are described in "Significant Subsequent Events." Renesas Yamagata Semiconductor Co., Ltd. (former NEC Semiconductors Yamagata, Ltd.) Renesas Kansai Semiconductor Co., Ltd. (former NEC Semiconductors Kansai, Ltd.) Renesas Semiconductor Kyushu Yamaguchi Co., Ltd. (former NEC Semiconductors Kyushu Yamaguchi, Ltd.) Renesas Micro Systems Co., Ltd. (former NEC Micro Systems, Ltd.) Renesas Electronics America Inc. (former NEC Electronics America, Inc.) Renesas Electronics Europe GmbH (former NEC Electronics (Europe) GmbH) Renesas Semiconductor KL Sdn. Bhd. (former NEC Semiconductors (Malaysia) Sdn. Bhd.) Renesas Semiconductor Singapore Pte. Ltd. (former NEC Semiconductors Singapore Pte. Ltd.) Renesas Electronics Singapore Pte. Ltd. (former NEC Electronics Singapore Pte. Ltd.)

<table>
<tr><th>Items</th><th>The year ended
March 31, 2009</th><th>The year ended
March 31, 2010</th></tr>
<tr><td>1. Scope of Consolidation</td><td>The number of the Group's consolidated subsidiaries had decreased by four. The details were as follows:

Decreased by merger: 3
<table>
<tr><th>(Former)</th><th>(After)</th></tr>
<tr><td>NEC Fukui, Ltd.</td><td>Absorbed into NEC Semiconductors Kansai, Ltd.</td></tr>
<tr><td>NEC Yamaguchi, Ltd.</td><td rowspan="2">Absorbed into NEC Semiconductors Kyushu Yamaguchi, Ltd.</td></tr>
<tr><td>NEC Semicon Package Solutions, Ltd.</td></tr>
</table>

Decreased by liquidation: 1
NEC Compound Semiconductor Devices Hong Kong Limited</td><td>Renesas Electronics Taiwan Co., Ltd. (former NEC Electronics Taiwan Ltd.)
Renesas Electronics Korea Co., Ltd. (former NEC Electronics Korea Limited)
In addition, NEC Electronics (China) Co,. Ltd. changed its company name to Renesas Electronics (China) Co., Ltd. as of June 12, 2010.

The number of the Group's consolidated subsidiaries had decreased by three. The details were as follows:
Decreased by liquidation: 2
NEC Fabserve, Ltd.
NEC Semiconductors Ireland Limited

Decreased by sale: 1
Kinki Bunseki Center, LTD.</td></tr>
<tr><td>2. Application of Equity Method</td><td>None</td><td>Same as the previous fiscal year</td></tr>
<tr><td>3. Accounting period of consolidated subsidiaries</td><td>Of consolidated subsidiaries, the fiscal year-end of Shougang NEC Electronics Co., Ltd. was December 31. Shougang NEC Electronics Co., Ltd. was consolidated by using its financial statements as of its fiscal year-end, and necessary adjustments were made to the financial statements to reflect any significant transactions from January 1 to March 31.</td><td>Same as the previous fiscal year</td></tr>
</table>

Items	The year ended March 31, 2009	The year ended March 31, 2010
4. Significant Accounting Policies (1) Valuation methods for significant assets	1) Securities Other securities: Marketable securities: Marketable securities classified as other securities are valued at the fair value at the fiscal year-end, with unrealized gains and losses included in a component of net assets. The cost of securities sold is determined based on the moving-average method. Non-marketable securities: Non-marketable securities classified as other securities are carried at cost or amortized cost determined by the moving-average method. 2) Derivatives Derivative financial instruments are stated at fair value. 3) Inventories Inventories are stated at the lower of cost or market. The costs are stated as follows: Merchandise and finished goods: Custom-made products: Specific identification method Mass products: First-in, first-out method Work in process: Custom-made products: Specific identification method Mass products: Average method Raw materials and supplies: Raw materials: First-in, first-out method Supplies: Specific identification method	1) Securities Other securities: Marketable securities: Same as the previous fiscal year Non-marketable securities: Same as the previous fiscal year 2) Derivatives Same as the previous fiscal year 3) Inventories Same as the previous fiscal year Merchandise and finished goods: Same as the previous fiscal year Work in process: Same as the previous fiscal year Raw materials and supplies: Same as the previous fiscal year

Items	The year ended March 31, 2009	The year ended March 31, 2010
4. Significant Accounting Policies (2)Methods for depreciation	1) Property, plant and equipment other than leased assets Depreciated principally by the declining-balance method. The useful lives of principal property, plant and equipment are as follows: Buildings and structures: 15 to 45 years Machinery and equipment: 4 to 8 years Vehicles, tools, furniture and fixtures: 3 to 5 years	1) Property, plant and equipment other than leased assets Same as the previous fiscal year
	2) Intangible assets other than leased assets Amortized by the straight-line method. Software for internal use Amortized by the straight-line method over the estimated useful life of five years which is the available term for internal use.	2) Intangible assets other than leased assets Same as the previous fiscal year
	3) Leased assets ——————————	3) Leased assets Leased assets under finance leases under which the ownership of the assets is transferred to the lessee Depreciated / amortized in the same way as self-owned long-term assets
	Leased assets under finance leases other than those under which the ownership of the assets is transferred to the lessee Depreciated / amortized by the straight-line method over the lease term, assuming no residual value. The finance leases other than those under which the ownership of the assets is transferred to the lessee contracted before March 31, 2008 are accounted for as operating lease transactions.	Leased assets under finance leases other than those under which the ownership of the assets is transferred to the lessee Same as the previous fiscal year
	4) Long-term prepaid expenses Amortized by the straight-line method.	4) Long-term prepaid expenses Same as the previous fiscal year

Items	The year ended March 31, 2009	The year ended March 31, 2010
4. Significant Accounting Policies (3) Basis for significant reserves	1) Allowance for doubtful accounts Allowance for doubtful accounts is provided based on past experiences for normal receivables and on specific estimate of the collectability of individual receivables from companies in financial difficulty.	1) Allowance for doubtful accounts Same as the previous fiscal year
	2) Accrued retirement benefits Accrued retirement benefits or prepaid pension cost are recorded for employees' pension and severance payments based on the projected benefit obligation and the estimated fair value of plan assets as of the fiscal year-end. The transitional obligation is amortized on a straight-line basis principally over 15 years. Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods, principally 14 years, starting in the following year after occurrence. Prior service costs are amortized on a straight-line basis over the employees' estimated average remaining service periods, principally 14 years.	2) Accrued retirement benefits Same as the previous fiscal year
	3) Provision for contingent loss In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses is made when they have been reasonably estimated considering individual risks associated with each contingency.	3) Provision for contingent loss Same as the previous fiscal year
	4) Provision for product warranties The Group accrues product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters or historical ratio of warranty costs to net sales.	4) Provision for product warranties Same as the previous fiscal year

Items	The year ended March 31, 2009	The year ended March 31, 2010
4. Significant Accounting Policies (4) Foreign currency translation	Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the applicable rates of exchange prevailing at the fiscal year-end, and differences arising from the translation are included in the statement of operations. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the applicable rates of exchange prevailing at the fiscal-year end, and all revenue and expense accounts are translated into Japanese yen at the average rates of exchange during the period. Differences arising from the translation are presented as foreign currency translation adjustments and minority interests in net assets.	Same as the previous fiscal year
(5) Hedge accounting	1) Hedge accounting Deferral hedge accounting is adopted for derivative instruments to hedge the risks arising from interest rate fluctuations. 2) Derivative instruments and items Hedging instruments: The interest rate swap Hedging items: Borrowings 3) Hedging policies The Group, conforming to internal rules for management of risks, enters into interest rate swap agreements in order to manage certain risks arising from adverse fluctuation in the interest rate of long-term fixed-rate debt. 4) Assessment of hedge effectiveness Hedge effectiveness is assessed when judgment of certain criteria for the specific method is met.	1) Hedge accounting —————— 2) Derivative instruments and items —————— 3) Hedging policies —————— 4) Assessment of hedge effectiveness ——————
(6) Others	1) Accounting for consumption tax Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. 2) Adoption of consolidated taxation system Renesas Electronics and the subsidiaries in Japan adopt the consolidated taxation system.	1) Accounting for consumption tax Same as the previous fiscal year 2) Adoption of consolidated taxation system Same as the previous fiscal year

Items	The year ended March 31, 2009	The year ended March 31, 2010
5. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are carried at fair value at the time of acquisition.	Same as the previous fiscal year
6. Amortization of goodwill and negative goodwill	None	Same as the previous fiscal year
7. Cash and cash equivalents in the consolidated statements of cash flows	Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, deposits which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	Same as the previous fiscal year

Changes in Accounting Policies

The year ended March 31, 2009	The year ended March 31, 2010
(Accounting Standard for Measurement of Inventories) Effective April 1, 2008, the Group adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued on July 5, 2006). The effect of this adoption on operating results was immaterial.	――――――――
(Accounting Standard for Lease Transaction) Effective April 1, 2008, the Group adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by ASBJ on March 30, 2007) and “Implementation Guidance for Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16, originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007). The effect of this adoption on operating results was immaterial.	――――――――
(Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) Effective April 1, 2008, the Group adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force (PITF) No. 18, issued on May 17, 2006). The effect of this adoption on operating results was immaterial.	――――――――
――――――――	**(Accounting Standard for Retirement Benefit)** Effective March 31, 2010, the Group adopted the “Partial Amendments to Accounting Standard for Retirement Benefit (Part3)” (ASBJ Statement No. 19, issued on July 31, 2008). There was no effect on operating results.

Changes in Presentation

The year ended March 31, 2009	The year ended March 31, 2010
――――――――	**(Consolidated Statements of Operation)** “Subsidy income” used to be included in “Other” of non-operating income for the previous fiscal year. The amount exceeded 10 percent of the total amount of non-operating income, so it was presented independently. The amount of “Subsidy income” included in “Other” of non-operating income for the previous fiscal year was 61 million yen.

Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

As of March 31, 2009	As of March 31, 2010
*1 Assets pledged as collateral (In millions of yen) Notes receivable-trade 185 The asset indicated above was pledged as collateral for short-term borrowings of 185 million yen.	————————
*2 Accumulated impairment loss was included in accumulated depreciation.	*2 Accumulated impairment loss was included in accumulated depreciation.
*3 Contingent liabilities Residual value guarantees under operating lease transactions (In millions of yen) Sumitomo Mitsui Finance and Leasing Company, Limited 19,963 BOT LEASE CO., LTD. 3,684 IBJ Leasing Company, Limited 995 STB Leasing Co., Ltd. 386 Total 25,028	*3 Contingent liabilities Residual value guarantees under operating lease transactions (In millions of yen) BOT LEASE CO., LTD. 3,375 Sumitomo Mitsui Finance and Leasing Company, Limited 2,765 IBJ Leasing Company, Limited 2,419 STB Leasing Co., Ltd. 386 Total 8,945
Others Although NEC Electronics America, Inc., a subsidiary in the U.S., has resolved by settlement, class action civil antitrust lawsuits from direct purchasers (customers who had directly purchased DRAM from the Group in the past), it is still in litigation, or in settlement negotiations with several customers who have opted out of such class action lawsuits. NEC Electronics America, Inc. has also been named as one of the defendants in numerous class action civil lawsuits from indirect purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the U.S. Additionally, the Group is cooperating with and providing information to the European Commission in its investigation of potential violation of the competition laws in the DRAM industry. If the Group is found to be in violation of competition laws, fines may be imposed by the European Commission. The Group is also subject to investigations by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission, and the Competition Bureau of Canada in connection with potential antitrust violations in the thin-film transistor liquid crystal display (TFT-LCD) industry. In Canada, NEC Electronics America, Inc. is a defendant in numerous class action civil antitrust lawsuits seeking damages for alleged antitrust violations in the TFT-LCD industry.	Others Although NEC Electronics America, Inc., a subsidiary in the U.S., has resolved by settlement, class action civil antitrust lawsuits from direct purchasers (customers who had directly purchased DRAM from the Group in the past), it is still in settlement negotiations with several customers who have opted out of such class action lawsuits. NEC Electronics America, Inc. has also been named as one of the defendants in numerous class action civil lawsuits from indirect purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the U.S. Additionally, the Group is cooperating with and providing information to the European Commission in its investigation of potential violation of the competition laws in the DRAM industry. The Group is also subject to investigations by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission, and the Competition Bureau of Canada in connection with potential antitrust violations in the thin-film transistor liquid crystal display (TFT-LCD) industry. In May 2009, the European Commission has issued a statement of objections against the parties concerned and has entered into a formal procedural step. The Group has not yet received this statement of objections.

As of March 31, 2009	As of March 31, 2010
While investigations in connection with potential antitrust violations in the SRAM industry conducted by the U.S. Department of Justice, the European Commission, and the Korea Fair Trade Commission have been closed, NEC Electronics America, Inc. and NEC Electronics remain defendants in numerous class action civil antitrust lawsuits in the United States and Canada seeking damages for alleged antitrust violations in the SRAM industry. Although the outcome of the aforementioned investigations, antitrust lawsuits and settlement negotiations is not known at this time, the Group has recorded probable and reasonably estimable losses in the amount of 11,911 million yen in provision for contingent loss for the DRAM civil lawsuits and settlements in the U.S. and investigations by the European Commission. It is possible that such estimated amount may increase or decrease with the progress of such cases in the future. No other expenses pertaining to other civil lawsuits and official investigations have been recorded, since the Group's liability for compensation pertaining to such lawsuits and its alleged behavior under such investigations remain undetermined. Consequently, any reasonable estimate of related expenses and losses is not feasible at this time.	NEC Electronics America, Inc., and NEC Electronics remain defendants in numerous class action civil antitrust lawsuits in the United States and Canada seeking damages for alleged antitrust violations in the SRAM industry. Among these cases, class action civil antitrust lawsuits in the U.S. are expected to be resolved by settlement. Of the aforementioned investigations, antitrust lawsuits and settlement negotiations, the Group has recorded probable and reasonably estimable losses in the amount of 2,253 million yen in provision for contingent loss related to the DRAM civil lawsuits and settlements in the U.S. and investigations by the European Commission. It is possible that such estimated amount may increase or decrease with the progress of such cases in the future. No other expenses pertaining to other civil lawsuits and official investigations have been recorded, since the Group's liability for compensation pertaining to such lawsuits and its alleged behavior under such investigations remain undetermined. Consequently, any reasonable estimate of related expenses and losses is not feasible at this time. In May 2010, NEC Electronics' subsidiaries in Europe, together with NEC Corporation, have received the European Commission's notice communicating its decision to impose fines regarding its investigation in the DRAM industry. Such decision is based on the settlement procedure introduced by the European Commission.

(Consolidated Statements of Operations)

The year ended March 31, 2009	The year ended March 31, 2010
*1 Inventory balance as of the fiscal year-end Inventory balance as of the fiscal year-end represented after write-down of book value and the amount of the write-down included in cost of sales was as follows: 15,107 million yen	*1 Inventory balance as of the fiscal year-end Inventory balance as of the fiscal year-end represented after write-down of book value and the amount of the write-down included in cost of sales was as follows: (8,115) million yen
*2 Selling, general and administrative expenses Principal items and amounts (In millions of yen) Personnel expenses 36,296 Research and development expenses 110,380 Retirement benefit expenses 2,668	*2 Selling, general and administrative expenses Principal items and amounts (In millions of yen) Personnel expenses 29,888 Research and development expenses 91,652 Retirement benefit expenses 2,880
*3 Total of research and development expenses (In millions of yen) Research and development expenses included in manufacturing costs and general and administrative expenses 110,380	*3 Total of research and development expenses (In millions of yen) Research and development expenses included in manufacturing costs and general and administrative expenses 91,652
*4 Components of gain on sales of property, plant and equipment Sales of machinery and equipment and other	*4 Components of gain on sales of property, plant and equipment Same as the previous fiscal year
*5 Components of loss on sales of property, plant and equipment Sales of construction in progress and other	*5 Components of loss on sales of property, plant and equipment Sales of machinery and equipment and other

<table>
<tr><th>The year ended
March 31, 2009</th><th>The year ended
March 31, 2010</th></tr>
<tr><td>
*6 Impairment loss
The details of impairment loss for the fiscal year were as follows:
<table>
<tr><th>Location</th><th>Usage</th><th>Type</th></tr>
<tr><td>Tsuruoka-city, Yamagata-Prefecture</td><td>Idle assets</td><td>Machinery and equipment, Vehicles, tools, furniture and fixtures and Construction in progress</td></tr>
<tr><td>Otsu-city, Shiga-Prefecture</td><td>Assets to be disposed of</td><td>Machinery and equipment and Vehicles, tools, furniture and fixtures</td></tr>
<tr><td>Sakai-city, Fukui-Prefecture</td><td>Assets to be disposed of</td><td>Machinery and equipment and Vehicles, tools, furniture and fixtures</td></tr>
<tr><td>Singapore</td><td>Idle assets</td><td>Machinery and equipment</td></tr>
</table>
The Group, in principal, bases its grouping for assessing impairment loss on long-term assets on each subsidiary or place of business. However, the Group determines whether an asset should be impaired on an individual asset basis when the significant asset is considered idle or when it is to be disposed of.

The Group recognized impairment loss on the asset groups of the assets to be disposed of, which became idle and useless due to the decision to close the product line by reducing their net book values to the recoverable values of the assets because their fair value declined significantly. Such loss amounted to 2,014 million yen which was included in special loss. The components of the amount of impairment loss were as follows:
</td><td>
*6 Impairment loss
The details of impairment loss for the fiscal year were as follows:
<table>
<tr><th>Location</th><th>Usage</th><th>Type</th></tr>
<tr><td>Tsuruoka-city, Yamagata-Prefecture</td><td>Idle assets</td><td>Machinery and equipment and Vehicles, tools, furniture and fixtures</td></tr>
<tr><td>Kusatsu-city, Shiga-Prefecture</td><td>Idle assets</td><td>Buildings and structures and Vehicles, tools, furniture and fixtures</td></tr>
<tr><td>Iga-city, Mie-Prefecture</td><td>Assets to be disposed of</td><td>Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Intangible assets and Leased assets</td></tr>
<tr><td>Ube-city, Yamaguchi-Prefecture</td><td>Idle assets</td><td>Land</td></tr>
<tr><td>Yanagawa-city, Fukuoka-Prefecture</td><td>Assets to be disposed of</td><td>Land and Buildings and structures</td></tr>
<tr><td>Kumamoto-city, Kumamoto-Prefecture</td><td>Assets to be disposed of</td><td>Buildings and structures, Machinery and equipment and Vehicles, tools, furniture and fixtures</td></tr>
</table>
The Group, in principal, bases its grouping for assessing impairment loss on long-term assets on each subsidiary or place of business. However, the Group determines whether an asset should be impaired on an individual asset basis when the significant asset is considered idle or when it is to be disposed of.

The Group recognized impairment loss on the asset groups of idle assets which were not expected to be used and the assets to be disposed of, which became idle and useless due to the decision to close the product line by reducing their net book values to the recoverable values of assets because their fair value declined significantly. Such loss amounted to 2,842 million yen which was included in special loss. The impairment loss above was composed of business structure improvement expenses (2,196 million yen) and impairment loss other than business structure improvement expenses (646 million yen). The components of the amount of impairment loss (2,842 million yen) were as follows:
</td></tr>
</table>

<table>
<tr><th>The year ended
March 31, 2009</th><th>The year ended
March 31, 2010</th></tr>
<tr><td>(In millions of yen)
Machinery and equipment 1,572
Vehicles, tools, furniture and fixtures 31
Construction in progress 411
Total 2,014</td><td>(In millions of yen)
Land 416
Buildings and structures 843
Machinery and equipment 1,391
Vehicles, tools, furniture and fixtures 172
Intangible assets 2
Leased assets 18
Total 2,842</td></tr>
<tr><td>The recoverable value of these assets was measured with their net sale value. The net sale value was reasonably estimated at the appraisal amount less the necessary expenses for disposal. However, the values of assets, which were difficult to sell, were estimated at zero.</td><td>The recoverable value of these assets was measured with their net sale value or value in use. The net sale value was reasonably estimated at the appraisal amount less the necessary expenses for disposal. However, the values of assets, which were difficult to sell, were estimated at zero. The discount rate for estimating the value in use was not considered because it was insignificant.</td></tr>
<tr><td>*7 Business structure improvement expenses
For the year ended March 31, 2009, the Group made a decision to shift development, prototype and manufacturing lines for advanced processes from the Sagamihara Plant to the Yamagata area. For the purpose of business improvement for the following fiscal years, the Group made the decision to implement a fixed cost reduction program in addition to the abovementioned, and undertook personnel reductions at certain foreign subsidiaries as a part of the program.

Due to the above reorganization of business and fixed cost reduction programs and others, the Group recognized expenses as follows:
(In millions of yen)
Loss on disposal and sales of equipments: 2,384
Personnel expenses: 1,600
Other expenses: 423</td><td>*7 Business structure improvement expenses
The Group completed closing the 6 inch line in the Kawashiri Plant of NEC Semiconductors Kyushu Yamaguchi Ltd. The Group also made the decision to close the Fukuoka Plant which was an assembly line, and had shifted its line to the Oita Plant.

The Group had been shifting development, prototype and manufacturing line for advanced processes from the Sagamihara Plant to the Yamagata area.

In addition, the Group recognized business structure improvement expenses due to the personnel reduction program which had been undertaken since the previous year at certain foreign subsidiaries.

Due to above measures, the Group recognized expenses as follows:
(In millions of yen)
Impairment loss and loss on disposal and sales of equipment: 2,771
Expenses for removal of property, plant and equipment: 1,710
Personnel expenses: 1,119</td></tr>
</table>

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2009

1. Shares issued and outstanding / Treasury stock

	Numbers of shares as of March 31, 2008	Increase	Decrease	Numbers of shares as of March 31, 2009
Shares issued:				
Common stock	123,500,000	—	—	123,500,000
Total	123,500,000	—	—	123,500,000
Treasury stock:				
Common stock *(Note)*	2,039	267	—	2,306
Total	2,039	267	—	2,306

Note : The increase in the number of treasury stock (267 common stocks) was due to the purchase of less-than-one-unit shares.

2. Share subscription rights

	Breakdown of share subscription rights	Type of shares	Number of shares to be issued				Balance of shares as of March 31, 2009 (In millions of yen)
			Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009	
Issuing company	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011	Common Stock	11,156,100	—	—	11,156,100	—
	Share subscription rights as stock option	—	—	—	—	—	67
Total		—	—	—	—	—	67

For the year ended March 31, 2010

1. Shares issued and outstanding / Treasury stock

	Numbers of shares as of March 31, 2009	Increase	Decrease	Numbers of shares as of March 31, 2010
Shares issued:				
Common stock	123,500,000	—	—	123,500,000
Total	123,500,000	—	—	123,500,000
Treasury stock:				
Common stock *(Note)*	2,306	142	—	2,448
Total	2,306	142	—	2,448

Note: The increase in the number of treasury stock (142 common stocks) was due to purchase of less-than-one-unit shares.

2. Share subscription rights

	Breakdown of share subscription rights	Type of shares	Number of shares to be issued				Balance of shares as of March 31, 2010 (In millions of yen)
			Number of shares as of March 31, 2009	Increase	Decrease	Number of shares as of March 31, 2010	
Issuing company	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011	Common Stock	11,156,100	—	—	11,156,100	—
	Share subscription rights as stock option	—	—	—	—	—	52
Total		—	—	—	—	—	52

(Consolidated Statements of Cash Flows)

<table>
<tr><th>The year ended
March 31, 2009</th><th>The year ended
March 31, 2010</th></tr>
<tr><td>*1 Cash and cash equivalents as of the fiscal year-end were reconciled to the accounts reported in the consolidated balance sheet as follows:
(In millions of yen)
Cash and deposits 48,698
Short-term investment securities 52,581
Cash and cash equivalents 101,279

2 Significant non-cash transactions included in consolidated statements of cash flows
(In millions of yen)
Purchases of leased assets under finance lease transactions 167
Total amounts of long-term prepaid expenses arising from installment contracts 9,265

―――――――</td><td>*1 Cash and cash equivalents as of the fiscal year-end were reconciled to the accounts reported in the consolidated balance sheet as follows:
(In millions of yen)
Cash and deposits 24,685
Short-term investment securities 66,549
Cash and cash equivalents 91,234

2 Significant non-cash transactions included in consolidated statements of cash flows
(In millions of yen)
Purchases of leased assets under finance lease transactions 26

*3 Major components of the assets and liabilities of the company which had been excluded from consolidation due to sale of shares
The Group had sold stocks of Kinki Bunseki Center, LTD. and the company had been excluded from consolidation. The major components of the assets and liabilities of the company, sales amount of the stocks and the proceeds from the sales were as follows:
(In millions of yen)
Current assets 325
Long-term assets 127
Current liabilities (114)
Long-term liabilities (6)
Gain on sales of subsidiary's stocks 98
Amount of sales of the stocks 430
Cash and cash equivalents of the company (186)
Accounts receivable-other of the sales (86)
Net: Proceeds from the sales 158</td></tr>
</table>

(Lease Transactions)

<table>
<tr><th>The year ended
March 31, 2009</th><th>The year ended
March 31, 2010</th></tr>
<tr><td>1. Finance lease transactions (Lessees' accounting)
————————</td><td>1. Finance lease transactions (Lessees' accounting)
Leased assets under finance leases under which the ownership of the assets is transferred to the lessee
(1) Leased assets
Property, plant and equipment
These were principally manufacturing equipments for semiconductor products (machinery and equipment and vehicles, tools, furniture and fixtures).
(2) Methods for depreciation of leased assets
Described in "4. Significant Accounting Policies, (2)Methods for depreciation of property, plant and equipment" in Basis of Consolidated Financial Statements</td></tr>
<tr><td>Leased assets under finance leases other than those under which the ownership of the assets is transferred to the lessee
(1) Leased assets
Property, plant and equipment
These were principally manufacturing equipments for semiconductor products (machinery and equipment and vehicles, tools, furniture and fixtures) and the site for the research and development line (buildings and structures).
(2) Methods for depreciation of leased assets
Described in "4. Significant Accounting Policies, (2) Methods for depreciation of property, plant and equipment" in Basis of Consolidated Financial Statements
Finance leases other than those under which the ownership of the assets is transferred to the lessee contracted before March 31, 2008 were accounted for as operating lease transactions and major components were as follows:
1)Acquisition cost equivalent, accumulated depreciation equivalent and balance at the fiscal year-end of leased assets equivalent
(In millions of yen)
<table>
<tr><th></th><th>Acquisition cost equivalent</th><th>Accumulated depreciation equivalent</th><th>Balance at the fiscal year-end equivalent</th></tr>
<tr><td>Buildings and structures</td><td>5,747</td><td>1,317</td><td>4,430</td></tr>
<tr><td>Machinery and equipment</td><td>354</td><td>283</td><td>71</td></tr>
<tr><td>Vehicles, tools, furniture and fixtures</td><td>815</td><td>645</td><td>170</td></tr>
<tr><td>Total</td><td>6,916</td><td>2,245</td><td>4,671</td></tr>
</table></td><td>Leased assets under finance leases other than those under which the ownership of the assets is transferred to the lessee
(1) Leased assets
Property, plant and equipment
These were principally manufacturing equipments for semiconductor products (machinery and equipment and vehicles, tools, furniture and fixtures).
(2) Methods for depreciation of leased assets
Same as the previous fiscal year
1)Acquisition cost equivalent, accumulated depreciation equivalent, accumulated impairment loss equivalent and balance at the fiscal year-end of leased assets equivalent
(In millions of yen)
<table>
<tr><th></th><th>Acquisition cost equivalent</th><th>Accumulated depreciation equivalent</th><th>Accumulated impairment loss equivalent</th><th>Balance at the fiscal year-end equivalent</th></tr>
<tr><td>Machinery and equipment</td><td>227</td><td>152</td><td>18</td><td>57</td></tr>
<tr><td>Vehicles, tools, furniture and fixtures</td><td>540</td><td>418</td><td>-</td><td>122</td></tr>
<tr><td>Total</td><td>767</td><td>570</td><td>18</td><td>179</td></tr>
</table></td></tr>
</table>

The year ended March 31, 2009	The year ended March 31, 2010
2)Balance equivalent of future lease payments at the fiscal year-end (In millions of yen) Due within one year 482 Due after one year 3,469 Total 3,951	2)Balance equivalent of future lease payments at the fiscal year-end (In millions of yen) Due within one year 136 Due after one year 45 Total 181 Accumulated impairment loss on leased assets 18
3)Payments for leased assets, depreciation expenses equivalent and interest expenses equivalent (In millions of yen) Payments for leased assets 697 Depreciation expenses equivalent 448 Interest expenses equivalent 80	3)Payments for leased assets, depreciation expenses equivalent, interest expenses equivalent and impairment loss (In millions of yen) Payments for leased assets 222 Depreciation expenses equivalent 189 Interest expenses equivalent 15 Impairment loss 18
4)Method for calculating depreciation expenses equivalent Depreciated by the straight-line method over the lease term, assuming no residual value	4)Method for calculating depreciation expenses equivalent Same as the previous fiscal year
5)Method for calculating interest expenses equivalent The difference between the total lease payments and the acquisition cost equivalent of lease property was regarded as interest expenses equivalent. This difference was allocated to the each period by the interest method.	5)Method for calculating interest expenses equivalent Same as the previous fiscal year
(Matters relating to impairment loss) There was no impairment loss allocated to leased assets, therefore, the description was omitted.	――――――――
2. Operating lease transactions Future lease payments relating to non-cancellable operating lease transactions were as follows: (In millions of yen) Due within one year 22,216 Due after one year 23,488 Total 45,704	2. Operating lease transactions Future lease payments relating to non-cancellable operating lease transactions were as follows: (In millions of yen) Due within one year 16,790 Due after one year 21,201 Total 37,991

(Financial Instruments)

For the year ended March 31, 2010

1. Conditions of Financial Instruments

(1) Policies for Financial Instruments

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

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

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

The management policies regarding short-term and long-term investment securities are as follows: regarding short-term investment securities, the Group deals with banks with high credibility. Regarding long-term investment securities, the securities of the issuing companies, which the Group has relationships with on business terms, are exposed to risks of marketable fluctuations. By regularly checking the fair value of the securities, financial conditions of the issuing companies and considering the business relationships, the Group reexamines the merits of holding the securities.

The maturities of notes and accounts payable-trade are within one year.

Most of the short-term borrowings are utilized in operations. Most of the long-term borrowings, bonds with share subscription rights and lease obligations under finance lease transactions are utilized for capital investments. Their repayment terms are within 5 years after the fiscal year-end.

The Group enters into forward exchange contracts in order to hedge the risks from exchange rate fluctuations of account receivables and account payables denominated in foreign currencies.

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

Because accounts payable and borrowings are exposed to liquidity risks, Renesas Electronics and each subsidiary manage them by making financial plans and have short-term commitment lines, respectively.

(3) Supplemental Explanation of the Fair Value of Financial Instruments

The notional amount of derivative transactions described in the note "Derivative Transactions" does not necessarily indicate market risk involved in derivative transactions.

(4) Concentration of Credit Risks

As of March 31, 2010, 48% of accounts receivables were associated with the major customers.

2. Fair Value of Financial Instruments

The fair value of financial instruments presented in the consolidated balance sheet as of March 31, 2010 was as follows: the table below does not include the financial instruments which were extremely difficult for the Group to estimate their fair value. (Note 2)

(In millions of yen)

	Carrying value	Fair value	Difference
(1)Cash and deposits	24,685	24,685	—
(2)Notes and accounts receivable-trade	63,752	63,752	—
(3)Accounts receivable-other	8,860	8,860	—
(4)Short-term investment securities and investment securities			
Other securities	66,611	66,611	—
Total assets	163,908	163,908	—
(5)Notes and accounts payable-trade	74,595	74,595	—
(6)Short-term borrowings	2,450	2,450	—
(7)Accounts payable-other	21,525	21,525	—
(8)Accrued income taxes	2,812	2,812	—
(9)Bonds with share subscription rights	110,000	107,176	(2,824)
(10)Long-term borrowings (including current portion)	14,166	14,074	(92)
(11)Lease obligations (including current portion)	14,277	14,343	66
Total liabilities	239,825	236,975	(2,850)
(12)Derivative transactions(*)	(1,047)	(1,047)	—

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

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

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

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

(4) Short-term investment securities and investment securities

The fair value of shares was based on market price. The fair value of bond securities was measured at the amount equivalent to its book value because it was settled in the short-term and accordingly, its fair value approximated its book value.

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

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

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

(9) Bonds with share subscription rights

The fair value of bonds with share subscription rights was estimated by the available premise that a market participant uses in calculating the price.

(10) Long-term borrowings and (11) Lease obligations

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

(12) Derivative transactions

1. Derivatives without hedge accounting

Derivative transactions without hedge accounting were forward foreign exchange contracts. Their fair values were measured based on the forward foreign exchange rate. The notional amounts or notional principals of each type of forward rate transactions at the fiscal year-end are described in “1.Derivative transactions for which hedge accounting had not been adopted” of the note “Derivative Transactions.”

2. Derivatives with hedge accounting

None

2: Unlisted securities (132 million yen booked on the consolidated balance sheet) are not included in “(4) Short-term investment securities and investment securities, other securities” since the fair value was extremely difficult to estimate. They did not have market value and the future cash flows were difficult to predict.
The fair value of long-term accounts receivable-other (5,829 million yen booked on the consolidated balance sheet) is not presented since it was extremely difficult to estimate the fair value. It did not have market value and the collection term of its future cash flows was difficult to predict.

3: The redemption schedule after the fiscal year-end for accounts receivable and securities with maturity dates

(In millions of yen)

	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Cash and deposits	24,685	-	-	-
Notes and accounts receivable-trade	63,752	-	-	-
Accounts receivable-other	8,860	-	-	-
Short-term investment securities and investment securities				
Other securities with maturity dates				
(1) Bonds (Commercial paper)	13,682	-	-	-
(2) Other	34,000	-	-	-
Total	144,979	-	-	-

4: The repayment schedule for bonds with share subscription rights, long-term borrowings and lease obligations

Described in “Schedule of bonds payable” and “Schedule of borrowings” of Consolidated Supplemental Schedules

(Additional Information)

Effective March 31, 2010, the Group adopted the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, issued on March 10, 2008) and “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued on March 10, 2008).

(Securities)

As of March 31, 2009

1. Marketable other securities

(In millions of yen)

	Type	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeded their acquisition cost	Stock	24	62	38
Securities whose carrying value did not exceed their acquisition cost	Stock	12	7	(5)
Total		36	69	33

2. Other securities sold for the year ended March 31, 2009

(In millions of yen)

Sales proceeds	Total gain	Total loss
159	159	-

3. Carrying value of major securities which was not measured at fair value

(In millions of yen)

	Carrying value
Other securities	
Negotiable certificates of deposits	41,000
Commercial paper	11,581
Unlisted securities	1,700
Total	54,281

4. The redemption schedule for securities with maturity dates which were classified as other securities

(In millions of yen)

	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
Bonds				
Commercial paper	11,587	-	-	-
Other				
Negotiable certificates of deposits	41,000	-	-	-
Total	52,587	-	-	-

As of March 31, 2010

1. Other securities

(In millions of yen)

	Type	Carrying amount	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeded their acquisition cost	Stock	55	24	31
Securities whose carrying value did not exceed their acquisition cost	(1) Stock	7	12	(5)
	(2) Bond	13,682	13,682	-
	(3) Other	52,867	52,867	-
	Subtotal	66,556	66,561	(5)
Total		66,611	66,585	26

(Note) Unlisted securities (132 million yen booked on consolidated balance sheet) are not included in the table of "1. Other securities" above since the fair value was extremely difficult to estimate. They did not have market value and their future cash flows were difficult to predict.

2. Other securities sold for the year ended March 31, 2010

(In millions of yen)

Type	Sales proceeds	Total gain	Total loss
Stock	1,229	-	171
Total	1,229	-	171

(Derivative Transactions)

For the year ended March 31, 2009

1. Matters relating to transactions

The year ended March 31, 2009
(1) Derivative transactions The Group utilizes derivative instruments of forward foreign exchange contracts for currency and interest rate swaps for interest rates. (2) Policies The Group utilizes derivative financial instruments to manage fluctuations in foreign currency exchange rates or interest rates. The Group's policy prohibits holding or issuing derivative financial instruments for trading purposes. (3) Purpose of derivative transactions The Group utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates on accounts receivables and payable denominated in foreign currencies and ensuring profit stability, and adverse fluctuations in interest rates on interest-bearing debt and future market prices. Hedge accounting Deferral hedge accounting is adopted for derivative instruments to hedge the risk arising from interest rates fluctuations. Hedging instruments and items Hedging instruments: The interest rate swap Hedging items: Borrowings Hedging policies The Group, conforming to internal rules for the management of risks, enters into interest rate swap agreements in order to manage certain risks arising from adverse fluctuations in interest rate of long-term, fixed-rate debt. Assessment of hedge effectiveness Hedge effectiveness is assessed when judgments of certain criteria for the specific method are met. (4) Risks arising from derivative transactions The forward foreign exchange contracts have a risk arising from adverse fluctuations in foreign exchange rates. The interest rate swaps have a risk arising from adverse fluctuations in interest rates. The counterparties to the Group's derivative transactions are major financial institutions. As a normal business risk, the Group is exposed to credit loss in the event of nonperformance by the counterparties. However, the Group does not anticipate nonperformance by the counterparties to these agreements, and no material losses are expected. (5) Policies for risk management of derivative transactions Renesas Electronics and certain subsidiaries implement and manage the derivative transactions conforming to the internal rules prescribing the authorities for the transactions.

The year ended March 31, 2009
(6) Supplemental explanation on fair value of derivative transactions The notional amount of derivative transactions described in "2. Fair value of derivative transactions (1) Currency-related transactions" does not necessarily indicate the market risk of derivative transactions.

2. Fair value of derivative transactions

(1) Currency-related transactions

(In millions of yen)

Classification	Type	As of March 31, 2009			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange contracts				
	Sale:				
	USD	18,267	-	19,041	(774)
	EUR	3,091	-	3,245	(154)
	Buy:				
	USD	6,808	3,962	6,500	(308)
	EUR	1,488	-	1,558	70
	GBP	56	-	55	(1)
Total		-	-	-	(1,167)

Note 1: Calculation method of fair value as of the fiscal year-end
Fair value at the fiscal year-end was based on market quotations.
2: The Group did not have any derivative transactions for which hedge accounting had been adopted.

(2) Interest rate-related transactions

None

For the year ended March 31, 2010

1. Derivative transactions for which hedge accounting had not been adopted

(1) Currency-related transactions

(In millions of yen)

Classification	Type	As of March 31, 2010			
		Notional amounts	Portion due after one year included herein	Fair value	Unrealized gain (loss)
Non-market transactions	Forward foreign exchange contracts				
	Sale:				
	USD	27,814	-	(730)	(730)
	EUR	3,527	-	33	33
	JPY	133	-	(6)	(6)
	Buy:				
	USD	3,962	1,116	(347)	(347)
	GBP	220	-	3	3
Total		35,656	1,116	(1,047)	(1,047)

Note: Calculation method of fair value as of the fiscal year-end
Fair value at the fiscal year-end was based on market quotation.

(2) Interest rate-related transactions

None

2. Derivative transactions for which hedge accounting had been adopted

None

(Retirement Benefits)

1. Renesas Electronics and subsidiaries in Japan have severance indemnity plans, non-contributory defined benefit pension plans, including cash balance pension plans and defined contribution plan. In addition, Renesas Electronics and subsidiaries in Japan might pay extra retirement benefits.

   Effective November 1, 2002, in connection with the corporation separation, Renesas Electronics assumed responsibility for pension and severance benefits for its active employees as of that date, located in Japan, related to the severance indemnity plans and contributory defined benefit pension plans. The related plan assets remain with the trusted fund associated with NEC Corporation's plans. In the consolidated financial statements, benefit obligations are based upon the participant data for Renesas Electronics' employees. Plan assets are allocated based upon benefit obligations.

   Renesas Electronics and subsidiaries in Japan have a "point-based benefits system," under which benefits are calculated based on accumulated points allocated to employees each year according to their job classification and their performance.

   Renesas Electronics and subsidiaries in Japan have cash balance pension plans. Under the cash balance pension plans, each participant has an account which is credited yearly based on the current base rate of pay, their job classification and interest crediting rate calculated based on the market interest rate.

   Most foreign subsidiaries have various retirement plans covering substantially all of their employees. These plans are mainly defined contribution plans and also defined benefit plans. The funding policy for the defined contribution plans is to annually contribute an amount equal to a certain percentage of the participant's annual salary.

2. Projected benefit obligations

(In millions of yen)

	As of March 31, 2009	As of March 31, 2010
(1) Projected benefit obligation	(145,605)	(148,967)
(2) Plan assets at fair value	60,253	69,065
(3) Unfunded projected benefit obligation (1)+(2)	(85,352)	(79,902)
(4) Unrecognized net projected benefit obligation at transition	14,308	11,932
(5) Unrecognized actuarial gain or loss	54,367	44,821
(6) Unrecognized prior service cost (a reduction of liability)	(11,445)	(10,291)
(7) Net projected benefit obligation recognized in the consolidated balance sheet (3)+(4)+(5)+(6)	(28,122)	(33,440)
(8) Prepaid pension cost	9,046	6,658
(9) Accrued retirement benefit (7)–(8)	(37,168)	(40,098)

3. Retirement benefit expenses

(In millions of yen)

	For the year ended March 31, 2009	For the year Ended March 31, 2010
(1) Service cost	5,528	5,351
(2) Interest cost	3,582	3,640
(3) Expected return on plan assets (deduction)	(1,653)	(1,387)
(4) Amortization of net projected benefit obligation at transition	2,487	2,376
(5) Amortization of actuarial gain or loss	4,174	5,293
(6) Amortization of prior service cost	(1,213)	(1,154)
(7) Retirement benefit expenses (1)+(2)+(3)+(4)+(5)+(6)	12,905	14,119
(8) Expenses for defined contribution plans and others	1,982	1,623
(9) Expenses for temporary extra retirement benefit	1,600	1,119
Total (7) + (8) + (9)	16,487	16,861

4. Assumptions used in accounting for the projected benefit obligation

	For the year ended March 31, 2009	For the year ended March 31, 2010
(1) Attribution of projected benefit obligation	Mainly, point-based	Same as the previous fiscal year
(2) Discount rates	Mainly 2.5%	Mainly 2.5%
(3) Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%
(4) Amortization period of prior service cost (Year)	Mainly 14 years (amortized on a straight-line basis over the employees' estimated average remaining service periods)	Mainly 14 years Same as the previous fiscal year
(5) Amortization period of actuarial gain or loss (Year)	Mainly 14 years (amortized on a straight-line basis over the employees' estimated average remaining service periods, starting in the following year after occurrence)	Mainly 14 years Same as the previous fiscal year
(6) Amortization period of net projected benefit obligation at transition (Year)	Mainly 15 years	Mainly 15 years

(Stock-Based Compensation Plans)

For the year ended March 31, 2009

1. The account and the amount of stock options charged as expenses for the year

   Selling, general and administrative expenses 8 million yen

2. Description of stock options / Changes in the size of stock options

   (1) Description of stock options

	2006 Stock Options
Category and number of people to whom stock options were granted	Directors of Renesas Electronics 4 Corporate officers of Renesas Electronics 4 Renesas Electronics' employees 12 Directors of the subsidiaries 10
Type and number of shares (Note)	Common stock 75,000 shares
Grant date	July 13, 2006
Vesting conditions	Those who hold share subscription rights ("the holders") must remain directors, corporate officers or employees of Renesas Electronics or the subsidiaries at the date when the holders exercise share subscription rights. During the exercise period, if the holders resign their position above for a reason other than reprimand or dismissal, the holders could exercise their share subscription rights within one year after their resignation. If the holders resign their position above for a reason other than reprimand or dismissal or voluntary termination during the period from July 13, 2006 to July 12, 2008, the holders could exercise their share subscription rights within one year from July 13, 2008.
Vesting period	From July 13, 2006 to July 12, 2008
Exercise period	From July 13, 2008 to July 12, 2012

Note: It is translated into the number of shares

(2) Changes in the size of stock options

Changes in the size of stock options that existed for the year ended March 31, 2009 were as follows:

The number of stock options is translated into the number of shares.

1) Number of stock options

	2006 Stock Options
Share subscription rights which were not yet vested (Shares)	
As of March 31, 2008	72,000
Granted	-
Forfeited	-
Vested	72,000
Balance of options not vested	-
Share subscription rights which had already been vested (Shares)	
As of March 31, 2008	-
Vested	72,000
Exercised	-
Forfeited	-
Balance of options not exercised	72,000

2) Per share prices

	2006 Stock Options
Exercise price (Yen)	3,927
Average price per share upon exercise (Yen)	-
Fair value per share at grant date (Yen)	937

3. Method for estimation of the number of stock options vested

   The number of vested option was determined by deducting the number of forfeited option from the number of granted option because the date of vesting had already passed.

For the year ended March 31, 2010

1. The account and gain on reversal of share subscription rights due to forfeiture

Gains on reversal of share subscription rights in “Other” of non-operating income 15 million yen

2. Description of stock options / Changes in the size of stock options

(1) Description of stock options

	2006 Stock Options
Category and number of people to whom stock options were granted	Directors of Renesas Electronics 4 Corporate officers of Renesas Electronics 4 Renesas Electronics’ employees 12 Directors of the subsidiaries 10
Type and number of shares (Note)	Common stock 75,000 shares
Grant date	July 13, 2006
Vesting conditions	Those who hold share subscription rights (“the holders”) must remain directors, corporate officers or employees of Renesas Electronics or the subsidiaries at the date when the holders exercise share subscription rights. During the exercise period, if the holders resign their position above for a reason other than reprimand or dismissal, the holders could exercise their share subscription rights within one year after their resignation. If the holders resign their position above for a reason other than reprimand or dismissal or voluntary termination during the period from July 13, 2006 to July 12, 2008, the holders could exercise their share subscription rights within one year from July 13, 2008.
Vesting period	From July 13, 2006 to July 12, 2008
Exercise period	From July 13, 2008 to July 12, 2012

Note: It is translating into the number of shares.

(2) Changes in the size of stock options

Changes in the size of stock options that existed for the year ended March 31, 2010 were as follows:

The number of stock options is translated into the number of shares.

1) Number of stock options

	2006 Stock Options
Share subscription rights which were not yet vested (Shares)	
As of March 31, 2009	-
Granted	-
Forfeited	-
Vested	-
Balance of options not vested	-
Share subscription rights which had already been vested (Shares)	
As of March 31, 2009	72,000
Vested	-
Exercised	-
Forfeited	16,000
Balance of options not exercised	56,000

2) Per share prices

	2006 Stock Options
Exercise price (Yen)	3,927
Average price per share upon exercise (Yen)	-
Fair value per share at grant date (Yen)	937

3. Method for estimation of the number of stock options vested

The number of vested option was determined by deducting the number of forfeited option from the number of granted option because the date of vesting had already passed.

(Tax-Effect Accounting)

1. Significant components of deferred tax assets and liabilities

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
Deferred tax assets		
Operating loss carry forwards	79,255	108,514
Accrued retirement benefit	15,458	17,195
Research and development expenses	9,521	9,910
Inventories	7,668	6,042
Long-term assets	7,636	6,688
Accrued expenses	4,976	5,760
Investments	4,804	2,486
Others	7,931	6,248
Subtotal deferred tax assets	137,249	162,843
Valuation allowance	(135,314)	(161,072)
Total deferred tax assets	1,935	1,771
Deferred tax liabilities		
Gain on contribution of securities to retirement benefit trust	(2,646)	(2,646)
Tax on undistributed earnings	(1,570)	(3,374)
Tax deductible reserve	(881)	(532)
Unrealized gains (losses) on securities	(16)	(11)
Others	(766)	(921)
Total deferred tax liabilities	(5,879)	(7,484)
Deferred tax liabilities, net	(3,944)	(5,713)

Net deferred tax liabilities were reflected in the following accounts in the consolidated balance sheet.

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
Current assets – deferred tax assets	725	324
Long-term assets – deferred tax assets	734	1,077
Current liabilities – other	(18)	(17)
Long-term liabilities – deferred tax liabilities	(5,385)	(7,097)

2. The reconciliation between the effective tax rate reflected in the consolidated financial statements and the statutory tax rate was summarized as follows:

	The year ended March 31, 2009	The year ended March 31, 2010
Statutory tax rate	40.5%	40.5%
(Reconciliation)		
Changes in valuation allowance	(39.0)	(51.7)
Foreign tax rate differences	0.5	3.5
Undistributed earnings of foreign subsidiaries	9.0	(3.6)
Non-deductible expenses for tax purposes	(4.3)	
Non-taxable income for tax purposes		5.6
Other	0.2	(2.1)
Effective tax rate after adoption of tax-effect accounting	6.9	(7.8)

(Segment Information)

Business Segment Information

For the years ended March 31, 2009 and 2010

The operating segment of the Group is focused on only the semiconductor business centering on System LSI. The information by business segment was thereby omitted.

Geographical Segment Information

For the year ended March 31, 2009

(In millions of yen)

	Japan	Asia	Europe	North America	Total	Elimination/ Corporate	Consolidated
Ⅰ. Sales and operating income (loss)							
Sales							
(1) Sales to third parties	305,826	131,747	74,468	38,638	550,679	—	550,679
(2) Inter-segment sales and transfers	171,012	45,540	445	11,168	228,165	(228,165)	—
Total sales	476,838	177,287	74,913	49,806	778,844	(228,165)	550,679
Operating expenses	431,102	173,812	75,200	54,756	734,870	(117,785)	617,085
Operating income (loss)	45,736	3,475	(287)	(4,950)	43,974	(110,380)	(66,406)
Ⅱ. Total assets	297,144	66,241	27,965	30,720	422,070	66,120	488,190

Note 1: Countries and regions were segmented based on their geographical proximity.

2: Major countries and regions other than Japan were as follows:

(1) Asia: China, Indonesia, Malaysia, Republic of Korea, Republic of Singapore and Taiwan

(2) Europe: England, Germany and Ireland

(3) North America: The United States of America

3: The amount of unallocable operating expenses included in “Elimination / Corporate” was 110,380 million yen, which were research and development expenses.

4: The amount of corporate assets included in “Elimination / Corporate” was 147,221 million yen. The main components of the corporate assets were surplus funds (cash and deposits, and short-term securities) of Renesas Electronics, assets for research and development, investment securities and foreign currency translation adjustments.

For the year ended March 31, 2010

(In millions of yen)

	Japan	Asia	Europe	North America	Total	Elimination/ Corporate	Consolidated
Ⅰ. Sales and operating income (loss)							
Sales							
(1)Sales to third parties	254,575	120,405	64,239	31,815	471,034	—	471,034
(2)Inter-segment sales and transfers	152,567	46,577	238	12,915	212,297	(212,297)	—
Total sales	407,142	166,982	64,477	44,730	683,331	(212,297)	471,034
Operating expenses	370,561	160,371	63,829	46,153	640,914	(120,645)	520,269
Operating income (loss)	36,581	6,611	648	(1,423)	42,417	(91,652)	(49,235)
Ⅱ. Total assets	294,213	83,358	30,861	31,075	439,507	20,421	459,928

Note 1: Countries and regions were segmented based on their geographical proximity.

2: Major countries and regions other than Japan were as follows:

(1) Asia: China, Indonesia, Malaysia, Republic of Korea, Republic of Singapore and Taiwan

(2) Europe: England, Germany and Ireland

(3) North America: The United States of America

3: The amount of unallocable operating expenses included in “Elimination / Corporate” was 91,652 million yen, which were research and development expenses.

4: The amount of corporate assets included in “Elimination / Corporate” was 126,311 million yen. The main components of the corporate assets were surplus funds (cash and deposits, and short-term securities) of Renesas Electronics, assets for research and development, investment securities and foreign currency translation adjustments.

Overseas Sales

For the year ended March 31, 2009

(In millions of yen)

	Asia	Europe	North America	Others	Total
Ⅰ. Overseas sales	144,055	66,351	25,984	1,993	238,383
Ⅱ. Consolidated sales	—	—	—	—	550,679
Ⅲ. Percentages of overseas sales to consolidated sales (%)	26.2	12.0	4.7	0.4	43.3

For the year ended March 31, 2010

(In millions of yen)

	Asia	Europe	North America	Others	Total
Ⅰ. Overseas sales	136,329	54,828	21,849	1,577	214,583
Ⅱ. Consolidated sales	—	—	—	—	471,034
Ⅲ. Percentages of overseas sales to consolidated sales (%)	29.0	11.7	4.6	0.3	45.6

Note1: Countries and regions were segmented based on their geographical proximity.

2: Major countries and regions other than Japan were as follows:

(1) Asia: China, Republic of Singapore, Taiwan and others

(2) Europe: Germany, England, France and others

(3)North America: The United States of America and Canada

3: Overseas sales represent sales outside of Japan of the Group.

(Related Party Information)

For the year ended March 31, 2009

1. Transactions with related parties

Transactions between Renesas Electronics and related parties

a) The parent company and major corporate shareholders

Attribution	Name	Address	Common stock or investments in common stock	Nature of operations	Ratio of share-holding	Relation with related parties	Contents of transaction	Amounts of transaction	Account	Balance as of March 31, 2009
Parent company	NEC Corporation	Minato-ward, Tokyo	337,940 million yen	IT Network solution involving manufacturing and sales of computers, network equipment and software	(Owned) Direct 65.02 % Indirect 5.02 %	Seles of our products and concurrently serving as a board member	Guaranteed	55,171 million yen	-	-

b) The companies which have the common parent company of Renesas Electronics and the subsidiaries of the affiliated companies of Renesas Electronics

Attribution	Name	Address	Common stock or investments in common stock	Nature of operations	Ratio of share-holding	Relation with related parties	Contents of transaction	Amounts of transaction	Account	Balance as of March 31, 2009
Subsidiary of common parent company	NEC Corporation of America	Texas state, the U.S	3,376 thousand dollars	Service of network equipments, computer peripheral equipments and system integration	-	Tax sharing agreement and other	-	-	Long-term accounts receivable-other	5,614 million yen
Subsidiary of common parent company	NEC Facilities, Ltd.	Minato-ward, Tokyo	240 million yen	Design, construction, management of buildings, sales of real estate and insurance intermediation	-	Purchase of equipments and other	Purchase of equipments (Note 1)	11,882 million yen	Accounts payable-other	4,484 million yen

Note 1: Price and other transaction conditions were determined referring to market conditions.

2: Consumption tax and other taxes were not included in the amounts of transaction. Consumption tax and other taxes were included in the balances.

C) Directors and major shareholders of Renesas Electronics

Attribution	Name	Address	Common stock or investments in common stock	Nature of operations	Ratio of share-holding	Relation with related parties	Contents of transaction	Amounts of transaction	Account	Balance as of March 31, 2009
The company which a director of Renesas Electronics or its relatives had the majority of voting rights	Sanka Sangyo (Note 1)	Ota-ward, Tokyo	10 million yen	Service	None	Consulting service of semiconductor business and concurrently serving as a board member	Consulting service of semiconductor business	10 million yen	Accrued expneses	2 million yen

Note 1: T.W Kang, who was a director of Renesas Electronics, and his relatives had the majority voting rights of the company.
2: Price and other transaction conditions were determined under price negotiation.
3: Consumption tax and other taxes were not included in the amounts of transaction and year-end balance.

2. Notes to the parent company and significant affiliates

(1) Information of the parent company

NEC Corporation, which is listed on the stock exchanges of Tokyo, Osaka, Nagoya, Fukuoka and Sapporo

(2) Information of significant affiliates

None

(Additional Information)

Effective April 1, 2008, the Group adopted ASBJ Statement No. 11, “Accounting Standard for Related Party Disclosures,” and ASBJ Guidance No. 13, “Guidance on Accounting Standard for Related Party Disclosures,” both released on October 17, 2006. There was no change in the list of companies which should be disclosed.

For the year ended March 31, 2010

1. Transactions with related parties

Transactions between Renesas Electronics and related parties

a) The parent company and major corporate shareholders

Attribution	Name	Address	Common stock or investments in common stock	Nature of operations	Ratio of share-holding	Relation with related parties	Contents of transaction	Amounts of transaction	Account	Balance as of March 31, 2010
Parent company	NEC Corporation	Minato-ward, Tokyo	397,199 million yen	IT Network solution involving manufacturing and sales of computers, network equipment and software	(Owned) Direct 65.02 % Indirect 5.02 %	Sales of our products and concurrently serving as a board member	Guaranteed	19,323 million yen	-	-

b) The companies which have the common parent company of Renesas Electronics and the subsidiaries of the affiliated companies of Renesas Electronics

Attribution	Name	Address	Common stock or investments in common stock	Nature of operations	Ratio of Share-holding	Relation with related parties	Contents of transaction	Amounts of transaction	Account	Balance as of March 31, 2010
Subsidiary of common parent Company	NEC Corporation of America	Texas state, the U.S	2,528 thousand dollars	Service of network equipments, computer peripheral equipments and system integration	-	Tax sharing agreement and other	-	-	Long-term accounts receivable-other	5,317 million yen

C) Directors and major shareholders of Renesas Electronics

None

2. Notes to the parent company and significant affiliates

(1) Information of the parent company

NEC Corporation, which is listed on the stock exchanges of Tokyo, Osaka, Nagoya, Fukuoka and Sapporo

(2) Information of significant affiliates

None

(Amount Per Share Information)

The year ended March 31, 2009	The year ended March 31, 2010
Net assets per share 1,539.87 yen Basic net income (loss) per share (688.77) yen Diluted net income per share was not described because the Group recorded a net loss for the year ended March 31, 2009, although the Group had potential dilutive shares.	Net assets per share 1,070.90 yen Basic net income (loss) per share (456.95) yen Diluted net income per share was not described because the Group recorded a net loss for the year ended March 31, 2010, although the Group had potential dilutive shares.

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

	The year ended March 31, 2009	The year ended March 31, 2010
Net assets per share		
Total net assets (In millions of yen)	194,704	136,338
Amounts deducted from total net assets (In millions of yen)	4,534	4,084
(Share subscription rights)	(67)	(52)
(Minority interests)	(4,467)	(4,032)
Net assets attributable to shares of common stock at the end of the year (In millions of yen)	190,170	132,254
The fiscal year-end number of common stock used for the calculation of net assets per share (Thousands)	123,498	123,498
Net income (loss) per share		
Net income (loss) (In millions of yen)	(85,062)	(56,432)
Amounts not attributable to shares of common stock (In millions of yen)	---	---
Net income (loss) attributable to share of common stock (In millions of yen)	(85,062)	(56,432)
Average number of shares of common stock during the fiscal year (Thousands)	123,498	123,498
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011 (book value of bonds with share subscription rights was 110,000 million yen, the number of shares to be issued was 11,156,100) Common stock arising from stock option plan (the number of share subscription rights was 720, the number of shares to be issued was 72,000) The outline of bonds with share subscription rights is described in “Schedule of bonds payable.”	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011 (book value of bonds with share subscription rights was 110,000 million yen, the number of shares to be issued was 11,156,100) Common stock arising from stock option plan (the number of share subscription rights was 560, the number of shares to be issued was 56,000) The outline of bonds with share subscription rights is described in “Schedule of bonds payable.”

(Significant Subsequent Events)

The year ended March 31, 2009	The year ended March 31, 2010
Having been approved by the Board of Directors on April 27, 2009, NEC Electronics, on the same day, signed a memorandum of understanding with Renesas, to enter into negotiations to integrate their business operations. In the semiconductor market, as global competition on performance, architecture, price, and quality grows increasingly severe, manufacturers are faced to keep abreast of these changes. In light of this fierce condition, NEC Electronics and Renesas have agreed to initiate joint deliberations to integrate their business operations around April 2010, to further strengthen their business foundations and technological assets while increasing corporate value through enhanced customer satisfaction. Both companies also agreed on maintaining the public listing for the new company. Terms and conditions of this business integration will be discussed through future negotiations and both companies plan to sign definitive agreement at the end of July 2009. Implementation of the planned business integration is conditional upon approval at the Extraordinary General Meetings of Shareholders and the authorization by the relevant government agencies. Corporate profile of Renesas, as of March 31, 2009 is as follows: Name of Company: Renesas Technology Corp. Major Operations: Development, design, manufacture, sale, and servicing of SoC products, discrete semiconductor products; and memory products Headquarters: 2-6-2, Ote-machi, Chiyoda-ku, Tokyo, Japan Established: April 1, 2003 Capital: 77,000 million yen Stockholders and Ownership Ratios: Hitachi, Ltd.: 55% Mitsubishi Electric Corporation: 45% Influence of the memorandum of understanding cannot be reasonably estimated, and the impact on performance of the Group for future periods cannot be calculated.	1. Merger with Renesas Technology Corp. Having been approved by the Extraordinary General Meetings of Shareholders on February 24, 2010, NEC Electronics merged with Renesas on April 1, 2010, with NEC Electronics as acquirer (surviving company), Renesas as acquiree (dissolving company). (1) Summary of Business Combination Name of Acquiree: Renesas Technology Corp. Major Operations of Acquiree: Development, design, manufacture, sale and servicing of SoC products such as MCUs, logic devices and analog devices; discrete semiconductor precuts; and memory products such as SRAM Major Reasons for the Business Combination: As leading semiconductor companies, both NEC Electronics and Renesas provided a wide variety of semiconductor solutions, primarily specializing in microcontroller units (MCUs). In light of fierce global competition and structural changes triggered by the rapid expansion of emerging markets in the semiconductor market, NEC Electronics and Renesas have merged, in order to further strengthen their business foundations and technological assets, while increasing corporate value through enhanced customer satisfaction. Effective Date of Business Combination : April 1, 2010 Legal Form of the Combination: It was absorption-type merger with NEC Electronics as the surviving company and Renesas as the dissolving company. Company Name after Business Combination: Renesas Electronics Corporation Basis for Determination of Accounting Acquirer: Because of issuing stocks for a consideration, NEC Electronics was generally determined to be the accounting acquirer. In addition, various factors such as relative ratio of voting rights, composition of the members of Board of Directors and whether there would be significant difference in business scale of both companies or not were considered.

The year ended March 31, 2009	The year ended March 31, 2010
	(2) Calculation of Acquisition Cost Acquisition cost and its details (In millions of yen) Consideration paid for acquisition: Fair value of common stocks issued on the date of business combination: 140,527 Expenses directly attributable to the combination: Advisory fees and others 967 Total acquisition cost 141,494 Merger Ratio: Type of issued shares: Common stock Ratio (Renesas / NEC Electronics): 1 / 20.5 Calculation Method of Merger Ratio: The merger ratio was considered to be appropriate and decided in consideration of financial conditions, assets and liabilities conditions of each company, forecast of business, the merits of the combination and capital injection, the appraisals each company's appraisers made and other factors in a comprehensive manner. Number of Issued Stocks: Common stock 146,841,500 shares 2. Issuance of the Shares by Third Party Allotment Renesas Electronics issued the new shares to NEC Corporation, Hitachi, Ltd., and Mitsubishi Electric Corporation by way of a third party allotment setting the payment date thereof on April 1, 2010. (1) Method of Offering Third party allotment (2) Type, Number, Issue Price, Total Proceeds of the Issued Shares and Capital Amounts Recorded in Shareholders' Equity: Type of issued share: Common stock Number of issued shares: 146,782,990 Issued price: 917.0 yen per share Total proceeds: 134,600 million yen Capital amounts recorded in shareholders' equity: Amount of Common stock to be increased: 458.5 yen per share Amount of Capital surplus to be increased: 458.5 yen per share (3) Schedule of Issue Date of issue: April 1, 2010 (4) Purpose The fund was planned to be used for R&D investment to make competitive products in the global markets, investment for promoting overseas sales, improvement of business structure and repayment of interest-bearing debt.

The year ended March 31, 2009	The year ended March 31, 2010
	(5) Adjustment of Conversion Prices of Zero Coupon Unsecured Euro Yen Convertible Bonds Due 2011 In connection with the issuance of new shares through third party allotment, the conversion price was adjusted as follows: Conversion price before adjustment: 9,860.0 yen Conversion price after adjustment: 9,850.9 yen Adjustment date: April 1, 2010 Reason for the adjustment: This adjustment was due to the issue price of new shares of Renesas Electronics common stock (917.0 yen) issued on April 1, 2010 falling below the current market price per share (919.4 yen, as defined in the terms and conditions of the Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011; the average of the closing price for 30 consecutive operating days beginning 45 days before standard date (September 16, 2009)).

(Consolidated Supplemental Schedules)

Schedule of bonds payable

Company	Description	Date of issuance	Balance at end of previous year (In millions of yen)	Balance at end of current year (In millions of yen)	Interest rate (%)	Collateral	Maturity
NEC Electronics	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011	May 27, 2004	110,000	110,000	-	None	May 27, 2011

Note 1: Details of bonds with share subscription rights were as follows:

Description	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011
Type of shares to be issued upon exercise of share subscription rights	Common stock
Issue price (Yen)	No charge
Exercise price (Yen)	9,860
Total exercise price (In millions of yen)	110,000
Upon exercise of the share subscription rights, total exercise price to be credited to common stock (In millions of yen)	-
Ratio (%)	100
Exercise period	From June 10, 2004 to May 24, 2011

Note 2: The redemption schedule of bonds for 5 years subsequent to the fiscal year-end was as follows:

(In millions of yen)

Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
-	110,000	-	-	-

Schedule of borrowings

Category	Balance at end of previous year (In millions of yen)	Balance at end of current year (In millions of yen)	Average interest rate (%)	Maturity
Short-term borrowings	1,135	2,450	0.9	-
Current portion of long-term borrowings	-	3,104	2.5	-
Current portion of lease obligations	76	3,223	3.0	-
Long-term borrowings (excluding current portion)	-	11,062	2.6	From 2011 to 2014
Lease obligations (excluding current portion)	134	11,054	3.1	From 2011 to 2014
Other interest-bearing debt	-	-	-	-
Total	1,345	30,893	-	-

Note 1: The average interest rate represents the weighted-average rate applicable to the year-end balance.
2: The average interest rates applicable to the previous fiscal year were as follows:
Short-term borrowings: 1.3%
Current portion of lease obligations: 2.3%
Lease obligations (excluding current portion): 2.3%
3: The repayment schedules of long-term borrowings (excluding current portion) and lease obligations (excluding current portion) for 5 years subsequent to the fiscal year-end were as follows:

	Due after one year but within two year (In millions of yen)	Due after two years but within three years (In millions of yen)	Due after three years but within four years (In millions of yen)	Due after four years but within five years (In millions of yen)
Long-term borrowings	3,295	4,735	1,766	1,266
Lease obligations	3,303	3,394	3,074	1,283

Other

(1) Summary of consolidated financial data of each quarter of the fiscal year ended March 31, 2010

	1st Quarter (from April 1, 2009 to June 30, 2009)	2nd Quarter (from July 1, 2009 to September 30, 2009)	3rd Quarter (from October 1, 2009 to December 31, 2009)	4th Quarter (from January 1, 2010 to March 31, 2010)
Net sales (In millions of yen)	102,292	119,053	117,873	131,816
Income (loss) before income taxes and minority interests (In millions of yen)	(21,917)	(17,770)	(13,192)	63
Net income (loss) (In millions of yen)	(21,699)	(18,106)	(14,268)	(2,359)
Net income (loss) per share (Yen)	(175.70)	(146.61)	(115.53)	(19.10)

(2) Matters subsequent to the fiscal year-end

Nothing to be described

(3) Lawsuits

Described in “*3 contingent liabilities” of note “Consolidated Balance Sheets” in Notes to Consolidated Financial Statements

Ernst & Young ShinNihon LLC
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Report of Independent Auditors

The Board of Directors
Renesas Electronics Corporation

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Act of Japan, we have audited the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets, the consolidated statement of cash flows and the consolidated supplemental schedules of Renesas Electronics Corporation (former NEC Electronics Corporation) for the fiscal year from April 1, 2008 to March 31, 2009, included in "Financial Section." These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Renesas Electronics Corporation (former NEC Electronics Corporation) and consolidated subsidiaries at March 31, 2009, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in "Financial Section 2. Audit Certification," the audit report on the consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan is issued, in addition to the audit report issued on June 25, 2009 on the consolidated financial statements prepared in accordance with accounting principles generally accepted in the U.S.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Ernst & Young ShinNihon LLC

June 25, 2010

ERNST & YOUNG

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Supplemental Information

1. As described in "Significant Subsequent Events," NEC Electronics Corporation merged with Renesas Technology Corp. on April 1, 2010, with NEC Electronics Corporation as acquirer (surviving company), and Renesas Technology Corp. as acquiree (dissolving company).
2. As described in "Significant Subsequent Events," the Company issued the new shares to NEC Corporation, Hitachi Ltd., and Mitsubishi Electric Corporation by way of third party allotment setting the payment date thereof on April 1, 2010.

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Ernst & Young ShinNihon LLC

June 25, 2010