Direction of Renesas Group

Renesas Electronics Corporation

August 2, 2013

- Hisao Sakuta, Representative Director, Chairman and CEO

- Tetsuya Tsurumaru, Representative Director, President and COO

1. Overview of the Direction

Principles of behavior as an organization and personnel

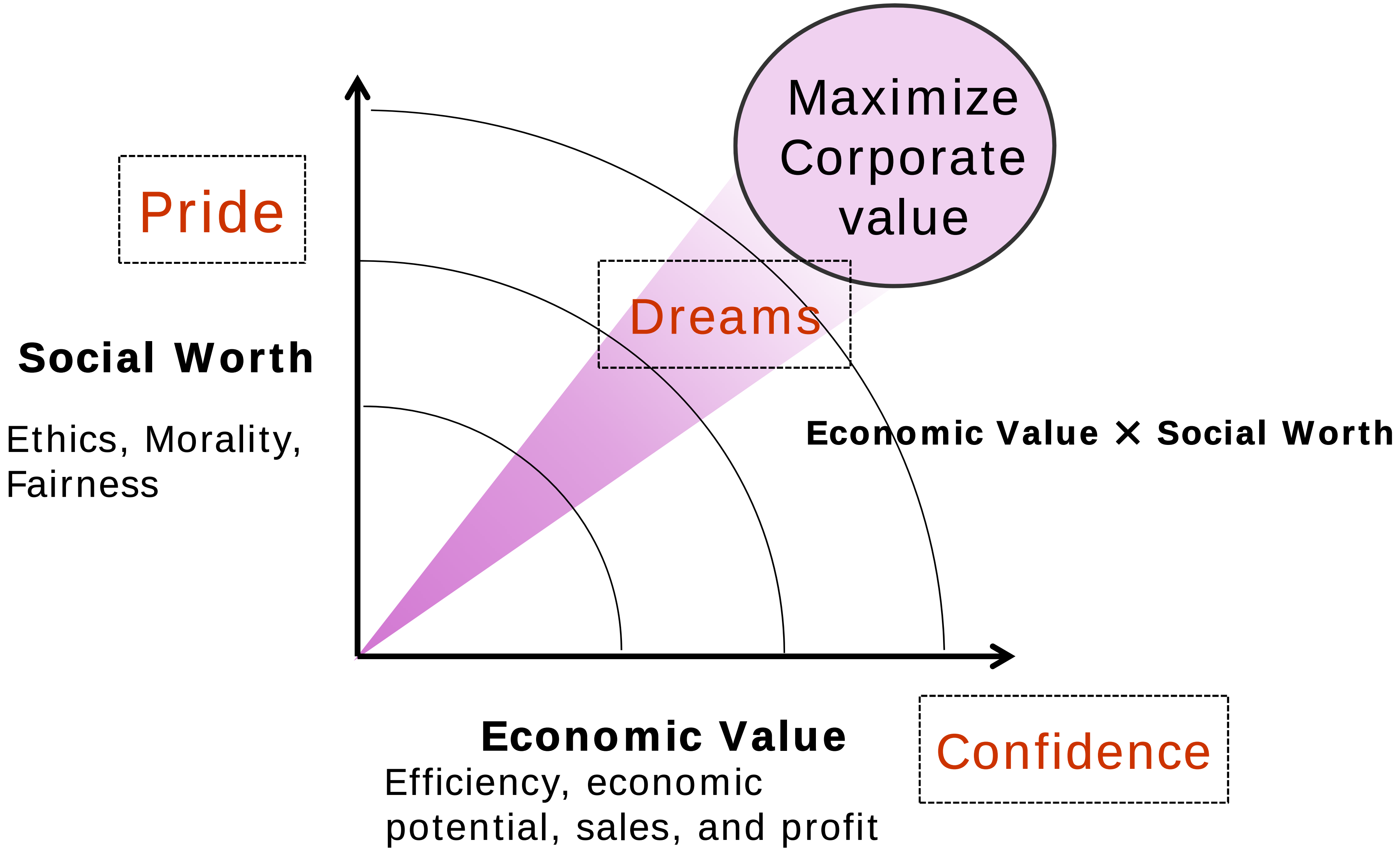
Three kinds of autonomy

Autonomous Management

Autonomous Business

Autonomous Individuals

Principles of behavior as an organization and personnel



Direction of Renesas Group

Renesas' mission - to develop society and industry

To realize the above,

Selection and Concentration

Focus on advantageous business

Structural Reforms

Build absolutely profitable structure

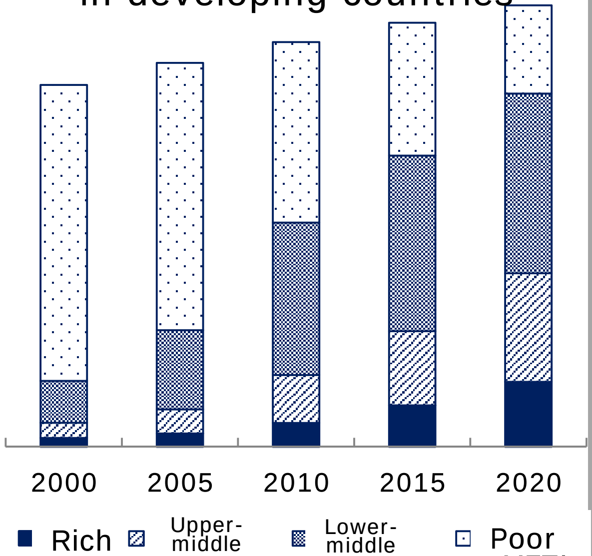
Operational Changes that supports Business and Production Reforms

Optimize resources on business

Selection and Concentration (Market environment)

Expansion of middle class in developing countries

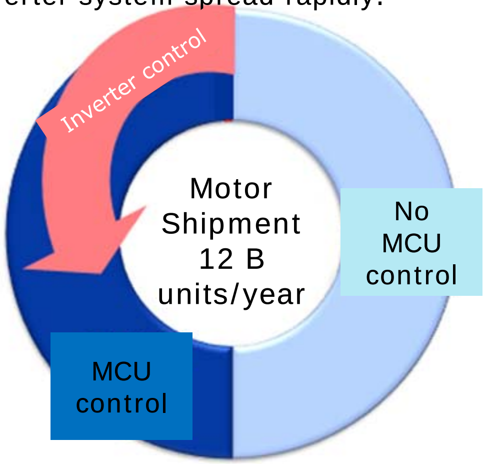
Transition of the population in developing countries



Source: METI

Power saving, environmental conscious

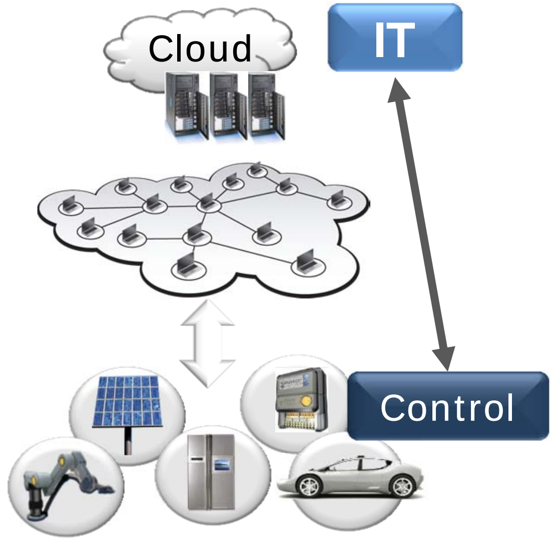
Motors consume approx.60% of power consumption and annual shipments are more than 12 billion units. Recently inverter system spread rapidly.



Source: Renesas' research based on statistics

Fusion of control and IT

The age of the Control & IT Fusion in all fields



Selection and Concentration (Criteria of Judgment)

Contribution to Customers

- Field where Renesas can contribute to customers with high technology to differentiate their products and compete in the world

- Field where Renesas can contribute to the customers who are oriented to general products to lead markets with speed

Viewpoint of Renesas

- Market with high growth rate or stability
- Market where Renesas has advantage
- Field where Renesas already has a high presence and can lead market

Renesas' Strategic Business Domains

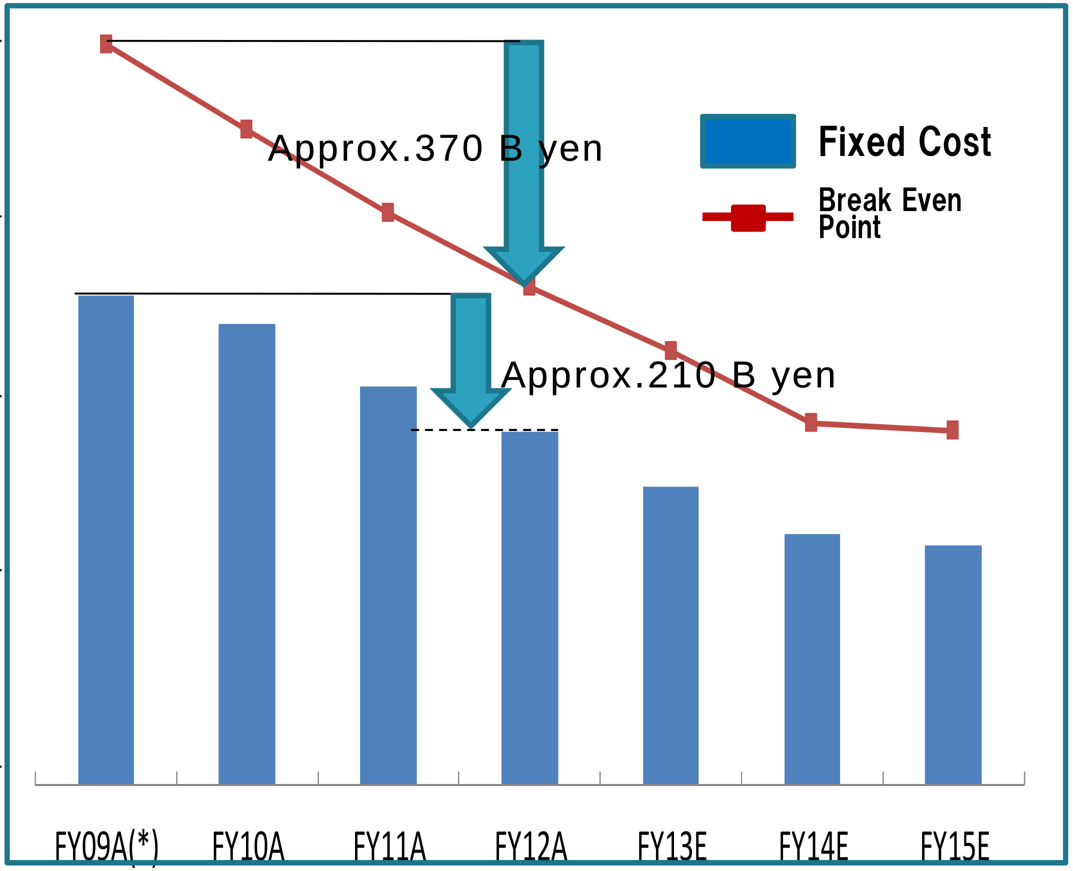
- Automotive
- Industry and Network
- General Purpose

Structural Reforms

Events in the past

- Natural Disasters
- Stagnant Market
- Market Change
- Strong Yen
- Decreasing Share

Push through the required structural reforms



(*)Total of the two companies before the integration

2. Review of the past years

RENESAS

Review of the past years ＜Production Reforms and personnel streamlining＞

<Production Reforms>

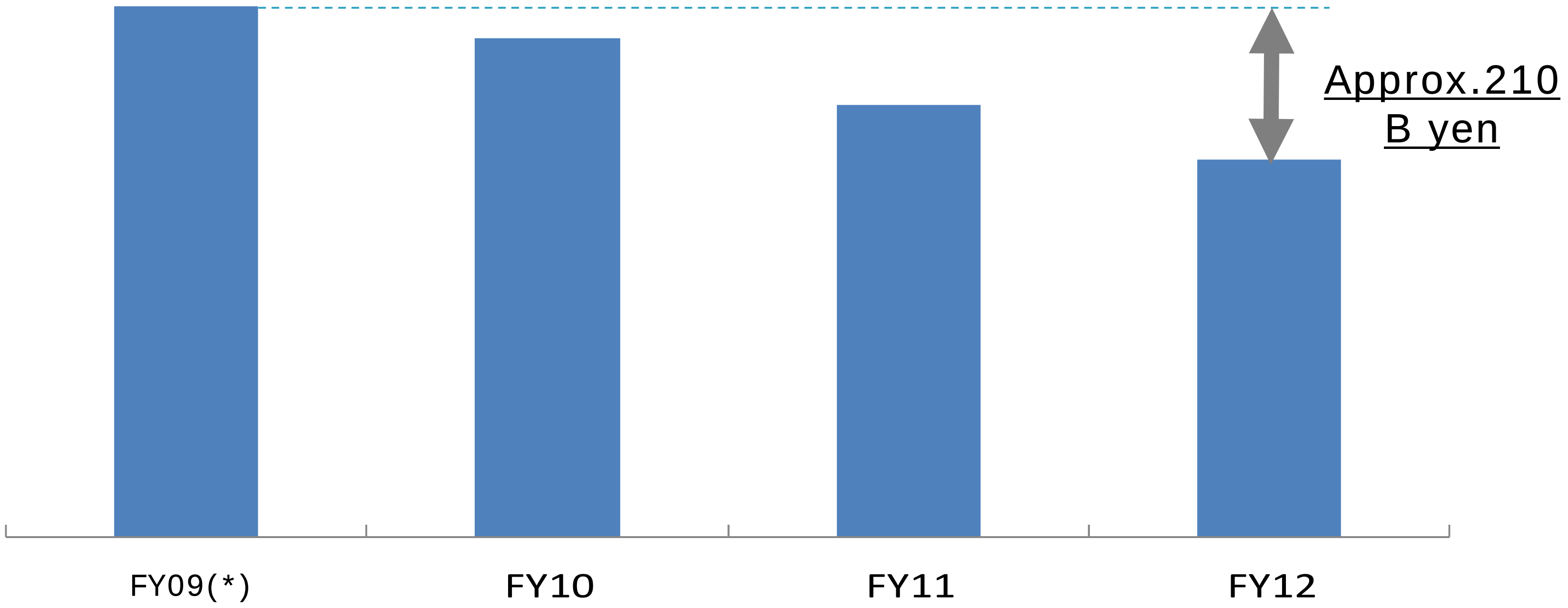
	Renesas Electronics started	Aug.2, 2013	Current status
Front end (in Japan)	10 sites,16 lines	9sites, 14 lines	Being restructured to build a stable supply system and Fab-network
Back end (in Japan)	12 sites	5 sites	Focusing on main factories in Japan, and enhancing own sites abroad

＜Personnel Streamlining>

	Renesas Electronics started	Jun.30, 2013	Current status
Number of employees (Consolidated)	Approx. 48,000	Approx. 32,850	Achieved approx.30% of personnel streamlining since the start of operations

Review of the past years <Reduction of Fixed Cost>

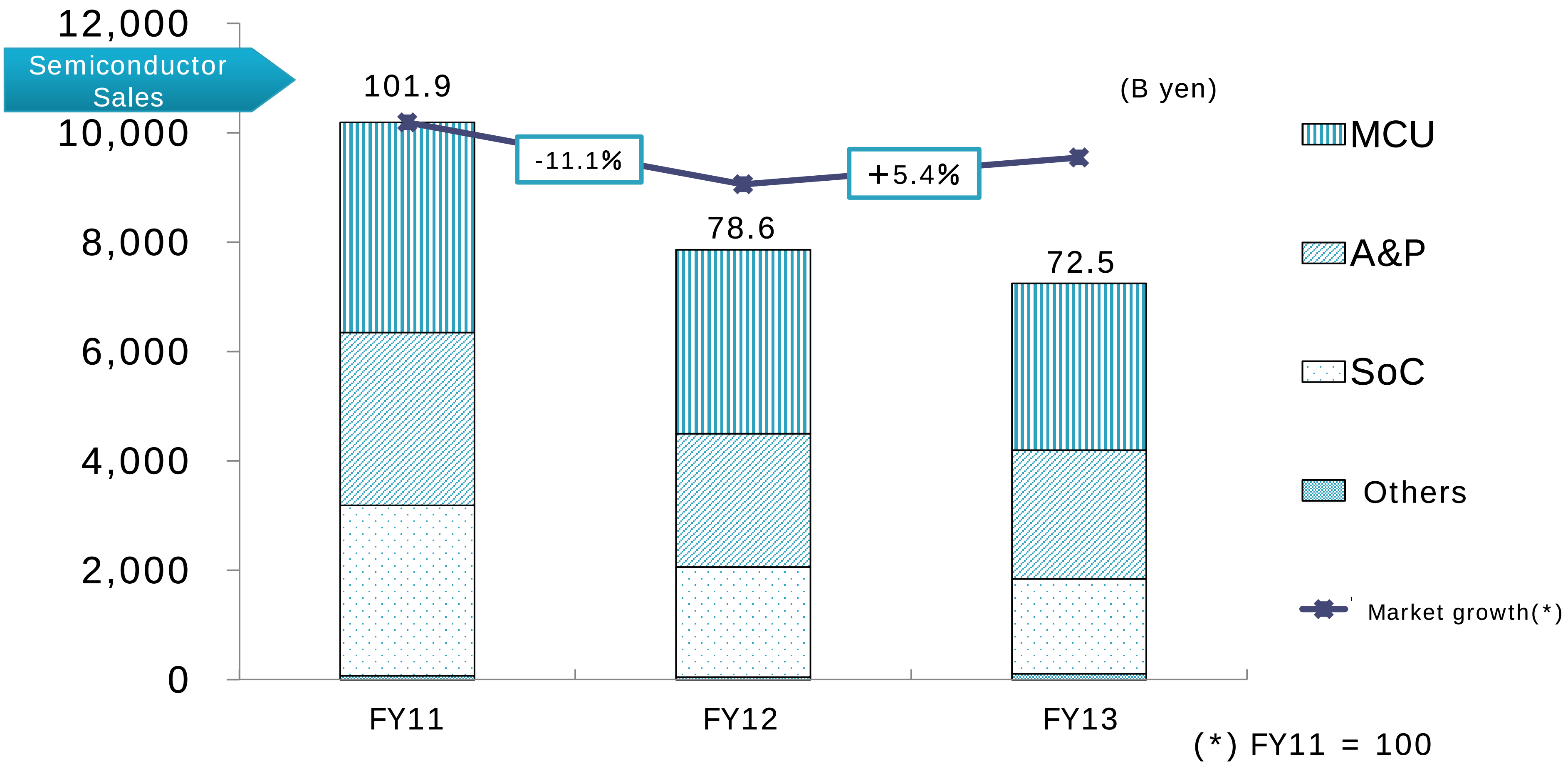
<Transition of the fixed cost>



(*)Total of the two companies before the integration

RENESAS

Review of the past years <Transition of the Semiconductor Sales (Results)>



3. Selection and Concentration

Selection and Concentration – Renesas’ Advantage

Expansion of middle class in developing countries

Power saving and environmental conscious

Fusion of control and IT

Comfortable society with safety and security

No.1 MCU maker in the world market

- Global sales network and customer support
- Solution for home appliances in developing countries

Power saving technology contributing energy saving

- Low power devices (e.g. RL78 Series)
- Low power system technology cultivated by MCUs and A&P (inverter control)

Integration of MCU (Control) and SoC (IT)

- Top level integration technology in the world
- High integration technology of multicore CPU (e.g. Car Navigation SoC)

High Reliability, Safe and Secured technology

- High reliability and quality lead automotive and industry field
- Function safety technology cultivated by automotive field
- Security technology to prevent attack by hackers and virus

Selection and Concentration – Renesas' Advantage

Market Environment

Expansion of middle class in developing countries

Power saving and environmental conscious

Fusion of control and IT

Auto-motive

- Firmly keep the power train and HEV/EV business
- Expansion of the chassis, safety and body business globally
- Fusion of safety driving assist and navigation
- Enhancement of the solution for function safety and security
- Solution for automotive center console
- Alliance to realize the next generation "intelligent car"

Industry Network and General Purpose

- Enhancement of motor solution as the key to power saving
- Business in developing countries collaborating with IDHs
- Expansion of the business of industrial network, power and lighting
- Enhancement of infrastructure business for 4G network
- Keep ASIC business utilizing prominent IPs
- Expansion of the business for smartphone panel

(*)HEV/EV: Hybrid Electric Vehicle/Electric Vehicle

Selection and Concentration - Automotive

Automotive Semiconductors WW

	Company	CY11	CY12
1	**Renesas**	**13.8%**	**14.2%**
2	Infineon	9.8%	9.1%
3	STMicro	8.7%	7.9%
4	Freescale	7.9%	7.0%
5	NXP	6.4%	6.3%

Automotive processors (MCU/MPU) WW

	Company	CY09	CY10	CY11	CY12
1	**Renesas**	**41.7%**	**41.2%**	**42.7%**	**43.5%**
2	Freescale	19.5%	21.5%	19.5%	18.0%
3	Infineon	6.6%	7.0%	8.3%	8.1%
4	TI	6.6%	6.0%	5.9%	7.1%
5	Fujitsu	6.2%	7.0%	7.0%	6.5%

Automotive Analog & Power semiconductors(*)

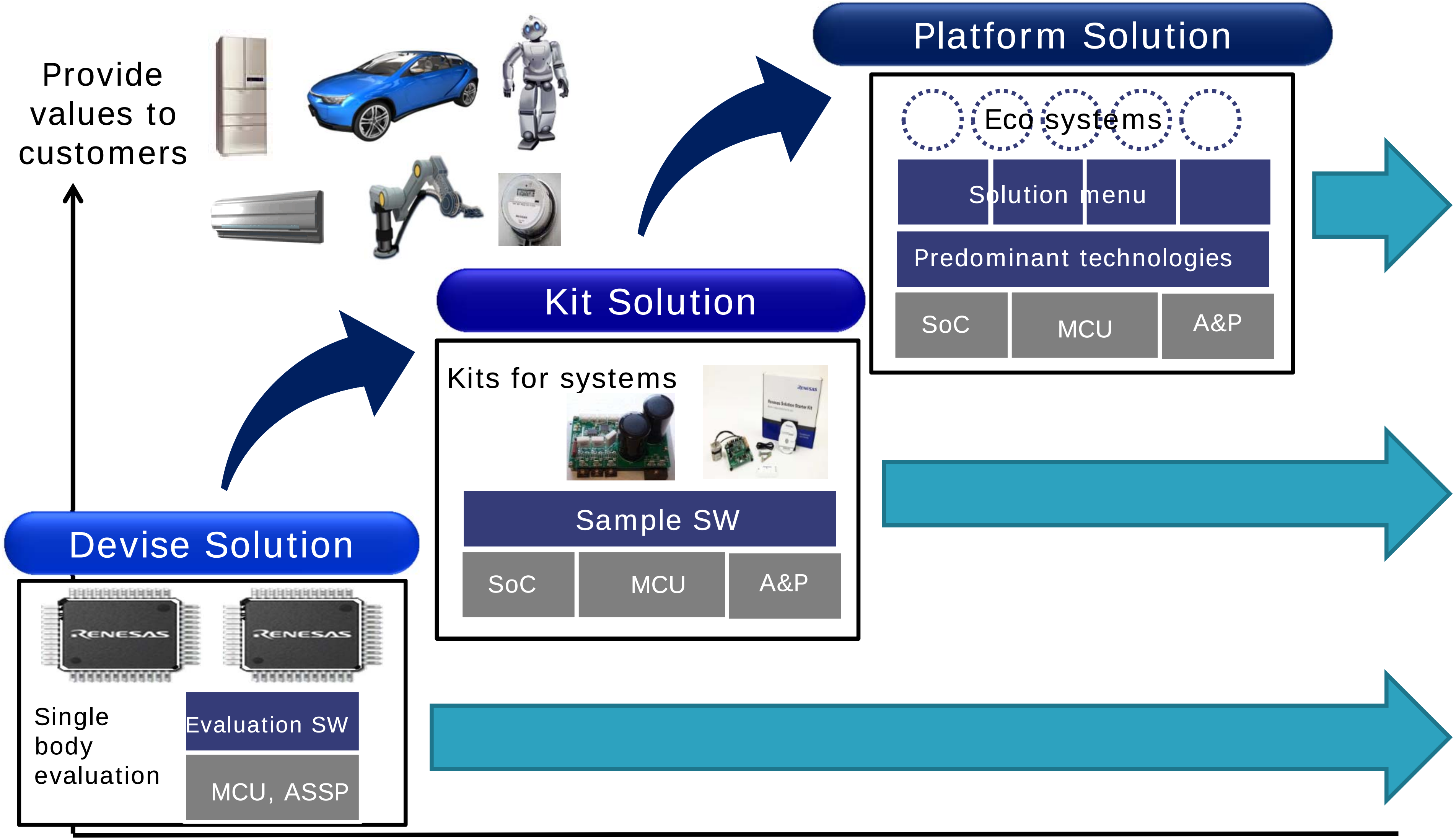
	Company	CY09	CY10	CY11	CY12
1	STMicro	16.6%	17.9%	18.6%	16.6%
2	Infineon	16.5%	15.8%	16.6%	15.6%
3	NXP	11.4%	12.5%	10.8%	10.5%
4	TI	8.3%	8.0%	7.9%	9.6%
5	**Renesas**	#7 **6.6%**	#7 **7.0%**	#5 **7.3%**	#5 **8.6%**

(*) Automotive Analog & Power Semiconductors: Non-Power Analog + Power Device

Reference: Strategy Analytics. The shares of automotive MCU and A&P were calculated with a parameter of total amount of the top 12 companies.

RENESAS

Selection and Concentration – 3 types of solutions



Example of Solution Business (1)

Kit Solution

The market needs speed with turnkey solution

Example of solution for home appliances (cooperation with IDHs in India)

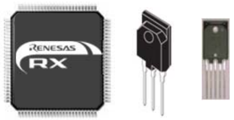
IDH: Independent Design House

RENESAS

Motor Reference Kit

Kit Solution

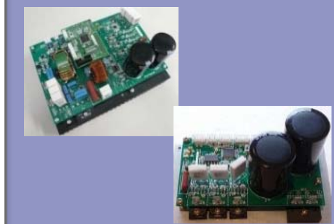
Device Solution



MCU for Motors, Power device

Cooperate with potent IDHs in India

Company A, B, C and D



Turnkey solution along with motor home appliances in India

Got inquiries of 4 M units / year

40 M units of home appliances with motors are produced in India in a year. Inverter with MCU control has just begun in India.

Example of Solution Business (2)

Platform Solution

Respond to various customers centering optimized platform for each field

Example of responding spreading international standard of Industrial Ethernet

RENESAS

Industrial Ethernet platform

Platform Solution

Respond to multiple international standard

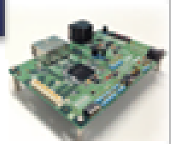
Got each standard's certification and adopted as the standard platform

EtherCAT, EtherNet/IP, PROFINET, CC-Link IE Field

Kit Solution

Reference design

Prepared solution boards, drivers and protocol stack



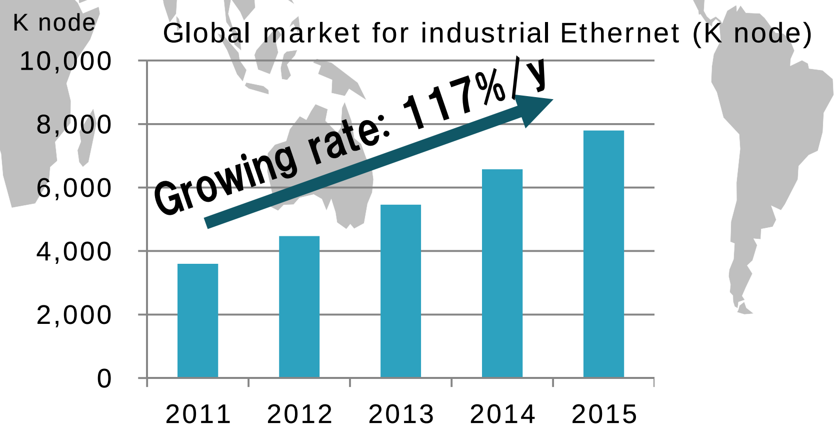
Device Solution

Industrial Ethernet LSI

10 times of communication capacity compared with conventional products

The industrial Ethernet standards that industrial device makers (several thousand) join

EtherCAT, PROFINET, EtherNet/IP, CC-Link IE Field



4. Structural Reforms

RENESAS

Implementation of production Reforming and further progress

Policy of the Production Reforms

- Retain and enhance Renesas' advantageous technology (power saving and high quality)
- Build a flexible production system to correspond market change
- Raise efficiency of production (to realize cost performance for customers)

Own sites	Front-end	✓ Keep production of power saving and high quality devices in Japan （Flash MCU technology: Naka, Kawashiri, Saijo） ✓ Downsize or close other sites based on the production efficiency and cost performance principle
Own sites	Back-end	✓ Enhance 2 sites in Japan (Yonezawa, Oita) to lead high quality technology ✓ Expand and enhance own sites abroad to improve production efficiency
Outsourcing (Foundries / Subcontractors)		✓ Mass production and collaborated development on long-term partnership with strategic partners ✓ Optimal QCD utilizing general outsourcing

RENESAS

Production Reforms (Front-end)

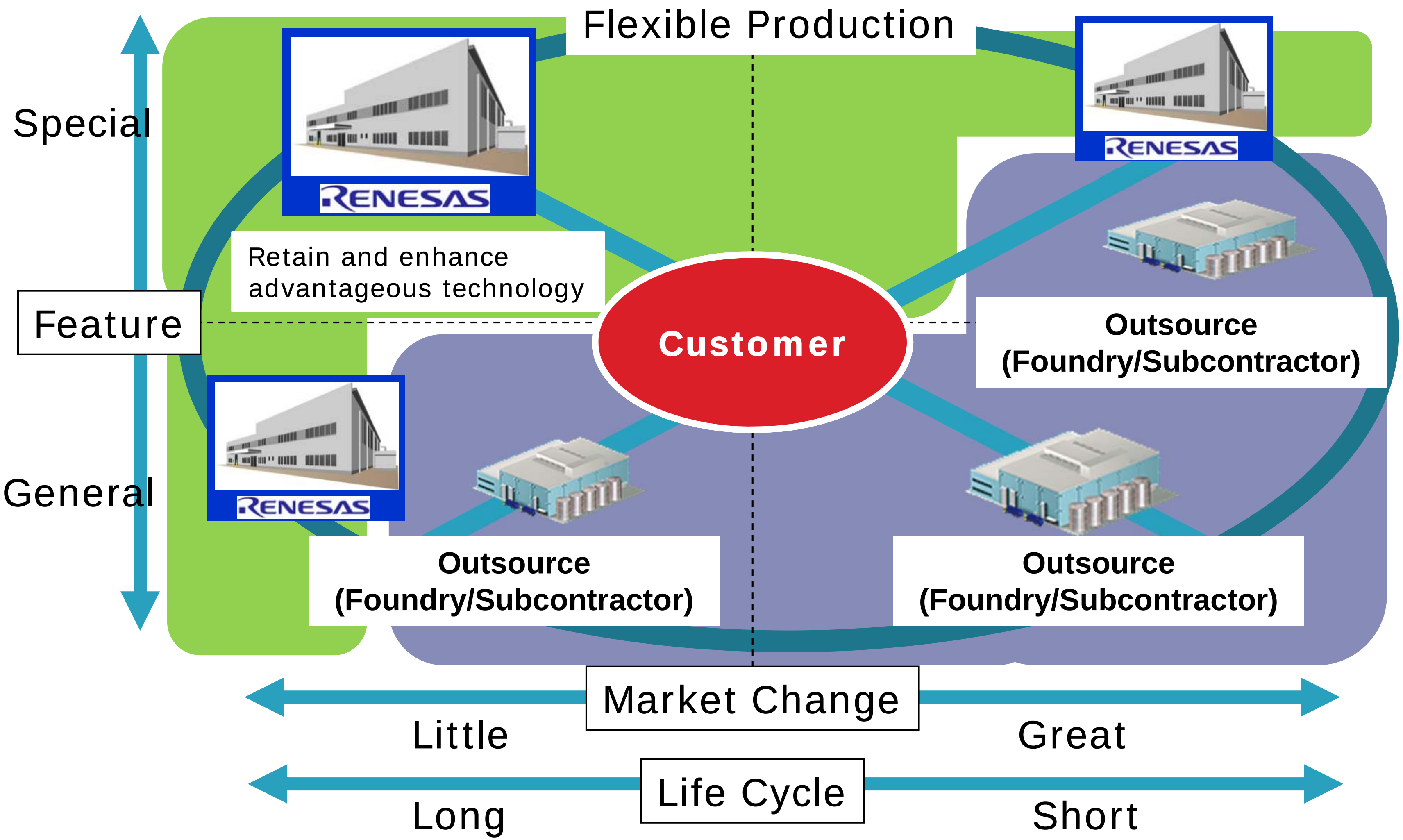
Site	Process (inch)	Before Structural Reforms	After Structural Reforms
Naka	12	Continue production as Renesas' main sites	
	8		
Kawashiri	8		
Saijo	8		
Tsuruoka	12	Planned to be closed in 2 or 3 years	• Production will be transferred to own sites or outsourcing sites. • EOL
	5		
Shiga	8	Planned to be closed in 2 or 3 years	
	6	Downsize and continue production to keep some products	
Kofu	8	Planned to be closed in 1 or 2 years	• Production will be transferred to own sites or outsourcing sites. • EOL
	6		
Takasaki	6	Continue production, downsizing to be appropriate scale	
	5	Planned to be closed 1 year	• Production will be transferred to own sites or outsourcing sites. • EOL
Kochi	6	Continue production, downsizing to be appropriate scale	
Yamagichi	6	Continue production with downsizing, but considering transfer	

RENESAS

Production Reforms (Back-end)

<table>
<tr><th>Site</th><th>Before Structural Reforms</th><th>After Structural Reforms</th></tr>
<tr><td>Yonezawa</td><td colspan="2" rowspan="2">Continue production as Renesas’ main sites</td></tr>
<tr><td>Oita</td></tr>
<tr><td>Yanai</td><td>Planned to be closed in 2 years</td><td rowspan="2">• Production will be transferred to own sites or outsourcing sites.
• EOL</td></tr>
<tr><td>Yamaguchi (Ube)</td><td>Planned to be closed in 1 year</td></tr>
<tr><td>Kumamoto (Nishiki)</td><td colspan="2">Will be decided to be transferred or closed within 2 years</td></tr>
</table>

Build Production System to deliver appropriate products to customers



Operation Change that is supporting Business and Production Reforms

Senior Vice Presidents (16 -> 8), Business Units (7 -> 5), Divisions (49 -> 34)

Design / Development	Production	Sales /Marketing
Restructure sites	Found production subsidiaries United operation between factories	Integrate sales companies to Renesas main company

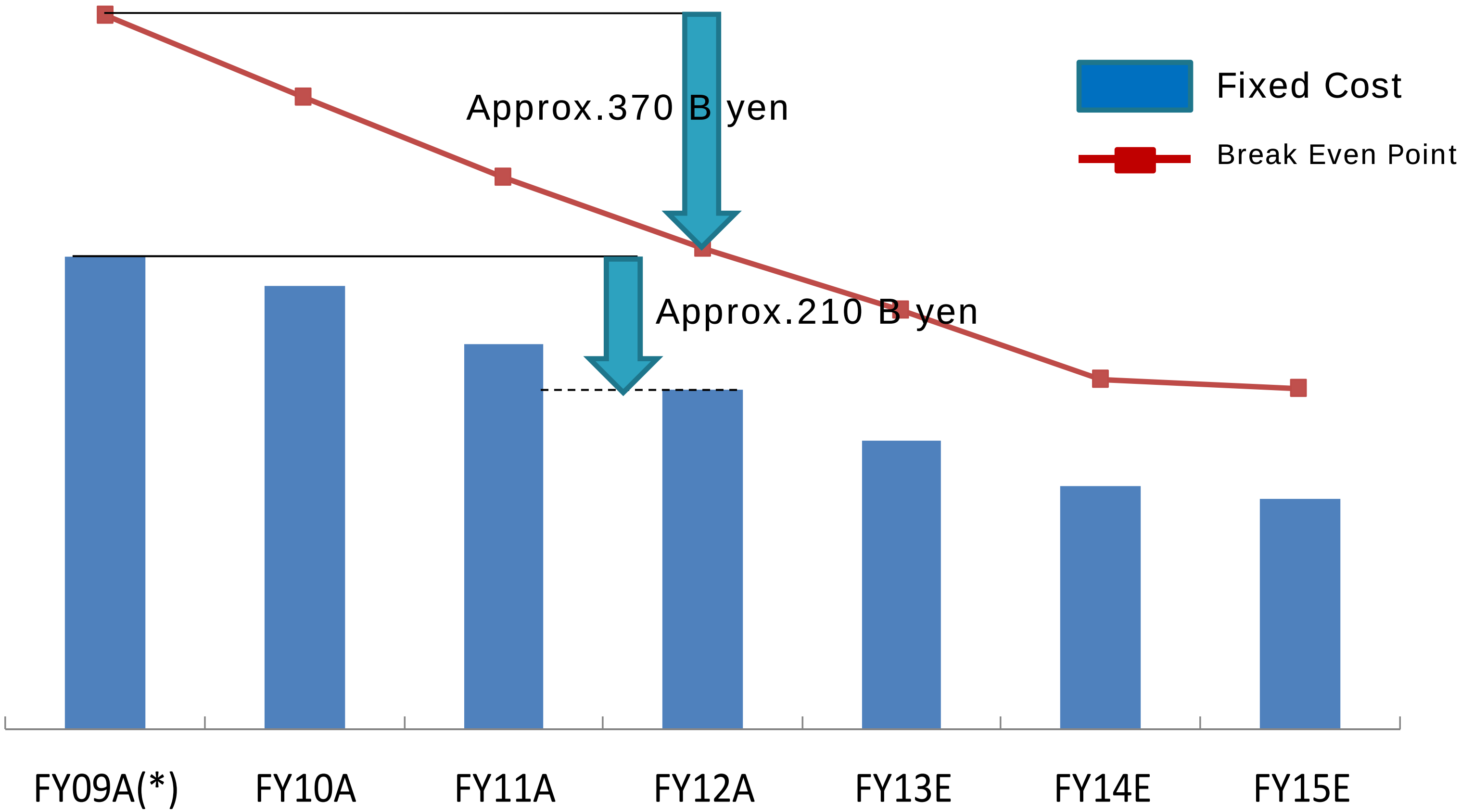
Resource (personnel and money) shift to focusing business, factories and markets

Revise personnel system (well-modulated personnel system and ensured merit-based pay system)

Renesas realizes the following things with these changes

(1)Customer oriented operation / improvement of added-value, (2)Improvement of development and production efficiency, (3)Speed up of decision

Image of Fixed Costs and Break Even Point



(*)Total of the two companies before the integration

5. Summary

Summary

Renesas' mission - to develop society and industry

To realize the above,

Selection and Concentration

Focus on advantageous business

Structural Reforms

Build absolutely profitable structure

Operational Changes that supports Business and Production Reforms

Optimize resources on business

RENESAS

Renesas Electronics Corporation