

Media Contacts

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

Investor Contacts

Makie Uehara
 Renesas Electronics Corporation
 +81 3-6756-5573
 ir@renesas.com

**Renesas Electronics Reports Financial Results
 for the Second Quarter Ended September 30, 2014**

Tokyo, Japan, October 29, 2014 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the six months ended September 30, 2014.

Summary of Consolidated Financial Results

	Three months ended September 30, 2014		Six months ended September 30, 2014	
	Billion Yen	% of Net Sale	Billion Yen	% of Net Sale
Net sales	207.7	100.0	416.9	100.0
Sales from semiconductors	199.6		400.8	
Sales from others	8.1		16.1	
Operating income (loss)	23.5	11.3	50.5	12.1
Ordinary income (loss)	23.8	11.4	49.1	11.8
Net income (loss)	13.9	6.7	35.1	8.4
Capital expenditures	6.7		15.0	
Depreciation and others	17.6		34.0	
R&D expenses	26.3		53.0	
			Yen	
Exchange rate (USD)	102		102	
Exchange rate (Euro)	138		139	

	As of September 30, 2014
	Billion Yen
Total assets	836.8
Net assets	248.6
Equity Capital	233.6
Equity ratio (%)	27.9
Interest-bearing debt	268.9

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

Note 2: Consolidated financial results for the six months ended September 30, 2014 have not been reviewed by the auditors. The figures are subject to change based on subsequent events or the auditors' review. Renesas Electronics Corporation will promptly notify the correction by issuing a press release.

Note 3: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipment).

Note 4: Depreciation and others includes depreciation and amortization of intangible assets and amortization of long-term prepaid expenses in quarterly consolidated statements of cash flows.

Consolidated Financial Results for the Second Quarter Ended September 30, 2014

English translation from the original Japanese-language document



October 29, 2014

Company name : **Renesas Electronics Corporation**
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section
 Code number : 6723
 URL : <http://www.renesas.com>
 Representative : Hisao Sakuta, Representative Director,
 Chairman and CEO
 Contact person : Taizo Endo, Senior Expert
 Corporate Communications Dept, CEO
 Office
 Tel. +81 (0)3-6756-5552
 Filing date of Shihanki Hokokusho (scheduled) : November 5, 2014

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2014

1.1 Consolidated financial results

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2014	416,928	0.0	50,526	144.2	49,094	252.9	35,118	---
Six months ended September 30, 2013	416,866	1.8	20,688	---	13,910	---	(12,810)	---

Reference: Comprehensive income for the six months ended September 30, 2014: 46,661 million yen (---%)
 Comprehensive income for the six months ended September 30, 2013: (6,137 million yen) (---%)

	Net income (loss) per share basic	Net income (loss) per share diluted
	Yen	Yen
Six months ended September 30, 2014	21.07	---
Six months ended September 30, 2013	(30.22)	---

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
September 30, 2014	836,752	248,591	27.9
March 31, 2014	786,002	227,314	27.3

Reference: Equity as of September 30, 2014: 233,592 million yen
 Equity as of March 31, 2014: 214,601 million yen

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

2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	---	0.00	---	0.00	0.00
Year ending March 31, 2015	---	0.00			
Year ending March 31, 2015 (forecast)			---	---	---

Note: Change in forecast of cash dividends since the most recently announced forecast: No

3. Forecast of consolidated results for the nine months ending December 31, 2014

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Nine months ending December 30, 2014	595,900	(5.8)	63,500	25.3	60,100	39.0	46,100	353.2	27.65

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

Renesas Electronics Group reports its consolidated forecasts on a quarterly basis as substitute for a yearly forecasts. For details, please refer to Appendix 1.3., "Consolidated Forecasts" on page 6.

4. Others

4.1 Changes in significant subsidiaries for the six months ended September 30, 2014

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

4.2 Adoption of special accounting policies for quarterly financial statements: Yes

(Note) For details, please refer to page 7.

4.3 Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior Period Errors

1. Changes in accounting policies with revision of accounting standard: Yes

(Note) For details, please refer to page 7.

2. Changes in accounting policies except for 4.3.1: No

3. Changes in accounting estimates: No

4. Corrections of prior period errors: No

4.4 Number of shares issued and outstanding (common stock)

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

As of September 30, 2014: 1,667,124,490 shares

As of March 31, 2014: 1,667,124,490 shares

2. Number of treasury stock

As of September 30, 2014: 2,548 shares

As of March 31, 2014: 2,548 shares

3. Average number of shares issued and outstanding

For the six months ended September 30, 2014: 1,667,121,942 shares

For the six months ended September 30, 2013: 423,952,543 shares

(Note) Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. These are under the review procedures for the quarterly financial report at the time of issuance of this report.

Cautionary Statement

The statements with respect to the financial outlook of Renesas Electronics Corporation (hereafter “the Company”) and its consolidated subsidiaries (hereafter “the Group”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.

The Group will hold a quarterly earnings conference for institutional investors and analysts on October 29, 2014. The Group plans to post the materials which are provided at the meeting, on the Group’s website on that day.

[APPENDIX]

1	Second Quarter Consolidated Financial Results	
	1.1 Consolidated Business Results	2
	1.2 Consolidated Financial Condition	5
	1.3 Consolidated Forecasts	6
2	Others	7
	2.1 Changes in Significant Consolidated Subsidiaries	7
	2.2 Adoption of Special Accounting Methods for Quarterly Consolidated Financial Statements	7
	2.3 Changes in Accounting Principles, Changes in Accounting Estimates and Corrections of Prior Period Errors	7
3	Quarterly Consolidated Financial Statements	8
	3.1 Quarterly Consolidated Balance Sheets	8
	3.2 Quarterly Consolidated Statements of Operations and Comprehensive Income	10
	3.3 Quarterly Consolidated Statements of Cash Flows	14
	3.4 Notes to Quarterly Consolidated Financial Statements	16
	(Quarterly Consolidated Statements of Operations)	16
	(Notes on Assumption for Going Concern)	16
	(Notes on Significant Changes in the Amount of Shareholders' Equity)	16
	(Significant Subsequent Events)	17

1. Second Quarter Consolidated Financial Results

1.1 Consolidated Business Results

1.1.1 Summary of Consolidated Financial Results Six Months Ended September 30, 2014

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	% Change
Net sales	416.9	416.9	0.1	0.0
Sales from semiconductors	397.3	400.8	3.5	0.9
Sales from others	19.5	16.1	(3.4)	(17.4)
Operating income (loss)	20.7	50.5	29.8	144.2
Ordinary income (loss)	13.9	49.1	35.2	252.9
Net income (loss)	(12.8)	35.1	47.9	-
	Yen	Yen		
Exchange rate (USD)	98	102	-	-
Exchange rate (EUR)	128	139	-	-

[Net sales]

Consolidated net sales for the six months ended September 30, 2014 remained unchanged year on year to 416.9 billion yen. This result was mainly caused by steady sales of automotive and industrial semiconductors, increase in demand for display driver ICs for small- and medium-sized panels, as well as improved exchange rate, despite a decrease in both sales from semiconductors, including those for consumer electronics devices, and sales from others resulting from the selection and concentration of businesses.

Sales from semiconductors for the six months ended September 30, 2014 were 400.8 billion yen, a 0.9% increase year on year.

[Operating income (loss)]

Operating income for the six months ended September 30, 2014 was 50.5 billion yen, 29.8 billion yen improvement year on year. This was mainly owing to: continued strong growth of the sales of automotive and industrial semiconductors; increased sales from improved exchange rate; and improved earnings structure, including the improvement of gross profit ratio, through implementation of the structural reform measures.

[Ordinary income (loss)]

Ordinary income for the six months ended September 30, 2014 was 49.1 billion yen, mainly due to non-operating loss of 1.4 billion yen from recording non-operating expenses of 3.3 billion yen including interest expenses, etc.

[Net income (loss)]

Net income for the six months ended September 30, 2014 was 35.1 billion yen, 47.9 billion yen improvement year on year. This was mainly due to improved operating income and ordinary income in addition to decreased special loss year on year, especially the business structure improvement expenses.

**1.1.2 Summary of Consolidated Financial Results
Three Months Ended September 30, 2014**

	Three months ended September 30, 2013	Three months ended September 30, 2014	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Net sales	217.8	207.7	(10.1)	(4.7)
Sales from semiconductors	207.7	199.6	(8.1)	(3.9)
Sales from others	10.1	8.1	(2.0)	(19.8)
Operating income (loss)	10.9	23.5	12.6	115.8
Ordinary income (loss)	5.4	23.8	18.4	342.1
Net income (loss)	(8.8)	13.9	22.7	-
	Yen	Yen		
Exchange rate (USD)	98	102	-	-
Exchange rate (EUR)	130	138	-	-

[Net sales]

Consolidated net sales for the three months ended September 30, 2014 were 207.7 billion yen, a decrease by 4.7% year on year. This decrease was caused by a decrease in sales from semiconductors, which is the core business of the Group, and sales from others.

[Sales from Semiconductors]

Sales from semiconductors for the three months ended September 30, 2014 were 199.6 billion yen, a 3.9% decrease year on year.

The sales breakdown for “Automotive” and “General purpose,” the two application categories that constitute the main business of the Group, and for “Other semiconductors” not belonging to the above two application categories, is as follows:

Automotive Business: 78.8 billion yen

The automotive business includes the product categories “Automotive control,” comprising semiconductor devices for controlling automobile engines and bodies, and “Automotive information,” comprising semiconductor devices used in automotive information systems such as navigation systems. The Group supplies microcontrollers, analog & power semiconductor devices, and system-on-chip (SoC) products in each of these categories.

Second-quarter sales for the Automotive business were 78.8 billion yen, an increase of 8.1 % year on year. Sales increased in both the “Automotive control” and “Automotive information” categories.

General-Purpose Business: 119.7 billion yen

The general-purpose business includes the product categories “Industrial/Home electronics,” comprising semiconductor devices for industrial equipment, white goods, etc., “OA/ICT,” comprising semiconductor devices for office automation (OA) equipment such as copy machines and information and communication technology (ICT) equipment such as network infrastructure, and “General-purpose,” comprising general-purpose semiconductor devices for other applications. The Group supplies microcontrollers, analog & power semiconductor devices, and SoC products in each of these categories.

Second-quarter sales for the General-purpose business were 119.7 billion yen, a decrease of 10.4% year on year. This was mainly due to the Group's promotion of selection and concentration of businesses which led to decreased sales in the "OA/ICT", "General-Purpose" and "Industrial/Home electronics" categories.

Other Semiconductors: 1.0 billion yen

Sales of Other semiconductors include production by commissioning and royalties.

Sales of other semiconductors for the three months ended September 30, 2014 were 1.0 billion yen, a 17.5% decrease year on year.

[Sales from others]

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

Sales from others for the three months ended September 30, 2014 were 8.1 billion yen, a 19.8% decrease year on year.

[Operating income (loss)]

Operating income for the three months ended September 30, 2014 was 23.5 billion yen, a 12.6 billion yen improvement year on year. This increase was mainly caused by increased sales from improved exchange rate and improved earnings structure, including the improvement of gross profit ratio, through implementation of the structural reform measures.

[Ordinary income (loss)]

Ordinary income for the three months ended September 30, 2014 was 23.8 billion yen, mainly due to non-operating income of 0.2 billion yen from recording non-operating expenses of 2.0 billion yen including exchange profits, etc, despite a recording of non-operating expenses of 1.8 billion yen, including interest expenses, etc.

[Net income (loss)]

Net income for the three months ended September 30, 2014 was 13.9 billion yen, a 22.7 billion yen improvement year on year. This was mainly due to improved operating income and ordinary income in addition to decreased special loss year on year, especially the business structure improvement expenses.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	June 30, 2014	September 30, 2014	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	796.9	836.8	39.9
Net assets	223.5	248.6	25.1
Equity	209.6	233.6	24.0
Equity ratio (%)	26.3	27.9	1.6
Interest-bearing debt	270.1	268.9	(1.3)
Debt / Equity ratio	1.29	1.15	(0.14)

Total assets at September 30, 2014 were 836.8 billion yen, a 39.9 billion yen increase from June 30, 2014. This was primarily due to improved free cash flows with no additional cash outgo from structural reform measures which resulted in increase in cash and deposits in the three months ended September 30. Net assets were 248.6 billion yen, a 25.1 billion yen increase from June 30, 2014. This was mainly due to improved foreign currency translation adjustment from depreciation of yen in addition to recording of net income of 13.9 billion yen, in the three months ended September 30.

Equity increased by 24.0 billion yen from June 30, 2014 and the equity ratio was 27.9%. Interest-bearing debt decreased by 1.3 billion yen from June 30, 2014. Consequently, the debt to equity ratio dropped to 1.15.

1.2.2 Cash Flows

	Three Months ended September 30, 2013	Three Months ended September 30, 2014
	Billions of yen	Billions of yen
Net cash provided by (used in) operating activities	9.0	49.5
Net cash provided by (used in) investing activities	(6.5)	(14.9)
Free cash flows	2.5	34.7
Net cash provided by (used in) financing activities	141.1	(4.8)
Cash and cash equivalents at the beginning of period	95.8	251.8
Cash and cash equivalents at the end of period	239.3	288.2

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities for the three months ended September 30, 2014 was 49.5 billion yen. This was mainly due to recording of income before income taxes in the amount of 18.1 billion yen; adjustment of non-expenditure items including depreciation and amortization, etc., and increase in accounts payable-other and accrued expenses.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the three months ended September 30, 2014 was 14.9 billion yen, mainly due to the purchase of property, plant and equipment and purchase of intangible assets.

The foregoing resulted in positive free cash flows of 34.7 billion yen for the three months ended September 30, 2014.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities for the three months ended September 30, 2014 was 4.8 billion yen.

1.3 Consolidated Forecasts

The Group reports its consolidated forecasts on a quarterly basis because of the difficulty of forecasting full-year results with high accuracy due to the short-term volatility of the semiconductor market.

(For the nine months ending December 31, 2014)

(In millions of yen)

	Net Sales	(Reference) Sales from semiconductors	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous forecasts (August 6, 2014)	---	---	---	---	---
Revised forecasts (October 29, 2014)	595,900	568,800	63,500	60,100	46,100
Increase (decrease)	---	---	---	---	---
Percent change	---	---	---	---	---
Reference : Results for the nine months ended September 30, 2013	632,508	604,961	50,667	43,244	10,171

The figures of the consolidated forecasts for the nine months above are sum of the results of the six months ended September 30, 2014 and the forecasts of the three months ending December 31, 2014. The consolidated forecasts for the nine months ending December 31, 2014 are calculated at the rate of 102 yen per USD and 138 yen per Euro.

The statements with respect to the financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

2. Others

2.1 Changes in Significant Consolidated Subsidiaries

Due to the restructuring of wholly owned subsidiaries of the Company: Renesas Semiconductor Manufacturing Co., Ltd.(Engaged in the semiconductor front-end production business) and Renesas Semiconductor Package & Test Solutions Co., Ltd.(Engaged in the semiconductor back-end production business), Renesas Yamagata Semiconductor Co., Ltd. and other eight companies are excluded from the Group by means of absorption-type merger in the first quarter of the fiscal year ending March 31, 2015.

2.2 Adoption of Special Accounting Methods for Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying income before income taxes for the second quarter of the fiscal year ending March 31, 2015 by a reasonably estimated effective tax rate against income before income taxes for the fiscal year including the second quarter, while applying tax effect accounting.

2.3 Changes in Accounting Principles, Changes in Accounting Estimates and Corrections of Prior Period Errors

(Changes in accounting principles)

From the first quarter of the fiscal year ending March 31, 2015, the Group has adopted the provisions set forth in Clause 35 of the "Accounting Standard for Retirement Benefits" and in Clause 67 of the "Guidance on Accounting Standard for Retirement Benefits" for "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012). As a result of this adoption, the calculation method of retirement benefit obligations and current service costs has been reviewed, and the method of attributing expected benefit to periods has been changed from mainly a point-based or straight-line method to a benefit formula basis. Furthermore, the calculation method of the discount rate has also been changed.

The adoption of the accounting standards is subject to the transition treatment set forth in Clause 37 of the "Accounting Standard for Retirement Benefits", and effects of the change in the accounting standard for the calculation method of retirement benefit obligations and current service costs are adjusted on the "Retained earnings" of the net asset section.

Consequently, the beginning balance of the "Net defined benefit liability" for the six months ended September 30, 2014 was increased by 25,275 million yen, while that of the "Retained earning" was decreased by 25,074 million yen. Furthermore, the impact on operating income, ordinary income and Income before income taxes and minority interests for the six months ended September 30, 2014 is negligible.

3. Quarterly Consolidated Financial Statements

3.1 Quarterly Consolidated Balance Sheets

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2014)	Current Second Quarter (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	267,302	288,682
Notes and accounts receivable-trade	82,531	104,661
Merchandise and finished goods	47,332	44,957
Work in process	70,185	67,786
Raw materials and supplies	8,538	6,884
Accounts receivable-other	20,071	14,539
Other current assets	8,049	14,920
Allowance for doubtful accounts	(101)	(107)
Total current assets	503,907	542,322
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	83,643	81,872
Machinery and equipment, net	59,564	55,252
Vehicles, tools, furniture and fixtures, net	18,949	17,776
Land	31,197	30,426
Construction in progress	10,901	11,941
Total property, plant and equipment	204,254	197,267
Intangible assets		
Software	11,722	10,620
Other intangible assets	23,155	26,459
Total intangible assets	34,877	37,079
Investments and other assets		
Investment securities	8,587	8,958
Long-term prepaid expenses	21,633	38,514
Other assets	12,745	12,613
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	42,964	60,084
Total long-term assets	282,095	294,430
Total assets	786,002	836,752

(In millions of yen)

	Prior Fiscal Year (As of March 31, 2014)	Current Second Quarter (As of September 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	91,374	91,660
Short-term borrowings	2,000	-
Current portion of long-term borrowings	3,366	6,533
Current portion of lease obligations	2,458	1,147
Accounts payable-other	41,238	43,143
Accrued expenses	41,663	41,246
Accrued income taxes	8,631	5,991
Provision for product warranties	605	533
Provision for business structure improvement	5,142	6,477
Provision for contingent loss	993	520
Asset retirement obligations	22	20
Other current liabilities	3,524	5,108
Total current liabilities	201,016	202,378
Long-term liabilities		
Long-term borrowings	256,625	255,275
Lease obligations	6,453	5,905
Provision for business structure improvement	4,956	4,747
Net defined benefit liability	57,874	77,073
Asset retirement obligations	4,102	4,940
Other liabilities	27,662	37,843
Total long-term liabilities	357,672	385,783
Total liabilities	558,688	588,161
Net assets		
Shareholders' equity		
Common stock	228,255	228,255
Capital surplus	525,413	525,413
Retained earnings	(533,106)	(523,062)
Treasury stock	(11)	(11)
Total shareholders' equity	220,551	230,595
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	572	608
Foreign currency translation adjustments	(347)	7,426
Remeasurements of defined benefit plans	(6,175)	(5,037)
Total accumulated other comprehensive income	(5,950)	2,997
Minority interests	12,713	14,999
Total net assets	227,314	248,591
Total liabilities and net assets	786,002	836,752

3.2 Quarterly Consolidated Statements of Operations and Comprehensive Income

Quarterly Consolidated Statements of Operations

(The six months ended September 30, 2013 and 2014)

(In millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	416,866	416,928
Cost of sales	266,349	254,799
Gross profit	150,517	162,129
Selling, general and administrative expenses	129,829	111,603
Operating income (loss)	20,688	50,526
Non-operating income		
Interest income	177	406
Dividends income	23	23
Equity in earnings of affiliates	78	123
Foreign exchange gains	1,529	755
Other non-operating income	669	588
Total non-operating income	2,476	1,895
Non-operating expenses		
Interest expenses	2,784	1,586
Retirement benefit expenses	948	777
Share issuance cost	2,354	-
Other non-operating expenses	3,168	964
Total non-operating expenses	9,254	3,327
Ordinary income (loss)	13,910	49,094
Special income		
Gain on sales of property, plant and equipment	249	169
Gain on transfer of business	29	-
Gain on sales of investment securities	73	107
Gain on forgiveness of debt	*1 7,636	-
Gain on extinguishment of debt	-	*2 1,694
Total special income	7,987	1,970
Special loss		
Loss on sales of property, plant and equipment	25	115
Impairment loss	1,561	496
Loss on valuation of investment securities	10	-
Business structure improvement expenses	*3 25,389	*3 7,705
Compensation for damage	17	-
Provision for contingent loss	853	240
Total special losses	27,855	8,556
Income (loss) before income taxes and minority interests	(5,958)	42,508
Income taxes	5,477	4,973
Income (loss) before minority interests	(11,435)	37,535
Minority interests in income (loss) of consolidated subsidiaries	1,375	2,417
Net income (loss)	(12,810)	35,118

Quarterly Consolidated Statements of Comprehensive Income
(The six months ended September 30, 2013 and 2014)

(In millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income (loss) before minority interests	(11,435)	37,535
Other comprehensive income		
Unrealized gains (losses) on securities	82	2
Foreign currency translation adjustments	5,181	7,952
Remeasurements of defined benefit plans, net of tax	-	1,140
Share of other comprehensive income of affiliates accounted for by the equity method	35	32
Total other comprehensive income	5,298	9,126
Comprehensive income	(6,137)	46,661
Comprehensive income attributable to:		
Shareholders of parent company	(8,078)	44,065
Minority interests	1,941	2,596

Quarterly Consolidated Statements of Operations
(The three months ended September 30, 2013 and 2014)

(In millions of yen)

	Three months ended September 30, 2013	Three months ended September 30, 2014
Net sales	217,809	207,669
Cost of sales	139,953	126,026
Gross profit	77,856	81,643
Selling, general and administrative expenses	66,947	58,101
Operating income (loss)	10,909	23,542
Non-operating income		
Interest income	109	199
Dividends income	15	15
Share of profit of entities accounted for using equity method	84	79
Foreign exchange gains	548	1,421
Other non-operating income	340	310
Total non-operating income	1,096	2,024
Non-operating expenses		
Interest expenses	1,381	791
Retirement benefit expenses	474	387
Share issuance cost	2,354	-
Other non-operating expenses	2,424	637
Total non-operating expenses	6,633	1,815
Ordinary income (loss)	5,372	23,751
Special income		
Gain on sales of property, plant and equipment	160	137
Gain on sales of investment securities	40	77
Gain on forgiveness of debt	*1 7,636	-
Gain on extinguishment of debt	-	*2 1,694
Total special income	7,836	1,908
Special loss		
Loss on sales of property, plant and equipment	20	114
Impairment loss	1,526	426
Loss on valuation of investment securities	5	-
Business structure improvement expenses	*3 17,180	*3 6,997
Compensation for damage	17	-
Provision for contingent loss	253	10
Total special losses	19,001	7,547
Income (loss) before income taxes and minority interests	(5,793)	18,112
Income taxes	2,447	2,998
Income (loss) before minority interests	(8,240)	15,114
Minority interests in income (loss) of consolidated subsidiaries	580	1,195
Net income (loss)	(8,820)	13,919

Quarterly Consolidated Statements of Comprehensive Income

(The three months ended September 30, 2013 and 2014)

(In millions of yen)

	Three months ended September 30, 2013	Three months ended September 30, 2014
Income (loss) before minority interests	(8,240)	15,114
Other comprehensive income		
Unrealized gains (losses) on securities	59	(3)
Foreign currency translation adjustments	(322)	9,333
Remeasurements of defined benefit plans, net of tax	-	897
Share of other comprehensive income of affiliates accounted for by the equity method	26	19
Total other comprehensive income	(237)	10,246
Comprehensive income	(8,477)	25,360
Comprehensive income attributable to:		
Shareholders of parent company	(9,217)	23,989
Minority interests	740	1,371

3.3 Quarterly Consolidated Statements of Cash Flows

(In millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(5,958)	42,508
Depreciation and amortization	32,676	27,086
Amortization of long-term prepaid expenses	5,703	5,815
Impairment loss	1,561	496
Increase (decrease) in accrued retirement benefits	(7,911)	-
Increase (decrease) in net defined benefit liability	-	(6,470)
Increase (decrease) in provision for business structure improvement	5,165	1,892
Increase (decrease) in provision for contingent loss	-	(473)
Interest and dividends income	(200)	(429)
Insurance income	(41)	(196)
Interest expenses	2,784	1,586
Equity in (earnings) losses of affiliates	(78)	(123)
Loss (gain) on sales and valuation of investment securities	(63)	(107)
Loss (gain) on sales of property, plant and equipment	(224)	(54)
Share issuance cost	525	-
Gain on forgiveness of debt	(7,636)	-
Business structure improvement expenses	5,154	1,905
Decrease (increase) in notes and accounts receivable-trade	(3,094)	(20,118)
Decrease (increase) in inventories	12,105	7,444
Decrease (increase) in accounts receivable-other	(1,153)	3,755
Increase (decrease) in notes and accounts payable-trade	(4,059)	(449)
Increase (decrease) in accounts payable-other and accrued expenses	42,756	179
Other cash provided by (used in) operating activities, net	29	(3,132)
Subtotal	78,041	61,115
Interest and dividends received	271	500
Proceeds from insurance income	72	196
Interest paid	(2,823)	(1,587)
Income taxes (paid) refund	(4,751)	(3,558)
Payments for extra retirement benefits	(32,934)	(5,113)
Settlement package paid	(405)	-
Net cash provided by (used in) operating activities	37,471	51,553

(In millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(11,344)	(19,435)
Proceeds from sales of property, plant and equipment	33	618
Purchase of intangible assets	(2,523)	(4,022)
Purchase of long-term prepaid expenses	(1,070)	(1,297)
Purchase of investment securities	(343)	(417)
Proceeds from sales of investment securities	514	521
Purchase of investments in subsidiaries	-	(3,200)
Proceeds from transfer of business	5,592	-
Payments for transfer of business	-	(448)
Collection of loans receivable	350	700
Other cash provided by (used in) investing activities, net	(222)	1,205
Net cash provided by (used in) investing activities	(9,013)	(25,775)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	500	(2,000)
Proceeds from long-term borrowings	221,789	3,000
Repayment of long-term borrowings	(230,620)	(1,183)
Proceeds from issuance of common shares	149,475	-
Repayments of finance lease obligations	(3,572)	(1,886)
Repayments of installment payables	(6,509)	(6,362)
Other, Net cash provided by (used in) financing activities net	(472)	-
Net cash provided by (used in) financing activities	130,591	(8,431)
Effect of exchange rate change on cash and cash equivalents	2,475	5,000
Net increase (decrease) in cash and cash equivalents	161,524	22,347
Cash and cash equivalents at the beginning of the period	77,731	265,897
Cash and cash equivalents at the end of the period	239,255	288,244

3.4 Notes to Quarterly Consolidated Financial Statements

(Quarterly Consolidated Statements of Operations)

- *1 Gain on forgiveness of debt
Due to the receipt of planned financial assistance in the form of a partial debt waiver from some of its major shareholders.
- *2 Gain on extinguishment of debt
Due to the extinguishment of the performance obligation for the accrued liabilities recognized in the past fiscal years.
- *3 Business structure improvement expenses
The Group has reformed businesses and structures of the production along with the streamlining of employees to strengthen its financial basis, and those related expenses are shown as business structure improvement expenses.

The details of business structure improvement expenses for the consolidated statements of operations for the six months ended September 30, 2013 and 2014 were as follows:

(In millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Personnel expenses including the special incentive of early retirement program	17,931	5,904
Impairment loss	3,761	568
Other (*)	3,697	1,233
Total	25,389	7,705

(*) The main item of "Other" for six months ended September 30, 2013 is a provision for loss on transfer of business due to the transfer of equity Interest for a consolidated subsidiary.

The details of business structure improvement expenses for the consolidated statements of operations for the three months ended September 30, 2013 and 2014 were as follows:

(In millions of yen)

	Three months ended September 30, 2013	Three months ended September 30, 2014
Personnel expenses including the special incentive of early retirement program	13,878	5,458
Impairment loss	2,375	568
Other	927	971
Total	17,180	6,997

(Notes on Assumption for Going Concern)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None

(Significant Subsequent Events)

(Transfer of subsidiary's shares)

1. Outline of the business divestiture

(1) Name of the buyer

Synaptics Holding GmbH (hereafter "Synaptics Holding")

(2) Nature of the divested business

Design, development, sale, and marketing of LCD drivers and controllers for small- and medium-sized LCD panels

(3) Main reasons for the divestiture

As outlined in the Company's press release, "Renesas Electronics Shows Direction of Renesas Group," issued on August 2, 2013, the Company identified fields and regions where growth is expected in the medium to long term and areas where it can outpace the competition, and will focus on three fields where it has strengths and can compete effectively: automotive (automotive control and automotive information), industrial/networking (industrial/home appliance, OA and ICT), and general-purpose products. In parallel, the Company has been carrying out structural reforms aimed at creating an organization that is consistently profitable, even when exposed to risks (natural disasters, market stagnation, etc.).

Renesas SP Drivers (hereafter "RSP") was established in 2008 as a joint venture of display driver IC business, which does not fall under the Company's three focus fields. While its operation is focused on design and development, RSP also offers manufacturing service by outsourcing its production to foundries. RSP has continued to perform well in recent years, buoyed by vigorous demand for smartphones and tablet devices.

Under such circumstances, based on its structural reform policies, the Company has been looking into the possibility of transferring ownership to another company which focuses on display driver IC business and also is expected to proactively invest its management resources into this business.

Having been approached by Synaptics Incorporated (hereafter "Synaptics") with an offer to purchase all of the Company's shares in RSP, the Company evaluated the offer and reached a conclusion to transfer the shares to Synaptics Holding, a wholly-owned subsidiary of Synaptics.

(4) Date of divestiture

October 1, 2014

(5) Overview of transactions including statutory form

The Company had transferred all of the common stocks of RSP with cash consideration.

2. Overview of accounting treatment scheduled

This transfer will be accounted in accordance with "Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

Gain (Loss) on transfer of the business has not been recognized for the six months ended September 30, 2014.

3. Approximate amount of income (loss) pertaining to divested business recorded in the consolidated statement of operations for the six months ended September 30, 2014

	(Millions of yen)
Net sales	38,636
Operating income	7,976

(Execution of early retirement incentive program)

At the board meeting held on October 29, 2014, the Company resolved the implementation of an early retirement incentive program.

1. Reason for the execution

On October 30, 2013, with an aim of realizing a company with a solid, profitable financial base, the Group has formulated a reform plan, and realignment of design and development sites, revision of its personnel systems and others measures have been executed along with the reform plan.

The Company has decided to implement an early retirement program to offer special incentives and outplacement support for those employees who are unable to comply with the company's reform plan and other measures, or those employees who are unable to transfer to other sites to follow the reorganization policy at the design and development sites, etc.

2. Outline of the early retirement incentive program

(1) Eligibility: Among the employees of the Company and its domestic subsidiaries in Japan who are 35 or older (All employees required to move from their current residence as a result of the realignment of the design and developments sites are eligible regardless of age).

(2) Number of Applicants eligible for the program: Approximately 1,800

(3) Application Period: December 10, 2014 to December 19, 2014 (planned)

(4) Retirement Date: January 31, 2015

(5) Benefits: The Company will offer special incentives in addition to their retirement payment to employees voluntarily taking early retirement. In addition, outplacement support will be provided through an outside agency for those who request it.

3. Impacts on the financial results

At the moment, it is very difficult to reasonably estimate the impacts of the early retirement incentive program as we have not started the application process yet.

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to several important factors including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

About Renesas Electronics Corporation

Renesas Electronics Corporation (TSE: 6723), the world’s number one supplier of microcontrollers, is a premiere supplier of advanced semiconductor solutions including microcontrollers, SoC solutions and a broad-range of analog and power devices. Business operations began as Renesas Electronics Corporation in April 2010 through the integration of NEC Electronics Corporation (TSE:6723) and Renesas Technology Corp., with operations spanning research, development, design and manufacturing for a wide range of applications. Headquartered in Japan, Renesas Electronics Corporation has subsidiaries in approximately 20 countries worldwide. More information can be found at www.renesas.com.

###