(Translation)

The following is an English translation of the Notice of the 16th Ordinary General Meeting of Shareholders of Renesas Electronics Corporation to be held on March 29, 2018 (as well as the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements with respect to the 16th Business Period, and report on the results of the audit conducted on such Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors), except for translation of the instructions on voting rights and the access map for the place of the meeting in the Notice, and is provided for your reference and convenience only. Should there be any inconsistency between this translation and the official Japanese original, the latter shall prevail.

Renesas Electronics Corporation

Securities Code: 6723
3-2-24 Toyosu, Koto-ku,
Tokyo

Tetsuya Tsurumaru
Representative Director,
Chairman

March 8, 2018

To Our Shareholders:

NOTICE OF THE 16TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Sixteenth Ordinary General Meeting of Shareholders (this "General Meeting") of Renesas Electronics Corporation (the "Company") will be held as follows:

1. DATE: March 29, 2018 (Thursday) at 10:00 A.M. (Japan Standard Time)
   (The reception will begin at 9:30 A.M.)
2. PLACE: Toyosu Civic Center Hall, 5F, at 2-18, Toyosu 2-chome, Koto-ku, Tokyo, Japan
3. AGENDA OF THE GENERAL MEETING:
   MATTERS TO BE REPORTED UPON
   Report on the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, and report on the results of the audit conducted on the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors with respect to the 16th Business Period from January 1, 2017 to December 31, 2017.

MATTERS TO BE VOTED UPON:

(1) Election of Five Directors

(2) Election of Two Corporate Auditors

(3) Revision of the Amount of Remuneration of Directors

Please note that souvenirs will not be provided to the attendees at this General Meeting. We would appreciate your understanding.

(Translation)

REFERENCE DOCUMENTS FOR THIS GENERAL MEETING

Proposal No. 1: Election of Five Directors

Upon closure of this General Meeting, the term of office held by all Directors will expire. We therefore propose that five Directors be elected.

The candidates are as follows:

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
1	Tetsuya Tsurumaru (August 29, 1954) (Reappointment)	April 1979 April 2003 April 2006 April 2008 April 2010 April 2011 June 2012 February 2013 June 2013 December 2015 June 2016	Joined Hitachi, Ltd. General Manager, Naka Factory, MCU & SOC Business Unit, Renesas Technology Corp. (currently, Renesas Electronics Corporation) General Manager, Strategic Production Planning Division, Production and Technology Unit, Renesas Technology Corp. Managing Officer, and Executive General Manager, Production and Technology Unit, Renesas Technology Corp. Senior Vice President, and Associate Chief of Production and Technology Unit, the Company Senior Vice President, and Chief of Production and Technology Unit, the Company Member of the Board, Senior Vice President, the Company Representative Director, President, the Company Representative Director, President and COO, the Company Representative Director, President and CEO, the Company Representative Director, Chairman, the Company (to the present)	9,900
	【Reasons for selectin as a candidate for Director】 The Company selected this candidate for Director with expectation that he would increase the corporate value by enhancing global capability for semiconductor solutions and strengthen the decision-making function of the Board of Directors, leveraging the leadership with abundant knowledge, experiences and achievements based on his work and management experiences in the semiconductor business for nearly 40 years.			

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
2	Bunsei Kure (May 20, 1956) (Reappointment)	April 1979	Joined the Industrial Bank of Japan, Limited (currently, Mizuho Bank, Ltd.)	0
		May 2000	Joined GE Capital Japan as Managing Director of Business Development Division	
		January 2001	Joined GE Fleet Services Corporation as Managing Executive Officer	
		May 2003	Representative Director, President and CEO, GE Fleet Service Corporation	
		December 2007	Joined Calsonic Kansei Corporation as Adviser	
		June 2008	Representative Director, President and CEO, Calsonic Kansei Corporation	
		April 2013	Joined Nidec Corporation as Special Adviser	
		June 2013	Member of the Board, Executive Vice President, Nidec Corporation	
		June 2014	Representative Director, Executive Vice President and COO, Nidec Corporation	
		June 2015	Representative Director, Executive Vice President, Nidec Corporation	
		April 2016	Joined the Company as Executive Adviser to CEO	
		June 2016	Representative Director, President and CEO, the Company (to the present)	
	【Reasons for selection as a candidate for Director】 The Company selected this candidate for Director with expectation that he would increase the corporate value by enhancing global capability for semiconductor solutions and strengthen the decision-making function of the Board of Directors, leveraging the leadership with abundant knowledge, experiences and achievements based on his service as Director at a wide variety of global companies.			

(Translation)

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="2">Brief Employment History, Position, Responsibility and Important Concurrent Positions</th><th>Number of the Company's Shares Held</th></tr>
<tr><td rowspan="2">3</td><td>Hidetoshi Shibata
(November 16, 1972)

(New)</td><td>April 1995
August 2001
August 2004
October 2007

September 2009

June 2012

October 2013
November 2013

June 2016</td><td>Joined Central Japan Railway Company
Joined MKS Partners Limited as Principal Partner, MKS Partners Limited
Joined Global Private Equity, Merrill Lynch Japan Securities Co., Ltd as Managing Director
Joined Investment Group, Innovation Network Corporation of Japan as Managing Director
Executive Managing Director, Investment Group, Innovation Network Corporation of Japan
Member of the Board, the Company
Executive Vice President, Member of the Board and CFO, the Company
Executive Vice President and CFO, the Company (to the present)</td><td>2,500</td></tr>
<tr><td colspan="4">【Reasons for selection as a candidate for Director】
The Company selected this candidate for Director with expectation that he would increase the corporate value by enhancing global capability for semiconductor solutions and strengthen the decision-making function of the Board of Directors, leveraging the leadership with abundant knowledge, experiences and achievements based on his management experiences at global and various companies.</td></tr>
</table>

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
4	Tetsuro Toyoda (November 10, 1962) (Reappointment) (Outside) (Independent)	April 1986 July 2001 May 2008 September 2009 June 2012 June 2013 February 2014 June 2016	Joined Tokio Marine and Fire Insurance Co., Ltd. (currently, Tokio Marine & Nichido Fire Insurance Co., Ltd.) Joined MKS Partners Limited as Partner Joined Deloitte Tohmatsu FAS Co., Ltd. (currently, Deloitte Tohmatsu Financial Advisory LLC) as Senior Advisor Joined Innovation Network Corporation of Japan as Managing Director Executive Managing Director, Investment Group, Innovation Network Corporation of Japan Senior Executive Managing Director, Innovation Network Corporation of Japan Outside Member of the Board, the Company (to the present) Co-Chief Investment Officer, Member of the Board, Head of Investment Group, Innovation Network Corporation of Japan (to the present) (Important Concurrent Position) Co-Chief Investment Officer, Member of the Board, Head of Investment Group, Innovation Network Corporation of Japan	0
	【Reasons for selection as a candidate for outside Director】 Mr. Tetsuro Toyoda currently serves as Co-Chief Investment Officer and Member of Board of Innovation Network Corporation of Japan. The Company selected this candidate for an outside Director with expectation that he would oversee and check the overall management of the Company and thereby strengthen the decision-making function of the Board of Directors by leveraging his extensive knowledge, experience and deep insight gained from his career in wide-ranging investment business at Innovation Network Corporation of Japan. The term of office of Mr. Tetsuro Toyoda as an outside Director of the Company will be about 4 years and 1 month at the closure of this General Meeting.			

No.	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Important Concurrent Positions		Number of the Company's Shares Held
5	Jiro Iwasaki (December 6,1945) (Reappointment) (Outside) (Independent)	April 1974 June 1996 June 1998 June 2006 March 2008 October 2008 June 2009 March 2011 April 2011 March 2015 April 2015 March 2016 June 2016	Joined Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation) Director, General Manager of Human Resources, TDK Corporation Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation Audit and Supervisory Board Member, GCA Savvian Group Corporation (currently, GCA Corporation) Outside Director, JVC KENWOOD Holdings, Inc. (currently, JVC KENWOOD Corporation) Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administration Division, JVC KENWOOD Holdings, Inc. Audit and Supervisory Board Member, SBS Holdings, Inc. Professor at Teikyo University, Faculty of Economics/Department of Business Administration Outside Director, SBS Holdings, Inc. (to the present) Audit and Supervisory Board Member (Full-time), GCA Savvian Corporation (currently, GCA Corporation) Outside Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation (to the present) Outside Member of the Board, the Company (to the present) (Important Concurrent Position) Outside Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation Outside Director, SBS Holdings, Inc.	0

	【Reasons for selection as a candidate for outside Director】 Mr. Jiro Iwasaki has served as Director at plural companies for a long time and thus possesses experiences in business operations. He currently serves as Outside Director (Full-time Audit and Supervisory Committee Member) etc. at other companies. The Company selected this candidate for an outside Director with expectation that he would oversee and check the overall management of the Company and thereby strengthen the decision-making function of the Board of Directors by leveraging his extensive knowledge, experience and deep insight gained from the above career. The term of office of Mr. Jiro Iwasaki as an outside Director of the Company will be about 1 year and 9 months at the closure of this General Meeting.

(Note)
1. Innovation Network Corporation of Japan, where Mr. Tetsuro Toyoda has a concurrent position, is a major shareholder of the Company owning 50.09 percent of voting rights.
2. Except as described in Note 1 above, none of the candidates have any special interest in the Company.
3. In addition to what is described for in the "Brief Employment History, Position, Responsibility and Important Concurrent Positions" section above, responsibilities in the Company of each candidate who is currently a Director of the Company are described in the Business Report (p.27).
4. Messrs. Tetsuro Toyoda and Jiro Iwasaki are candidates for outside Directors.
5. The Company has notified the Tokyo Stock Exchange of Messrs. Tetsuro Toyoda and Jiro Iwasaki as Independent Executives stipulated under the regulations of the Tokyo Stock Exchange. If the reappointments of Messrs. Tetsuro Toyoda and Jiro Iwasaki are approved, the Company will continue this notification.
6. The Company has already entered into liability limitation agreements with Messrs. Tetsuro Toyoda, and Jiro Iwasaki, limiting his liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in the Company's Articles of Incorporation, and if their reappointments are approved, the Company will renew such liability limitation agreements with them.

Proposal No. 2: Election of Two Corporate Auditors

Upon closure of this General Meeting, the term of office held by Messrs. Yoshinobu Shimizu and Kazuyoshi Yamazaki will expire. We therefore propose that two Corporate Auditor be elected. The consent of the Board of Corporate Auditors for this Proposal has been obtained.

The candidates are as follows:

No.	Name (Date of Birth)	Brief Employment History, Position and Important Concurrent Positions		Number of the Company's Shares Held
1	Kazuyoshi Yamazaki (July 19, 1949) (Reappointment) (Outside) (Independent)	April 1983 April 1987 June 2004 April 2008 June 2014 April 2015	Registered as an Attorney-at-Law Managing Partner, Attorney-at-Law, Yamazaki Law Office (to the present) Statutory Auditor, KENCO Mayonnaise Co., Ltd. Vice-President, Dai-ichi Tokyo Bar Association Outside Corporate Auditor, the Company (to the present) Executive Governor, Japan Federation of Bar Associations (Important Concurrent Positions) Managing Partner, Attorney-at-Law, Yamazaki Law Office	0
	【Reasons for selection as a candidate for outside Corporate Auditor】 The Company selected this candidate for an outside Corporate Auditor because the Company expects that he would audit the overall management of the Company by leveraging his extensive knowledge, experience and deep insight as a position of long served lawyer. Although Mr. Kazuyoshi Yamazaki has not been involved in corporate management other than in the position of outside Corporate Auditor, the Company has concluded that he will be able to perform his duties properly as an outside Corporate Auditor based on the reasons noted above. The term of office of Mr. Kazuyoshi Yamazaki as an outside Corporate Auditor of the Company will be about 3 years and 9 months at the closure of this General Meeting.			

(Translation)

No.	Name (Date of Birth)	Brief Employment History, Position and Important Concurrent Positions		Number of the Company's Shares Held
2	Noboru Yamamoto (November 21, 1962) (New) (Outside) (Independent)	April 1986 May 1989 Feb 2002 April 2003 November 2006 October 2011 June 2016 September 2016 January 2017	Joined Mazda Motor Corporation Joined Daiwa Securities Co. Ltd. Joined PricewaterhouseCoopers Financial Advisory Service Ltd. (currently, PwC Advisory LLC) as Managing Director Joined Lazard Frères K.K. as Managing Director Joined Nikko City Group Securities Co., Ltd. (currently, Citigroup Global Markets Japan Inc.), Investment Banking Unit, as Managing Director Joined BNP Paribas, Tokyo Branch, Investment Banking Division, as Co-head Outside Director, Hitachi Koki Co., Ltd. (to the present) Representative Director, Representative Partner & CEO, XIB Capital Partners, Inc. (to the present) Senior Advisor, CLSA Capital Partners K.K. (to the present) (Important Concurrent Position) Representative Director, Representative Partner & CEO, XIB Capital Partners, Inc. Outside Director, Hitachi Koki Co., Ltd. Senior Advisor, CLSA Capital Partners K.K.	0
	【Reasons for selection as a candidate for outside Corporate Auditor】 The Company selected this candidate for an outside Corporate Auditor with expectation that he would audit the overall management of the Company by leveraging his extensive knowledge, experience and deep insight gained from his career in global financial institution and operating company.			

(Note) 1. Each candidate does not have any special interest in the Company.

2. Messrs. Kazuyoshi Yamazaki and Noboru Yamamoto are candidates for outside Corporate Auditors.

3. The Company has notified the Tokyo Stock Exchange of Mr. Kazuyoshi Yamazaki as Independent Executive stipulated under the regulations of the Tokyo Stock Exchange. If his reappointment is approved, the Company will continue this notification. If the appointment of Mr. Noboru Yamamoto is approved, the Company will notify Tokyo Stock Exchange of him as the same Independent Executive.

4. The Company has already entered into a liability limitation agreement with Mr. Kazuyoshi Yamazaki, limiting his liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in the Company's Articles of Incorporation, and if his reappointment is approved, the Company will renew such liability limitation agreement with him. If the appointment of Mr. Noboru Yamamoto is approved, the Company will enter into the same liability limitation agreement with him.

Proposal No. 3: Revision of the Amount of Remuneration of Directors

As of the 14th Ordinary General Meeting of Shareholders held on June 28, 2016, the amount of remuneration for Directors of the Company comprising basic remuneration, bonuses and stock options was approved at not more than JPY 500 million per year (including the remuneration for outside Directors at not more than JPY 100 million per year), and since then these amounts have been maintained.

However, to maximize the Company's corporate value as a true global company in fiercely competitive semiconductor industry, it is proposed that the amount of remuneration of Directors to be revised. In particular, this revision is intended to realize our vision and mission as a global company and improve our performance, through making the level and structure of remuneration of Directors competitive enough as a global semiconductor company, securing global managerial talents who have a great deal of management experiences in global companies, and motivating such talents to their utmost efforts to maximize their potential. The Company proposes to revise the maximum amount of remuneration for Directors (including outside Directors) to not more than JPY 2,000 million per year (including the remuneration for Outside Directors at not more than JPY 400 million per year), taking the level of the amount of remuneration of Directors in the other competitive global semiconductor companies and the possibility of change of Directors' composition into consideration,

The amount of remuneration for Directors shall comprise basic remuneration, bonuses and stock options, but shall not include the compensation which corresponds to their duties as employees of the Company, as before.

The current number of Directors is five (including three outside Directors). If Proposal No. 1 is approved as proposed, the number will be five (including two outside Directors).

-end-

(Translation)

Business Report

(For the Period from January 1, 2017 to December 31, 2017 (this "Period"))

1. Overview of Operations of the Group

Renesas Group (the "Group"), with some exceptions, implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the previous fiscal year. As a result, the previous fiscal year, in which the change in fiscal year-end took place, comprised nine (9) months from April 1, 2016 to December 31, 2016, and the business results listed below are compared with the corresponding period of the previous year (from January 1, 2016 to December 31, 2016).

(1) Business Progress and Results

(i) Overview

The world economy during this Period was led by the solid Western economy, and furthermore was supported by the stable growth in China and the economic recovery in the newly developing countries, and thus showed a growth expansion. The Japanese economy was on a recovery trend overall during this Period, even though the private consumption were weak, continuing the previous period, but corporate capital investment in plant and equipment were recovered.

The semiconductor market, which is the Group's business sector, increased steadily generally in synchronization with the growth of the world economy. In particular, the market for automotive semiconductor devices showed a high growth rate due to the increasing number of semiconductor devices used in cars, in addition to the growth in the number of cars being manufactured. Furthermore, the semiconductor market for industrial and other products, which was supported by the strong demand mainly in the Chinese market, contributed the semiconductor whole market.

Within these business environments, the Group moved forward during this Period by taking advantage of the results of its "Reform Plan", which aimed to win the struggle to survive in the global semiconductor market, with its rapid and extreme changes and competition. In addition, the Group worked together aggressively to achieve three (3) goals: "Expanding and Strengthening of Business Portfolio to Accelerate the Leap from Structural Reforms to the Growth Stage", "Continuous Optimization of the Manufacturing Structure", and "Strengthening the Foundation as Global Semiconductor Company" with the aim of achieving drastic growth as a global company and becoming the number one in the focused business sector in the world.

First, with regard to "Expanding and Strengthening of Business Portfolio to Accelerate the Leap from Structural Reforms to the Growth Stage", continuing the previous period, the Group used both organic approaches (approaches in which the Group expands and strengthens its own existing businesses) and inorganic approaches (approaches in which the Group takes advantages of strategic alliances with other companies or in which the Group purchases other companies) to strategically for focus areas for which the Group can fully exhibit its strengths and achieve the stable and sustainable growth in the global marketplace and invested the Group management resources in these areas. In particular, as an example of efforts based on inorganic approaches, to accelerate the strengthening of its global competitiveness in

the automotive and industrial equipment areas etc., which have seen increasingly strong competition in recent years, the Company acquired Intersil Corporation ("Intersil") which mainly centers on analog semiconductor devices such as power management ICs and high-precision analog ICs etc. and has a business portfolio that complements the Group business. The Group promoted various activities to maximize the synergy at an early stage. The Group engaged in efforts based on organic approaches. As one result of these efforts during this Period, for automobile use, the Group announced the development of "Renesas autonomy ™" (Note 1), which is an open, innovative and trusted platform for the onboard information equipment and automated driving solutions. As for this platform, "R-Car", an SoC (System-on-Chip) for an automotive information system and an ADAS (Advanced Driving Assistant System), and "RH850", a microcontroller for an automotive control system, were adopted by the automated driving vehicles under development between Toyota Motor Corporation and Denso Corporation for practical application in 2020. In addition, as the shift from gasoline-diesel vehicles to new energy vehicles such as Electric Vehicles (EV) is progressing globally in recent years, the Group established "New Energy Vehicle Solution Center" in China which is expected to lead the spread of new energy vehicles around the world. In addition to that, the Group aggressively built strategic alliances with other companies. In particular, we undertook a joint development with Great Wall Motor Company Limited, a Chinese major automobile manufacturer, and started the alliance with Mahindra & Mahindra, Ltd., an India's major automobile company and the pioneer of EV, including starting partnerships relating to participation in Mahindra Racing Formula E team as an official technology partner. Next, for industrial use, the Group begun to offer "AI Unit Solutions" as the part of "e-AI (embedded-Artificial intelligence)", that enables to mount the AI (Artificial Intelligence) on the embedded system which is the end of the network of IoT (Internet of Things), which the Group positions as one of its focused technologies, and started the collaboration with SECOM CO., LTD. and other companies for providing services using IoT technology and developing a security infrastructure for providing the cooperation between IoT devices safely. Also, for broad-based use, in addition to promoting highly reliable system solutions by combining general purpose analog semiconductors whose business scale expanded with the acquisition of Intersil and our general-purpose microcontroller, the Group expanded new microcontroller portfolio, and software for high-performance security and wireless connectivity for Renesas Synergy ™ (Note 1) platform, a platform for IoT and the embedded device market. In addition to that, the Group provided a technical result that supports high performance and low power consumption, such as high speed reading at the time of operation and super low power consumption under standby condition in prototyping an embedded SRAM (Static Random Access Memory) which adopts SOTB (Silicon-On-Thin-BOX) process technology of 65 nanometer (Note 2) node, and succeeded in large scale operation of flash memory using flash memory cell technology embedded in high performance / high reliability microcomputers of cutting edge 16/14 nanometer generation developed in the previous period.

Next, with regard to "Continuous Optimization of Manufacturing Structure", continuing from the previous period, in order to satisfy the vigorous demand of our Group's focused products, the Group conducted an investment to add equipment for increasing production and update existing equipment, and

also improved the productivity and quality of factories through innovative approach utilizing AI. In addition to that, the Group decided to close the Kochi Factory of Renesas Semiconductor Manufacturing Co., Ltd., a front-end (semiconductor wafer processing) manufacturing facility, by around the end of May 2018, due to the difficulty to maintain profitability.

With regard to "Strengthening the Foundation as Global Semiconductor Company", in order to make the Group a truly global company, the Company carried out the organization reforms drastically to evolve the Group even further towards "One Global Renesas" to operate as a global organization regardless the region. Specifically, in addition to merging Renesas System Design Co., Ltd., a wholly owned subsidiary of the Company, with the Company, the Company categorized the main businesses of the Group into "Automobile", "Industrial" and "Broad-based" depending on the use of the products and shifted to three (3) business units that manage the functions of design and development of products and solutions, sales and marketing on a global basis. Also, in order to strengthen the stable supply structure of products, the Company has established the "Supply Chain Management Unit" that integrated production strategy, production and investment management, production instructions, supply chain management related functions of procurements, and, in particular, in order to strengthen our activities in China which is expected to expand growth opportunities, the Company has established the "China Business Unit". Meanwhile, the major shareholders of the Company have completed selling to foreign and domestic investors their shares of the Company equivalent to approximately 25% of total number of issued shares of the Company. As a result, it is expected that investor base will be expanded and liquidity of the Company's shares will be improved. Furthermore, to increase awareness of the Group businesses, technologies, and products around the world, the Group held "Renesas DevCon Japan 2017", our largest private exhibition, in Tokyo, Japan. It was well received by many of our customers and partner companies as to our Group solution.

(Note) 1. Renesas autonomy ™ and Renesas Synergy ™ are our trademark.
2. nm (nanometer): one (1) nm (nanometer) equals one (1) billionth of a meter.

(ii) Summary of Consolidated Financial Results

Consolidated financial results of the Group for this Period were as follows.

Consolidated Net sales

Consolidated net sales for this Period were 780.3 billion yen, a 22.1% increase year on year. Consolidated sales increased mainly due to dissipation of the impact from the 2016 Kumamoto Earthquake that occurred in the same period of the previous year and the continuing weak yen, in addition to sales of Intersil that started to be recorded as part of the Group's consolidated sales following the completion of the acquisition in February 2017.

Following the completion of the acquisition of Intersil in February 2017, the Company integrated Intersil into its operations and reformed its business organization into three (3) business units in April 2017. The consolidated net sales of the Group are composed of the main product groups, "Automotive,"

"Industrial" and "Broad-based," three (3) application categories that constitute the main businesses of the Group, and "Other semiconductors," that constitute the businesses that do not belong to the above three (3) application categories and "Sales from Others" that fit into neither of the above product categories. Sales of respective areas were as follows:

(Automotive Business)

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 mainly supplies microcontrollers, analog & power semiconductor devices, and SoC products in each of these categories.

Sales of automotive business for this Period were 407.8 billion yen, an increase of 16.4% year from the same period of the previous year. This is due to increases in sales in both the "Automotive control" and "Automotive information" categories.

(Industrial Business)

The Industrial business includes the product categories "Smart factory", "Smart home" and "Smart infrastructure" which support the smart society. The Group mainly supplies microcontrollers and SoCs in each of these categories.

Sales of Industrial business for this Period were 217.7 billion yen, an increase of 15.7% year on year. While sales in the "Smart infrastructure" category remained flat, sales in both the "Smart factory" and "Smart home" categories increased driven by strong demand for industrial equipment, including FA (Factory Automation), and air conditioners in China.

(Broad-Based Business)

The Broad-based business targets a wide variety of end-market solutions. In this business, the Group mainly supplies "General-purpose MCUs" and "General-purpose analog semiconductor devices".

Sales of Broad-based business for this Period were 134.0 billion yen, an increase of 75.1% year on year. While the sales in the "General-purpose MCUs" category remained flat, sales in the "General-purpose analog semiconductor devices" category increased following the Intersil acquisition.

(Other Semiconductors)

Sales of Other semiconductors include production by commissioning and royalties.

Sales of Other semiconductors for this Period were 5.0 billion yen.

(Sales from Others)

Sales from Others include development and production by commissioning conducted at the Group's design and manufacturing subsidiaries.

Sales from Others for this Period were 15.8 billion yen, a decrease of 13.9% year on year.

Consolidated Operating Income (Loss)

Consolidated operating income for this Period was 78.4 billion yen, an 8.0 billion yen increase year on year. This was mainly due to an increase in net sales despite the reduction from recording of amortization of goodwill arising from the acquisition of Intersil.

Consolidated Ordinary Income (Loss)

Consolidated ordinary income for this Period was 75.3 billion yen, a 14.1 billion yen increase year on year. This was mainly due to an improvement in non-operating income including foreign exchange gains, in addition to an increase in operating income.

Consolidated Net Income (Loss) attributable to shareholders of parent company

Consolidated net income attributable to shareholders of parent company for this Period was 77.2 billion yen, a 22.8 billion yen increase year on year. This was mainly due to an improvement in special income.

As above, the Group recorded a consolidated net income (net income attributable to shareholders of parent company) for this Period, but the Group forewent dividend payment for this Period. The Group will spend the internal reserve on strategic investment opportunities in order to correspond the rapidly environmental changes for surviving global competition, also dealing with improvement for the corporate value to increase shareholders' profit. We will continue to exert our efforts for further improvement of profitability and stabilization of the business toward the resumption of dividends from a long-term perspective. In this regard, we respectfully ask for our shareholders' continuous understanding and support.

(2) Issues to be Addressed by the Group

As indicated in the "1. (1) Business Progress and Results" section, during this Period, the Group, as a result of unified efforts to implement the above-mentioned Reform Plan, achieved double-digit operating margin under the significant increase of net sales compared with the same period of the previous year, bringing the establishment of a stable financial base clearly into view.

Nevertheless, the Group believes that it must make continuous improvements of product mix and maintain further growth and expanded earnings in order to come thrive in the rapidly changing fiercely competitive semiconductor industry and continue to meet the expectations of all stakeholders.

To achieve this goal, the Group will implement efforts of the following themes: "Expanding and Strengthening of Business Portfolio to Accelerate the Leap from Structural Reforms to the Growth Stage" and "Continuous Optimization of the Manufacturing Structure".

(i) Expanding and Strengthening of Business Portfolio to Accelerate the Leap from Structural Reforms to the Growth Stage

In order to make the leap from structural reforms to the growth stage and achieve stable earnings growth, the Group will accelerate efforts to expand and strengthen its business portfolio, through both

organic and inorganic approaches, in its focus areas including automotive, industrial, and broad-based, where the Group possesses global strengths and is competitive.

First, efforts based on an organic approach include ongoing efforts to further optimize the business structure, and research and development (R&D), while at the same time to deal with the accelerating changes in the Group's business portfolio and areas of technology development accompanying the acquisition of Intersil. To achieve stable earnings growth in the focus areas, the Group will regularly analyze and evaluate the business environment in terms of markets, customers, competitors, etc., in each of these focus areas. At the same time, the Group will review its business portfolio from the standpoint of competitiveness and profitability, implement selection and concentration of business domains and products, and strengthen efforts to realize products and technologies that support product competitiveness and make possible the realization of platform solutions with high added value. Specifically, the Group will examine its common technologies such as IP (design asset), design technology, and manufacturing technology utilized in various products, taking into account factors such as future necessity, importance, and the Group's technological position, select which common technologies should be focused on, and concentrate management resources on these key shared technologies. Moving forward, the Group will continue to strengthen these efforts in order to maintain and further bolster its solid position in the fiercely competitive global semiconductor market.

With regard to efforts based on an inorganic approach, the Company acquired Intersil during this Period. The Group will maximize synergies by enhancing its product lineup, expanding sales routes while fusing development technologies and products, and by building a global manufacturing system based on the production models of both group companies, and it will exert its efforts to expand and strengthen its business in the focus areas.

(ii) Continuous Optimization of the Manufacturing Structure

The Group has implemented a wide-ranging optimization of its manufacturing structure as part of its Reform Plan mentioned above. Moving forward, the Group will continue to make further improvements to make the production structure more efficient, while also putting in place a flexible production system capable of meeting the requirements of customers worldwide.

Specifically, some of the Group's production facilities continue to operate using equipment or manufacturing processes that are not as efficient as newer equipment. Therefore, moving forward, the Group will continue unceasingly its optimization of the manufacturing structure, with the goal of further improvement in production efficiency and reduced cost.

In addition, due to booming demand for the Group's focus products, in this Period too, the Group invested aggressively, including investment to add equipment and to upgrade existing equipment. Moving forward, the Group will continue capital investment in its facilities to support highly competitive production processes and smart factories, while also outsourcing some production, as it pushes forward with efforts to build a manufacturing structure capable of responding flexibly to customer demand.

(3) Research and Development of the Group

(i) Unveils the Renesas Autonomy™, Open, Innovative and Trusted Platform to Further Extend its Commitment to ADAS and Automated Driving

Vehicles in the autonomous driving era will be required to sense the environment, control the vehicles, and conduct synchronized communications with the cloud. A wide range of technologies is necessary to realize these functions and each technology needs to maintain high reliability to synchronize without any flaws. At the same time, there is a growing demand for total end-to-end solutions as well as technologies.

The Group launched the "Renesas autonomy ™" as a new platform, leveraging its long-standing experience, expertise and technology in the automotive market as the leading automotive semiconductor supplier. The "Renesas autonomy ™" is an open, innovative and trusted platform for ADAS and automated driving, consisting of the Group' sustainable and scalable SoC and microcontroller roadmaps. This solution covers end-to-end solutions from secure cloud connectivity and sensing to vehicle control.

This solution includes the high-performance SoC "R-Car" for automotive information systems and ADASes, the microcontroller "RH850" for automotive control systems and other solutions which can be widely used in the future. System developers can make the best use of this solution to develop their products. In addition, this solution includes the various IP cores (Note) such as innovative hardware accelerators which have both high performance and low power consumption, as its technical components. The Group will expand this solution, which consists of these complex technologies, as an open development platform, with over 230 partner companies of the "R-Car Consortium" of the Group.

In addition to that, this solution was adopted by the automated driving vehicles under development between Toyota Motor Corporation and Denso Corporation as wrote in "1. (1) Business Progress and Results" section, and by electric vehicles "Leaf" of Nissan Motor Co., Ltd., and it shows worldwide spread. Also, the Group exhibited the advanced solution with partner companies along with automated and connected cars at CES 2018 held in Las Vegas, USA in January 2018. Many executives of automobile makers and parts makers for the automobile visited such exhibition. It is expected to spread more globally in the future.

The Group has expanded the "Renesas autonomy ™" which is an open, innovative and highly reliable automatic driving platform and has increased the speed of development of such systems significantly, and, moving forward, will remain a leader in Automated Driving age.

(Note) IP cores: Any circuit design data which composes a part of LSI (Large-Scale Integrated circuit).

(ii) Developed "e-AI solution" kits that enables the result of deep learning by AI to be embedded in embedded equipment, and, as part of it, realized smart factory utilizing AI by "AI Unit Solution" which started to be provided

The evolution of AI technologies such as machine learning and deep learning has been remarkable in recent years, and the range of application is rapidly expanding from the cloud market mainly focused on the IT field to the embedded system market. It is expected that the development of embedded devices

equipped with AI will accelerate not only for software relating to AI but also service robots and associated devices.

Under these circumstances, toward realization of smart society, the Group has focused on "e-AI", which implements AI technology at the end of the network (endpoint), as one of the focusing technologies and has been working on developing solutions incorporating AI in microcontrollers and microprocessors. As the first step of this solution, we introduced a new function to implement the result of deep learning in the endpoint embedded device in the first time in the industry and started to provide it as "e-AI Solution" without charge.

This solution enabled to connect the development environment, such as "e-AI translator" which converts the result of deep learning to the microcontrollers and microprocessors development environment, with learned AI environment. Accordingly, users can implement AI by implementing various results of learning on our microcontrollers and microprocessors, and introduce new functions and performance on the endpoint embedded device.

In addition to that, the Group has begun to provide "AI Unit Solution" as part of e-AI Solution aiming to realize smart factory utilizing AI. This solution consists of reference design for hardware development called "AI Unit" and software realizing AI processing. By using this solution for production facilities and machines, users can easily realize processes from data collection to processing, analysis, evaluation and judgment in the production process, and enable accurate abnormality detection and predictive maintenance, and improve the productivity greatly.

This solution was developed based on the experience and know-how of demonstration experiment over two (2) years at Naka Factory, our production plant. In this demonstration experiment, the prototype of the AI unit was attached to the semiconductor manufacturing equipment corresponding to the endpoint, we acquired data at a high sampling rate of about twenty (20) times as compared with before, and, by analysis by AI, the accuracy of abnormality detection enhanced six (6) times or more.

Through the provision and strengthening of e-AI Solution, the Group will continue to aim for the realization of a smart society and to propose new solutions that make endpoint facilities and machines easier and more efficient, and will contribute to improve the productivity and quality of factories.

(4) Capital Investment etc. of the Group

During this Period, the amount of capital investment by the Group was 78.5 billion yen on the investment decision basis. This was mainly used with the aim of investment for increasing and renewing the manufacturing equipment at production facilities etc.

(5) Financing Activities of the Group

The Company executed a loan on January 31, 2017 based on the loan agreement entered with main banks such as The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, and Mitsubishi UFJ Trust and Banking Corporation relating to the commitment line of 50 billion yen to secure long-term operation funds on September 28, 2016.

In addition, the Company executed a term loan on February 27, 2017 based on the loan agreement entered with main banks to secure funds for acceleration of the growth strategy on October 5, 2016.

As of December 31, 2017, debt with interest of the Group was 229.5 billion yen, a 72.2 billion yen increase from December 31, 2016.

The Company did not issue new shares or corporate bonds in this Period.

(6) Changes in the Results of Financial Position and Profit and Loss (Consolidated)

(In billions of yen except per share figures)

Indices \ Business Period	12th Business Period 4/1/13-3/31/14	13th Business Period 4/1/14-3/31/15	14th Business Period 4/1/15-3/31/16	15th Business Period 4/1/16-12/31/16	16th Business Period (the "Period) 1/1/17-12/31/17
Net sales	833.0	791.1	693.3	471.0	780.3
Operating income	67.6	104.4	103.8	54.7	78.4
Ordinary income	58.6	105.3	102.1	50.0	75.3
Income before income taxes	10.5	94.1	90.8	41.0	84.8
Net income (loss) attributable to shareholders of parent company	(5.3)	82.4	86.3	44.1	77.2
Net income (loss) per share (yen)	(5.07)	49.41	51.76	26.46	46.30
Total assets	786.0	840.1	849.4	823.1	1,062.7
Net assets	227.3	311.9	381.7	422.4	511.9

(Note) 1. "Net income (loss) per share" is calculated based on the average number of shares outstanding during each business period.

2. As to 15th Business Period, it comprises nine (9) months from April 1, 2016 to December 31, 2016, due to the change of the fiscal term.

(7) Principal Subsidiaries (as of December 31, 2017)

Company Name		Capital (Millions of yen)	Investment Ratio (%)	Main Business	Location
Japan	Renesas Semiconductor Manufacturing Co., Ltd.	100	100.0	Manufacture of semiconductors (front-end process)	Hitachinaka-shi, Ibaraki
	Renesas Semiconductor Package & Test Solutions Co., Ltd.	100	100.0	Manufacture of semiconductors (back-end process)	Takasaki-shi, Gunma
Overseas	Renesas Electronics America Inc.	(1,000USD) 380,800	100.0	Design, development and sale of semiconductors in the U.S.A.	California, U.S.A.
	Renesas Electronics Europe GmbH	(1,000Euro) 14,000	*100.0	Design, development and sale of semiconductors in Europe	Dusseldorf, Germany
	Renesas Electronics Hong Kong Limited	(1,000HKD) 15,000	100.0	Sale of semiconductors in Hong Kong	Hong Kong, China
	Renesas Electronics Taiwan Co., Ltd.	(1,000NTD) 170,800	100.0	Sale of semiconductors in Taiwan	Taipei, Taiwan
	Renesas Electronics Singapore Pte. Ltd.	(1,000USD) 32,287	100.0	Sale of semiconductors in ASEAN, India, Oceania and Middle East	Singapore
	Intersil Corporation	(1,000USD) 1,379	100.0	Design, development and sale of analog semiconductors	California, U.S.A.

(Note) 1. There are a total of 50 consolidated subsidiaries as of December 31, 2017, consisting of 4 domestic companies and 46 overseas companies, including the principal subsidiaries described above.

2. An asterisk denotes the figures which include the indirect ownership.

3. Intersil Corporation, known as an American analog semiconductor company, became a wholly owned subsidiary of the Company because of acquisition on February 24, 2017.

4. The Company merged Renesas System Design Co., Ltd., a wholly owned subsidiary, on July 1,

2017.

5. Intersil Corporation merged Renesas Electronics America Inc., a wholly owned subsidiary of the Company, on January 1, 2018 and changed its company name to Renesas Electronics America Inc.
6. There is no “Specific wholly owned subsidiary” which comes under Item 4, Article 118 of Ordinance for Enforcement of the Companies Act.

(8) Main Business of the Group (as of December 31, 2017)

The Group conducts, as a semiconductor manufacturer, design, development, manufacture, sale and provision of services of semiconductors with focus on products for automotive, industrial and broad-based applications.

(9) Principal Offices and Plants of the Group (as of December 31, 2017)

(i) The Company

Indices	Location
Headquarters	Koto-ku, Tokyo
Research and Development Base	Musashi Site (Kodaira-shi, Tokyo)
	Takasaki Site (Takasaki-shi, Gunma)
	Naka Site (Hitachinaka-shi, Ibaraki)

(ii) Subsidiaries

Principal subsidiaries and their locations are described in "1-(7) Principal Subsidiaries" above.

(10) Employees of the Group (as of December 31, 2017)

Number of Employees	Increase from December 31, 2016
20,513	1,629

(Note) 1. The above figure is the number of permanent employees (including employees temporarily transferred from outside Group to the Group, and excluding employees temporarily transferred from the Group to outside Group), and the number of temporary employees is excluded.

2. The number of employees increased by 1,629 from the end of the previous period due to the acquisition of Intersil Corporation and correspondence to increase production volume.

(11) Major Borrowings of the Group (as of December 31, 2017)

Lenders	Balance of Borrowings (Millions of yen)
Mizuho Bank, Ltd.	67,919
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	67,919
Sumitomo Mitsui Trust Bank, Limited	45,279
Mitsubishi UFJ Trust and Banking Corporation	45,279

2. Overview of the Company

(1) Shares of the Company (as of December 31, 2017)

(i) Total Number of Shares Authorized to be Issued 3,400,000,000 shares

(ii) Total Number of Shares Issued 1,667,191,909 shares
(excluding treasury stock of 2,581 shares)

(iii) Number of Shareholders 31,997

(iv) Major Shareholders

Name of Shareholders	Number of Shares Held (shares)	Percentage of Shares Held (%)
Innovation Network Corporation of Japan	835,228,200	50.09
Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited / NEC Corporation pension and severance payments Trust Account)	107,142,857	6.42
Hitachi, Ltd.	92,530,648	5.55
Mitsubishi Electric Corporation	75,706,885	4.54
JP MORGAN CHASE BANK 380055	74,282,111	4.45
GIC PRIVATE LIMITED-C	43,603,500	2.61
Toyota Motor Corporation	41,666,600	2.49
Japan Trustee Services Bank, Ltd. (Trust Account)	18,718,300	1.12
NORTHEN TRUST CO. (AVFC) SUB A/C NON TREATY	15,947,446	0.95
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,865,600	0.95

(Note) 1. Percentage of shares held is calculated excluding 2,581 shares of treasury stock.
2. Percentage of shares held is calculated by truncating the numbers beyond the third decimal place.
3. 107,142,857 shares (percentage of shares held: 6.42%) owned by Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited / NEC Corporation pension and severance payments Trust Account) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation.

(2) Directors and Corporate Auditors of the Company

(i) Name, etc. of Directors and Corporate Auditors of the Company (as of December 31, 2017)

Name	Position at the Company	Responsibility and Important Concurrent Positions
Tetsuya Tsurumaru	*Representative Director and Chairman	Management of important matters relating to the business; chairman of General Meeting of Shareholders and Meeting of Board of Directors; and matters relating to Quality Assurance Division and Procurement Division (main)
Bunsei Kure	*Representative Director, President and CEO	Management of important matters relating to the overall business; hosting of Executive Committee, Corporate Management Meeting and other important meetings; and matters relating to Internal Audit Office
Tetsuro Toyoda	Member of the Board	Co-Chief Investment Officer, Member of the Board, Head of Investment Group, Innovation Network Corporation of Japan
Kenichi Hattori	Member of the Board	Managing Director, Venture Capital & Growth Investment Group, Innovation Network Corporation of Japan
Jiro Iwasaki	Member of the Board	Outside Director (Full-time Audit and Supervisory Committee Member), GCA Corporation Outside Director, SBS Holdings, Inc.
Kazuki Fukuda	Corporate Auditor (Full time)	
Yoshinobu Shimizu	Corporate Auditor	Outside Director (Audit and Supervisory Committee Member), Mitsubishi UFJ Trust and Banking Corporation Outside Corporate Auditor, Daio Paper Corporation
Kazuyoshi Yamazaki	Corporate Auditor	Representative, Yamazaki Law Office
Takeshi Sekine	Corporate Auditor	Senior Executive Managing Director, Business Management Group, Innovation Network Corporation of Japan

(Note) 1. Messrs. Tetsuro Toyoda, Kenichi Hattori and Jiro Iwasaki are outside Directors, as stipulated in Item 15, Article 2 of the Companies Act.

2. Messrs. Kazuki Fukuda, Yoshinobu Shimizu, Kazuyoshi Yamazaki and Takeshi Sekine are outside Corporate Auditors, as stipulated in Item 16, Article 2 of the Companies Act.

3. Under the rules stipulated by Tokyo Stock Exchange, Inc., the Company has notified the same of Messrs. Tetsuro Toyoda, Kenichi Hattori and Jiro Iwasaki, who are outside Directors, and Messrs. Yoshinobu Shimizu, Kazuyoshi Yamazaki and Takeshi Sekine, who are outside Corporate Auditors, as Independent Executives who will have no conflict of interests with the

Company's general shareholders.

4. Mr. Kazuki Fukuda, who is a Corporate Auditor, was involved in accounting operation for many years at NEC Corporation etc. and thus has considerable knowledge of finance and accounting. Messrs. Yoshinobu Shimizu and Takeshi Sekine, who are Corporate Auditors, are certified public accountants and have considerable knowledge of finance and accounting.
5. The Members of the Board were changed during this Period as follows:
   (i) At the 15th Ordinary General Meeting of Shareholders held on March 30, 2017, Mr. Kenichi Hattori was newly elected and took office as Member of the Board.
   (ii) Upon the closure of the 15th Ordinary General Meeting of Shareholders held on March 30, 2017, Mr. Mikihide Katsumata retired from its position as Member of the Board due to expiration of the term of office.
6. Innovation Network Corporation of Japan, where Messrs. Tetsuro Toyoda and Kenichi Hattori, who are outside Directors, and Mr. Takeshi Sekine, who is an outside Corporate Auditor, concurrently hold the positions, is a major shareholder of the Company owing 50.09% of Company's share.
7. The Company has a business relating to loans etc. with Mitsubishi UFJ Trust and Banking Corporation where Mr. Yoshinobu Shimizu, who is an outside Corporate Auditor, concurrently holds the position.
8. Responsibility and Important concurrent positions of Directors of the Company were partially changed as of January 1, 2018 as follows:

Name	Position at the Company	Responsibility and Important Concurrent Positions
Tetsuya Tsurumaru	*Representative Director and Chairman	Management of important matters relating to the business; chairman of General Meeting of Shareholders and Meeting of Board of Directors; and matters relating to Internal Audit Office
Bunsei Kure	*Representative Director, President and CEO	Management of important matters relating to the overall business; hosting of Executive Committee, Corporate Management Meeting and other important meetings; and matters relating to Quality Assurance Division

9. The Company adopts a corporate officer system and asterisks denote the Directors who have been acting as Corporate Officers. The names of other Corporate Officers (who are not Directors) as of January 1, 2018 are as follows:

Name	Position at the Company	Responsibility
Hidetoshi Shibata	Executive Vice President and CFO	Matters relating to Corporate Planning Unit
Yoshikazu Yokota	Executive Vice President	Matters relating to Industrial Solution Business Unit
Ryuji Omura	Executive Vice President	Matters relating to Automotive Solution Business Unit

Name	Position at the Company	Responsibility
Masahiko Nozaki	Executive Vice President	Matters relating to Production and Technology Unit
Manabu Kawashima	Executive Vice President	Matters relating to Supply Chain Management Unit
Necip Sayiner	Executive Vice President	Matters relating to Broad-based Solution Business Unit
Hirotaka Yamanami	Executive Vice President	Matters relating to Organization Development Unit
Michael Hannawald	Senior Vice President	Matters relating to Industrial Solution Business Unit (Industrial Marketing)
Tomomitsu Maoka	Senior Vice President	Matters relating to China Business Unit
Hiroto Nitta	Senior Vice President	Matter relating to Broad-based Solution Business Unit (Broad-based MCU & Marketing)
Shinichi Yoshioka	Senior Vice President	Matters relating to Automotive Solution Business Unit (Automotive Application Business)

(ii) Outline of Liability Limitation Agreements

Pursuant to the Articles of Incorporation of the Company, the Company executed liability limitation agreements with Messrs. Tetsuro Toyoda, Kenichi Hattori and Jiro Iwasaki, who are outside Directors, and Messrs. Yoshinobu Shimizu, Kazuyoshi Yamazaki and Takeshi Sekine, who are outside Corporate Auditors respectively, limiting their liabilities for damages as defined in Paragraph 1, Article 423 of the Companies Act. The liability limitation under such agreements is the minimum liability amount stipulated in the Articles of Incorporation of the Company.

(iii) Remuneration, etc. for Directors and Corporate Auditors

Classification	Number / Total Amount Paid
Directors	3 persons / 281 million yen (including 1 outside Director / 12 million yen)
Corporate Auditors	3 persons / 32 million yen (including 3 outside Corporate Auditors / 32 million yen)
Total	6 persons / 313 million yen (including 4 outside officers / 44 million yen)

(Note) 1. As of December 31, 2017, there were five (5) Directors (including three (3) outside Directors) and four (4) Corporate Auditors (all were outside Corporate Auditors).

2. The amount of remuneration of Directors (excluding the Outside Directors) above includes below.

(i) The total amount recorded as expenses in this Period for bonuses: 142 million yen

(ii) The total amount recorded as expenses in this Period for the stock acquisition rights granted as equity-incentive stock options: 52 million yen

3. The amount of Directors' remuneration above does not include the amount paid as salary for employees to those Directors who are also employees of the Company.
4. The maximum yearly remuneration for Directors as approved at the General Meeting of Shareholders is 500 million yen, including 100 million yen for outside Directors. (Approved at the Ordinary General Meeting of Shareholders held on June 28, 2016)
5. The maximum monthly remuneration for Corporate Auditors as approved at the General Meeting of Shareholders is 12 million yen. (Approved at the Extraordinary General Meeting of Shareholders held on February 24, 2010)

(3) Outside Directors and Outside Corporate Auditors of the Company

(i) Important Concurrent Positions of Outside Directors and Outside Corporate Auditors and Relation Between Organizations where they hold Important Concurrent Positions and the Company (as of December 31, 2017)

Important concurrent positions and relation between organizations where they hold important concurrent positions and the Company are described in "2-(2)-(i) Name, etc. of Directors and Corporate Auditors of the Company" above.

(ii) Principal Activities during this Period

Title	Name	Principal Activities
Director	Tetsuro Toyoda	Mr. Tetsuro Toyoda attended 16 of 17 Meetings of Board of Directors held during this Period, and made necessary remarks to discussion of proposals based on his extensive knowledge, experience and deep insight mainly gained from his career in wide investment business at Innovation Network Corporation of Japan.
	Kenichi Hattori	Mr. Kenichi Hattori attended 12 of 13 Meetings of Board of Directors held after his assumption of office as Member of the Board in March 2017, and made necessary remarks to discussion of proposals based on his extensive knowledge, experience and deep insight mainly gained from his career in wide investment business at Innovation Network Corporation of Japan.
	Jiro Iwasaki	Mr. Jiro Iwasaki attended 16 of 17 Meetings of Board of Directors held during this Period, and made necessary remarks to discussion of proposals based on his extensive knowledge, experience and deep insight mainly gained from his career engaged in business operation in the variety of corporations for many years.

Title	Name	Principal Activities
Corporate Auditor	Kazuki Fukuda	(i) Mr. Kazuki Fukuda attended all 17 Meetings of Board of Directors held during this Period, and made necessary remarks mainly based on his wealth of knowledge of business operations and accounting, so that decisions at the Meetings of Board of Directors were fairly and properly made. (ii) He attended all 14 Meetings of Corporate Auditors held during this Period. Further, as a full-time Corporate Auditor, mainly based on his wealth of knowledge of business operations and accounting, he (a) explained the contents of the discussion at the Executive Committee, etc. regarding the matters to be presented to the Meetings of Board of Directors, (b) reported the audit status and results thereof, and (c) answered the questions to the part-time Corporate Auditors.
	Yoshinobu Shimizu	(i) Mr. Yoshinobu Shimizu attended 14 of 17 Meetings of Board of Directors held during this Period, and mainly from point of view as a certified public accountant, made necessary remarks on finance and accounting procedures so that decisions at the Meetings of Board of Directors were fairly and properly made. (ii) He attended 11 of 14 Meetings of Corporate Auditors held during this Period, and from independent and fair position and from accounting point of view as a certified public accountant, made necessary remarks for ensuring appropriate accounting procedure, etc.

Title	Name	Principal Activities
Corporate Auditor	Kazuyoshi Yamazaki	(i) Mr. Kazuyoshi Yamazaki attended 16 of 17 Meetings of Board of Directors held during this Period, and mainly from legal point of view as an attorney-at-law, made necessary remarks for ensuring procedures in accordance with the laws and regulations so that decisions at the Meetings of Board of Directors were fairly and properly made. (ii) He attended 13 of 14 Meetings of Corporate Auditors held during this Period, and from independent and fair position and from legal point of view as an attorney-at-law, made necessary remarks regarding establishment and maintenance of the Company's compliance system, etc.
	Takeshi Sekine	(i) Mr. Takeshi Sekine attended 16 of 17 Meetings of Board of Directors held during this Period, and mainly from accounting point of view as a certified public accountant, made necessary remarks on finance and accounting procedures so that decisions at the Meetings of Board of Directors were fairly and properly made. (ii) He attended all 14 Meetings of Corporate Auditors held during this Period, and based on his specialized knowledge, experience and deep insight as a certified public accountant, made necessary remarks for ensuring appropriate accounting procedures, etc.

(Note) In addition to the above Meetings of Board of Directors, there were two (2) Written Resolutions pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company, which shall be deemed that the resolution of Meeting of Board of Directors has been made.

(4) Independent Auditors of the Company

(i) Independent Auditor's Name: Ernst & Young ShinNihon LLC

(ii) Remuneration and Other Amounts to be Paid to the Independent Auditors for this Period:

Classification	Amount (in millions of yen)
(i) The total amount of money and other property benefits to be paid by the Company and its subsidiaries to the Independent Auditors	243
(ii) Remuneration and other amounts to be paid by the Company to the Independent Auditors for the services stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act.	147

(Note) 1. As a result of getting necessary documents and being reported by the Directors, relevant departments and Independent Auditors as well as studying audit plan for this Period and the previous period, status of actual audit and the appropriateness of the estimated remuneration amount, the Board of Corporate Auditors agreed to the above amount.

2. As there is no explicit distinction in the audit contract (entered into between the Company and the Independent Auditors) between the fees for audits under the Companies Act and the fees for audits based on the Financial Instruments and Exchange Law, and as it is unable to distinguish between these two (2) types of fees, the fees set forth in (ii) above include both of such fees.

3. Five (5) of eight (8) overseas subsidiaries described in "1-(7) Principal Subsidiaries" above were audited by other Independent Auditors.

(iii) Non-Audit Services Rendered by the Independent Auditor

The Company paid the Independent Auditor compensation for advisory, information providing services for planning to adopt International Financial Reporting Standards (IFRS) and issue comfort letter as services other than those under Paragraph 1, Article 2 of the Certified Public Accountants Act (Non-Audit Services).

(iv) Policy Regarding Decision to Either Dismiss or Not Reappoint the Independent Auditor

The Board of Corporate Auditors, by unanimous consent, will dismiss the Independent Auditor when confirmed that the Independent Auditor falls under any item of Paragraph 1, Article 340 of the Companies Act. In addition, should anything occur to negatively impact the qualifications or independence of the Independent Auditor, making it unlikely that the Independent Auditor will be able to properly perform an audit, the Board of Corporate Auditors will propose to dismiss or not to reappoint the Independent Auditor at General Meeting of Shareholders.

(v) Business Suspension Order for the Independent Auditor in the past two (2) years

Summary of disciplinary actions to Ernst & Young ShinNihon LLC (the "Firm") announced by Financial Services Agency as of December 22, 2015 is as follows.

1. Details of the Actions:

- Business improvement order (improvement of business management system)

- Suspension from accepting new engagements for three (3) months (from January 1, 2016 to March 31 of the same year)

2. The Reason for the Action:

- Seven (7) partners of the Firm had, in negligence of due care, attested the financial statements of other company containing material misstatements as if the statements contained no material misstatements
- The Firm's operations were judged to have been significantly inappropriate.

(Note) Business improvement taken by the Firm for the actions are as follows.

- Strengthen the quality management system of the Firm.
- Improve information sharing among the audit teams of the Firm and review the organizational structure of the Firm such as revising its rotation rules.
- Reform a climate of the Firm through revision of the employee review system and outside experts' involvement in the governance of the Firm.

(5) Systems Necessary to Ensure the Properness of Operations of the Company and Operational Status of these Systems

The Meeting of the Board of Directors made the resolution with respect to the basic policies for the development of systems set forth in Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act (the "Internal Control System"). Summaries of those are as follows.

As to the operation status of the Internal Control System during this Period, related important matters were deliberated in the Internal Control Promotion Committee that was held four (4) times with CEO as a chairman and an annual plan of the basic policies and an operational status were monitored and supervised by the Committee. Also, the Group promoted compliance education and, in Japan, carried out CSR Compliance Education for FY 2017 by using IT in August 2017. Further, after confirming that the Internal Control System works effectively based on the evaluation of its operation in the Executive Committee, such results were reported to the Meeting of the Board of Directors.

(i) Systems Necessary to ensure that the execution of duties by Directors, Corporate Officers and employees (hereinafter "Members, etc.") complies with laws and regulations and Articles of Incorporation

- The Directors shall take the lead in complying with the "Renesas Electronics Group CSR Charter" and the "Renesas Electronics Group Code of Conduct" that have been adopted for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations, the Articles of Incorporation and internal rules of the Company by Members, etc. The Directors shall keep the Members, etc. of the Company and its subsidiaries (collectively, "Renesas Electronics Group") informed of such principles and conduct, and shall have Renesas Electronics Group comply with them.
- The Directors shall stipulate basic matters such as implementation system and educational

programs for compliance in “Global Rule for Compliance Management within the Renesas Group”, shall oblige attendees to deliberate and resolve matters regarding compliance at “Internal Control Promotion Committee”, and shall offer training programs and the like for the Renesas Electronics Group to be fully aware of compliance.

- The Directors shall set up “Renesas Electronics Group Hot Line” as internal contact points for Renesas Electronics Group and its business partners to report violations or possible violations of compliance. Furthermore, the Directors shall keep Renesas Electronics Group and its business partners informed that they assure the anonymity of informants upon requests from informants and informants shall never be adversely affected.
- The Directors shall keep away from any antisocial force, shall work closely with external specialized institutions, and shall act resolutely in an organized manner when contacted by it.

(ii) Systems for properly preserving and managing information related to execution of duties by Directors

The Directors shall properly prepare, preserve and manage minutes of the General Meetings of Shareholders, Meetings of Board of Directors and other documents in accordance with applicable laws and regulations. The Directors shall also properly prepare, preserve and manage other documents, books and records pertaining to the duties of Members, etc. in accordance with “Basic Rule of Document Management and Retention”.

(iii) Rules and other systems regarding risk management for loss

- The Directors shall stipulate basic matters of risk management in the Company’s own fundamental rules of risk and crisis management, and shall establish a risk management framework in accordance with the rules.
- The Corporate Officers and division managers responsible for classified risk shall strive to minimize loss by developing prevention measures against risk materialization and by developing countermeasures in case of risk materialization.
- The Corporate Officers shall, depending on its importance, establish an appropriate organization chaired by themselves, and shall implement appropriate measures in accordance with the Company’s own fundamental rules of risk and crisis management when serious risk materializes.

(iv) Systems for ensuring efficient execution of duties by Directors

- The Directors shall hold an ordinary Meeting of the Board of Directors once a month and extraordinary meetings as needed for the sake of quick decision-making.
- The Directors shall adopt a Corporate Officer System, shall make prompt decisions on the important management issues at the Meeting of the Board of Directors, and shall supervise the execution of duties by the Corporate Officers. Furthermore, the important issues for the Company’s management shall be discussed at the Executive Committee prior to the Meeting of the

Board of Directors in order to enhance the Board's deliberations.

- The Corporate Officers (including Corporate Officers who also act as Directors) shall make quick decisions for the business operation by transferring their authorities to the relevant division managers or other employees. The Corporate Officers, the relevant division managers, and other employees shall execute their authority properly and efficiently in accordance with "Basic Rules of Ringi Approval".
- The Corporate Officers (including Corporate Officers who also act as Directors) shall execute their duties quickly and efficiently in accordance with office routine regulations determined by the Meeting of the Board of Directors, and shall periodically confirm the status of execution of management plans and the budget determined at a Meeting of the Board of Directors.

(v) Systems necessary to ensure appropriate operation of Corporate Group

- The Directors shall guide and support the subsidiaries to establish the Group-wide compliance system in accordance with the "Renesas Electronics CSR Charter", "Renesas Electronics Group Code of Conduct" and "Global Rule for Compliance Management within the Renesas Group".
- The Directors shall constantly oversee, guide and support the Company's subsidiaries through the divisions responsible for the business and supervision of the subsidiaries and have the matters relating to the execution of duties by directors of the subsidiaries periodically reported, in accordance with "Basic Rule of Operation and Management of Affiliate Companies".
- The Directors shall, through a division responsible for risk management, have the subsidiaries establish rules for risk and crisis management, and, make contact lists and action plans in emergency.
- The Directors shall, through the divisions responsible for the business and supervision of the subsidiaries of the Company, have Internal Audit Office audit the Group, and shall have principal subsidiaries allocate internal auditing staff or divisions and cooperate with the Internal Audit Office and the subsidiaries' own Corporate Auditors to ensure appropriate operations of Renesas Electronics Group.

(vi) Matters relating to employees assigned to assist Corporate Auditors and independence of such employees from Directors etc.

The Directors shall establish the Corporate Auditors Office composed of specialized staff for the purpose of assisting the Corporate Auditors' audit activities. Any evaluation, personnel transfer, reprimand and the like of such specialized staff shall require prior consultation with the full-time Corporate Auditors, and such staff shall not be directed or supervised by the Directors for duties to assist the Corporate Auditors.

(vii) Systems for Members, etc. of the Group, corporate auditors of the Company's subsidiaries etc. to report to Corporate Auditors

Members, etc. of the Group shall, upon requests from the Corporate Auditors, report to the Corporate Auditors on matters such as the execution of their duties.

(viii) Other systems necessary to ensure effective auditing by Corporate Auditors

- The Corporate Auditors shall attend Meetings of the Board of Directors, and may attend important meetings of the Company as they deem necessary. Furthermore, the Directors shall guarantee the right of Corporate Auditors to access important corporate information.
- The Corporate Auditors shall hold Meetings of Board of Corporate Auditor in principle at least once a month, and shall exchange information and deliberate on the status of audits and related matters. The Corporate Auditors also shall receive regular reports from accounting auditors on their audit activities, and shall exchange opinions on them.

(Translation)

CONSOLIDATED BALANCE SHEET

(As of December 31, 2017)

(In millions of yen)

Assets		Liabilities and net assets	
Accounts	Amount	Accounts	Amount
Current assets	**403,332**	Liabilities	
Cash and deposits	123,320	**Current liabilities**	**281,988**
Accounts receivable-trade	99,155	Electronically recorded obligations	19,240
Short-term investment securities	16,756	Accounts payable-trade	78,496
Finished goods	48,430	Short-term borrowings	35,000
Work in process	69,936	Current portion of long-time borrowings	12,875
Raw materials and supplies	8,215	Current portion of lease obligations	114
Deffered tax assets	13,365	Accounts payable-other	51,605
Accounts receivable-other	16,637	Accrued expenses	39,166
Other current assets	7,598	Accrued income taxes	15,920
Allowance for doubtful accounts	(80)	Provision for product warranties	157
Long-term assets	**659,340**	Provision for business structure improvement	2,331
Property, plant and equipment	**267,341**	Provision for contingent loss	9,096
Buildings and structures	63,213	Provision for loss on disaster	2
Machinery and equipment	136,116	Provision for sales rebates	1,275
Vehicles, tools, furniture and fixtures	27,166	Asset retirement obligations	56
Land	21,684	Other current liabilities	16,655
Construction in progress	19,162	**Long-term liabilities**	**268,786**
Intangible assets	**334,644**	Long-term borrowings	181,396
Goodwill	172,750	Lease obligations	146
Software	18,651	Deferred tax liabilities	33,419
Developed technology	118,038	Provision for business structure improvement	210
Other intangible assets	25,205	Net defined benefit liability	25,171
Investments and other assets	**57,355**	Asset retirement obligations	2,537
Investment securities	8,133	Other liabilities	25,907
Net defined benefit asset	2,525	**Total liabilities**	**550,774**
Deferred tax assets	1,177	Net assets	
Long-term prepaid expenses	42,527	**Shareholders' equity**	**485,493**
Other assets	2,993	**Common stock**	**10,022**
		Capital surplus	**191,941**
		Retained earnings	**283,541**
		Treasury stock	**(11)**
		Accumulated other comprehensive income	**21,659**
		Unrealized gains (losses) on securities	397
		Foreign currency translation adjustments	7,894
		Remeasurements of defined benefit plans	13,368
		Subscription rights to shares	**2,311**
		Non-controlling interests	**2,435**
		Total net assets	**511,898**
Total assets	**1,062,672**	**Total liabilities and net assets**	**1,062,672**

(Translation)

CONSOLIDATED STATEMENT OF OPERATIONS

（For the Year Ended December 31, 2017）

（In millions of yen）

Accounts	Amount
Net sales	**780,261**
Cost of sales	**427,463**
Gross profit	**352,798**
Selling, general and administrative expenses	**274,398**
Operating income	**78,400**
Non-operating income	**2,061**
Interest income	519
Reversal of provision for business structure improvement	302
Reversal of allowance for doubtful accounts	341
Other non-operating income	899
Non-operating expenses	**5,173**
Interest expenses	1,981
Foreign exchange losses	1,070
Other non-operating expenses	2,122
Ordinary income	**75,288**
Special income	**15,369**
Gain on sales of property, plant and equipment	604
Gain on transfer of business	3,847
Insurance Income	10,429
Other special income	489
Special loss	**5,865**
Loss on sales of property, plant and equipment	119
Impairment loss	1,218
Business structure improvement expenses	4,047
Other special loss	481
Income before income taxes	**84,792**
Income taxes-current	16,137
Income taxes-deferred	(8,620)
Net income	**77,275**
Net income attributable to non-controlling interests	**79**
Net income attributable to shareholders of parent company	**77,196**

(Translation)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

（For the Year Ended December 31, 2017）

（In millions of yen）

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of the period	10,000	191,919	206,345	(11)	408,253
Changes during the period					
Net income attributable to shareholders of parent company			77,196		77,196
Issuance of new shares	22	22			44
Net changes other than shareholders' equity					
Total changes during the period	22	22	77,196	-	77,240
Balance at the end of the period	10,022	191,941	283,541	(11)	485,493

	Valuation and translation adjustments					Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total of valuation and translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the period	474	9,012	(3,221)	5,644	11,909	23	2,208	422,393
Changes during the period								
Net income attributable to shareholders of parent company								77,196
Issuance of new shares								44
Net changes other than shareholders' equity	(77)	(9,012)	11,115	7,724	9,750	2,288	227	12,265
Total changes during the period	(77)	(9,012)	11,115	7,724	9,750	2,288	227	89,505
Balance at the end of the period	397	-	7,894	13,368	21,659	2,311	2,435	511,898

(Translation)

BALANCE SHEET

(on a non-consolidated basis)

(As of December 31, 2017)

(In millions of yen)

Assets		Liabilities and net assets	
Accounts	Amount	Accounts	Amount
Current assets	**319,264**	Liabilities	
Cash and deposits	69,467	**Current liabilities**	**321,116**
Accounts receivable-trade	96,472	Electronically recorded obligations	12,346
Finished goods	32,326	Accounts payable-trade	97,887
Work in process	31,770	Short-term borrowings	35,000
Raw materials and supplies	967	Current portion of lease obligation	12,875
Prepaid expenses	1,638	Current portion of lease obligations	9
Deffered tax assets	7,661	Accounts payable-other	39,631
Short-term loans receivable	42,924	Accrued expenses	16,078
Accounts receivable-other	35,939	Accrued income taxes	9,974
Other current assets	101	Advances received	2,366
Long-term assets	**621,588**	Deposits received	91,167
Property, plant and equipment	**121,127**	Provision for product warranties	89
Buildings	27,914	Provision for business structure improvement	90
Structures	2,789	Provision for contingent loss	106
Machinery and equipment	48,930	Asset retirment obligation	35
Vehicles	79	Other current liabilities	3,463
Tools, furniture and fixtures	14,960	**Long-term liabilities**	**220,060**
Land	15,367	Long-term borrowings	181,396
Construction in progress	11,087	Lease obligations	1
Intangible assets	**24,403**	Deferred tax liabilities	3,361
Software	16,409	Accrued retirement benefits	16,335
Other intangible assets	7,994	Asset retirement obligations	1,702
Investments and other assets	**476,058**	Other liabilities	17,266
Investment securities	93	**Total liabilities**	**541,177**
Stocks of subsidiaries and affiliates	433,008	Net assets	
Long-term prepaid expenses	41,813	**Shareholders' equity**	**397,346**
Other assets	1,145	**Common stock**	**10,022**
Allowance for doubtful accounts	0	**Capital surplus**	**207,083**
		Capital legal reserve	**22**
		Other capital surplus	207,061
		Retained earnings	**180,253**
		Other retained earnings	180,253
		Retained earnings brought forward	180,253
		Treasury stock	**(11)**
		Valuation and translation adjustments	**18**
		Unrealized gains (losses) on securities	18
		Subscription rights to shares	**2,311**
		Total net assets	**399,675**
Total assets	**940,851**	**Total liabilities and net assets**	**940,851**

(Translation)

STATEMENT OF OPERATIONS

(on a non-consolidated basis)

(For the Year Ended December 31, 2017)

(In millions of yen)

Accounts	Amount
Net sales	**683,266**
Cost of sales	397,651
Gross profit	**285,615**
Selling, general and administrative expenses	194,507
Operating income	**91,108**
Non-operating income	**3,532**
Interest income	642
Dividends income	48
Foreign exchange gains	1,957
Other non-operating income	886
Non-operating expenses	**4,019**
Interest expenses	2,742
Other non-operating expenses	1,277
Ordinary income	**90,620**
Special income	**5,107**
Insurance income	4,813
Other special income	295
Special loss	**3,756**
Business structure improvement expenses	2,165
Impairment loss	993
Other special loss	598
Income before income taxes	**91,972**
Income taxes-current	8,856
Income taxes-deferred	(4,340)
Net income	**87,457**

(Translation)

STATEMENT OF CHANGES IN NET ASSETS

（on a non-consolidated basis)

（For the Year Ended December 31, 2017）

（In millions of yen）

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings	Treasury stock	Total Shareholders' equity
		Capital legal reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of the period	10,000	-	207,061	207,061	92,796	(11)	309,846
Changes during the period							
Issuance of new shares	22	22		22			43
Net income attributable to shareholders of parent company					87,457		87,457
Net changes other than shareholders' equity							
Total changes during the period	22	22	-	22	87,457	-	87,500
Balance at the end of the period	10,022	22	207,061	207,083	180,253	(11)	397,346

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Total of valuation and translation adjustments		
Balance at the beginning of the period	14	9,012	9,026	23	318,895
Changes during the period					
Issuance of new shares					43
Net income attributable to shareholders of parent company					87,457
Net changes other than shareholders' equity	4	(9,012)	(9,008)	2,288	(6,720)
Total changes during the period	4	(9,012)	(9,008)	2,288	80,780
Balance at the end of the period	18	-	18	2,311	399,675

(Translation)

[Translation]

Independent Auditor's Report

February 7, 2018

The Board of Directors
Renesas Electronics Corporation

Ernst & Young ShinNihon LLC

Masayuki Miyairi
Certified Public Accountant
Designated and Engagement Partner

Noriaki Kenmochi
Certified Public Accountant
Designated and Engagement Partner

Noriyasu Hanafuji
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Renesas Electronics Corporation (the "Company") applicable to the fiscal year from January 1, 2017 through December 31, 2017.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Renesas Electronics group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2017 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

[Translation]

Independent Auditor's Report

February 7, 2018

The Board of Directors
Renesas Electronics Corporation

Ernst & Young ShinNihon LLC

Masayuki Miyairi
Certified Public Accountant
Designated and Engagement Partner

Noriaki Kenmochi
Certified Public Accountant
Designated and Engagement Partner

Noriyasu Hanafuji
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operations, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Renesas Electronics Corporation (the "Company") applicable to the 16th fiscal year from January 1, 2017 through December 31, 2017.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules 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 and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Renesas Electronics Corporation applicable to the 16th fiscal year ended December 31, 2017 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

Audit Report of Board of Corporate Auditors

The Board of Corporate Auditors, after deliberating the contents, prepares this audit report regarding the execution of the duties by Directors for the 16th fiscal year from January 1, 2017 through December 31, 2017 based on the audit reports from each Corporate Auditor, and reports as follows.

1. Auditing Method Employed by the Corporate Auditors and Board of Corporate Auditors and the Details

(1) The Board of Corporate Auditors established auditing policies and plans and received reports from each Corporate Auditor on the status of the implementation of audits and the results thereof, as well as reports from Directors and the Independent Auditors regarding the status of execution of their duties, and requested explanations as necessary.

(2) On the basis of the Board of Corporate Auditors Rules established by the Board of Corporate Auditors, and in accordance with the auditing policies and plans, each Corporate Auditor sought mutual understanding with Directors, corporate officers, and employees in their efforts to collect information and create an environment for audit, as well as conducted an audit as follows.

1. Attended meetings of the Board of Directors and other important meetings, and received reports from Directors, corporate officers, and employees regarding performance of their duties, requested explanations as necessary, and perused important documents regarding decisions and approvals made, and investigated the status of operations and the financial position at the Group's head office and principal offices of business. Also, regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchanged information with directors and corporate auditors of the subsidiaries, and, where necessary, visited the subsidiaries, received business reports from the subsidiaries, and examined their operations and assets.
2. The Board of Corporate Auditors received the periodical reports from the Directors, corporate officers, and employees about its framework and operation status of (i) the contents of the Board of Director's resolutions on establishment of systems as set forth in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act, as systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and to otherwise ensure the appropriateness of the business of a Kabushiki Kaisha and its subsidiaries, as stated in the Business Report, and (ii) the systems established pursuant to such resolution ("Internal Control System") ; requested explanations as necessary; and provided opinions on those.
3. Regarding the Internal Control System for financial reporting, the Board of Corporate Auditors received the reports from the Directors and the Independent Auditors about its assessment and audit and requested explanations as necessary.
4. The Board of Corporate Auditors audited and verified whether the Independent Auditors maintained their independence and carried out their audits appropriately, received reports from the Independent Auditors regarding the execution of their duties and, where necessary, requested explanations. Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Corporation Accounting Regulations) has been established in accordance with "Quality Control Standards for Auditing" (adopted by the Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary.

Based on the above methods, the Board of Corporate Auditors audited the Business Report and supplementary schedules thereto for the 16th fiscal year ended December 31, 2017, the financial statements related to the 16th fiscal year ended December 31, 2017 (the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements) and supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets and notes to the consolidated financial statements).

2. Results of Audit

(1) Results of the Audit on the Business Report, etc.

1. We found that the Business Report and supplementary schedules accurately reflect the conditions of the Group in accordance with applicable laws and regulations and the Articles of Incorporation.
2. No inappropriate conducts concerning the execution of duties by Directors or material facts in violation of applicable laws and regulations or the Articles of Incorporation were found.
3. We found that the contents of Board of Directors' resolutions concerning the Internal Control System were appropriate. Further, no material defects were found with respect to the information provided in the Business Report, or Director' execution of duties in regards to the Internal Control System.

(Translation)

(2) Results of the Audit on the Consolidated Financial Statements

We found that the methods and the results of the audit conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of the Audit on the Financial Statements and Supplementary Schedules

We found that the methods and the results of the audits conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, are appropriate.

February 7, 2018
Board of Corporate Auditors of Renesas Electronics Corporation

Corporate Auditor (Full-time)	Kazuki Fukuda	(Seal)
Corporate Auditor	Yoshinobu Shimizu	(Seal)
Corporate Auditor	Kazuyoshi Yamazaki	(Seal)
Corporate Auditor	Takeshi Sekine	(Seal)

Note: Messrs. Kazuki Fukuda, Yoshinobu Shimizu, Kazuyoshi Yamazaki and Takeshi Sekine are outside Corporate Auditors stipulated in item 16, Article 2, and paragraph 3, Article 335 of the Companies Act.