

March 29, 2011

**Impact of the March 11 Earthquake on Renesas Electronics Operations and
its Efforts Toward Recovery**

Dear valued customer and to whom it may concern,

I would first like to express my heartfelt condolences to the victims of the earthquake in northeast Japan on March 11. I sincerely hope for the earliest possible recovery from this disaster of an earthquake.

Due to the earthquake, five of our semiconductor wafer fabs and three of our assembly and test sites were forced to suspend their productions. Currently, we are still experiencing shortage of electricity and fuel, sluggish logistics network, and other effects caused by the earthquake. However, by working with the utmost effort for recovery, we resumed productions at all three assembly and test sites during the time when there is no planned blackouts being implemented, and resumed partial productions at two of our wafer fabs. We will continue to accelerate the implementation of our counter-measure for complete and speedy recovery. We promise to inform you individually through our sales teams of any near or longer-term delivery issues as soon as we can identify them.

One of our factories that have been worst-affected by the Earthquake is Naka factory. Naka factory produces fewer than 20 percent of our microcontrollers (MCUs) and SoC solutions, and fewer than 10 percent of our Analog & Power devices.

While aftershocks still continue at Naka area, the power substation recovered and we can now check the internal conditions of the factory, such as clean room. We apologize for the delay in providing information about Naka's conditions.

As of 9:00am, March 28, we have completed the assessment of the building, and despite partial damages with the ceiling, walls and electric wiring, we had been able to confirm the safety of the building. With regard to electricity supply, following the recovery of the Katsuta electrical substation, we had been able to restore the in-plant substation, which allowed us to fix the, disconnections of the electric wiring and restore power distribution for lighting facilities. Today we will start recovery test of the manufacturing-related electricity.

At the clean room of the 300mm (12-inch) line, where lighting facilities has been recovered since March 20th, we did not detect any large misalignments of the equipment, however, internal damages of the equipment were confirmed, and we have begun the initial diagnose of the equipment. At the clean room of the 200mm (8-inch) line, where lighting facilities has been recovered since March 24th, visual inspection

was completed up to the 2nd floor, and we confirmed that its condition was almost the same as that of the 300mm (12-inch) line. Now we are retrieving all the wafers and at the same time we have begun to examine those work-in process wafers at both lines to see whether they are suitable for shipping.

We assume that we will be capable of covering approximately 70 percent of the customer orders currently in place with Naka factory that are requested to be delivered by the end of May, from the finished goods already in stock and work-in-process goods in the assembly lines. Whilst we urge to resume Naka factory's production, we will try our utmost to obtain your understanding by formulating recovery plans such as shifting production to other fabs for the remaining 30 percent of the orders with promised delivery date of May, as well as the orders for June onwards and future orders.

As part of our effort to resume Naka factory, we formulated plans for recovery with shortest time to minimize inconvenience to customers businesses. We have launched our company's full-scale efforts to be made by factory's restoration workforce as well as supporting workforce from the Headquarter. And we are working intensely to drive the recovery efforts to resume its operation from July although with some limitation. We plan to inform you of the production resumption plan by the end of next week.

Moreover we will study all possible measures, such as utilization of the stock parts, earlier completion of work-in-process, production allocation to other factories, and proposal of alternative devices, and ensure our uninterrupted support to meet your requirement.

Renesas Electronics will continue it's full blast effort for stable supply at our major factories under operation, such as Kumamoto, Saijo, Kansai and so on, and for production recovery of the factories affected by the earthquake.

My executive colleagues and sales teams remain committed to preserving our partnership with you during these anxious times.

We highly appreciate your kind understanding and support on this matter.

Sincerely,

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Yasushi Akao

Representative Director & President

Renesas Electronics Corporation