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## **INCJ resolves to make joint capital investment in Renesas Electronics Corporation**

**TOKYO, December 10, 2012** – The Innovation Network Corporation of Japan (INCJ) today announced its decision to invest jointly in Renesas Electronics Corporation (“Renesas”) with Toyota Motor Corporation, Nissan Motor Co., Ltd., Keihin Corporation, Denso Corporation, Canon Inc., Nikon Corporation, Panasonic Corporation and Yaskawa Electric Corporation, (hereafter, ‘the Consortium’). The total investment amount is ¥150 billion (hereafter, ‘the capital investment’). Subject to approval of all the relevant matters at a Renesas shareholders meeting, INCJ and the Consortium will underwrite an issuance of new shares using the third-party allotment method, acquiring 75.0% of the total shares issued and outstanding in Renesas, of which the INCJ will acquire 69.2% of the total shares issued and outstanding.

This capital investment will provide Renesas with ample funding for growth. The INCJ has agreed to provide additional capital funding up to a maximum of ¥50 billion should further growth capital become necessary.

The core products produced by Renesas are Micro Control Units (MCU), which are widely used in automobiles, electronic and high precision devices and general industry, and which support Japan’s manufacturing industry on a wide front. Renesas has particular strength in MCU products for the automotive industry, and through working in collaboration with automakers has accumulated very high levels of skill and experience as the longstanding global market leader in this sector, recognized worldwide. Renesas also operates in the field of analog & power semiconductors, and is working to grow operations in this area by investing in R&D to strengthen product development and conducting M&A to expand and optimize its product line-up.

Concurrent with these business development measures, Renesas is currently implementing structural changes, such as plant and headcount reductions, in order to strengthen its revenue structure and ensure survival in an environment for the semiconductor industry that is undergoing severe changes. Renesas’ management team is also highly aware of competitive pressure from overseas peer companies, and is working continuously to develop a lean organization and management structure. Under the current management framework, Renesas is planning to pursue further rationalization initiatives to boost competitiveness, including further optimization of the personnel structure. To support these structural initiatives, Renesas is planning to implement debt refinancing under revised conditions arranged with main bank lenders and shareholders.

The INCJ has decided to participate in this capital investment in Renesas as an active means of supporting growth sectors, after consideration of the role Renesas can play in strengthening the competitiveness of the domestic supply chain through stable management and the long-term stable supply of high quality products, and its contribution to new businesses and products not only in the semiconductor industry but also in the wide range of related industries.

The new funding injected into Renesas through this capital investment will be used for R&D and equipment needed to support product development in Renesas' core business area of MCUs for the automotive industry and in MCUs for general manufactured consumer products. It will also be used to support the production and sale of products fitted to automobiles and to facilitate M&A.

Clear leadership will be required to continue pursuing a growth strategy for Renesas after implementation of the capital investment. Planning in this respect, incorporating a review of the management structure, will include consideration of options both within and outside of Renesas.

Since being founded, the INCJ has continuously investigated and made proposals with respect to structural reform of Japan's semiconductor industry, including establishment of Logic Fabless and Logic Foundry, M&A in powered devices, and global restructuring of post processing. Looking ahead, the INCJ intends to take the opportunity of this capital investment to pursue further measures to restore and strengthen the international competitiveness of Japan's semiconductor industry through domestic and international M&A, capital tie-ups, strategic alliances and other such measures to promote structural reform of the overall semiconductor industry.

The INCJ, with the aim of ensuring fairness and transparency in deciding the issue price per share (hereafter 'the issue price') of the new shares of Renesas to be issued through this capital investment, engaged a third-party advisor, independent from both Renesas and the Consortium, to provide a valuation report (hereafter 'the valuation report') that was used as reference in determining the issue price. Based on the analysis and results contained in the valuation report, along with due diligence on Renesas and overall assessment of trends in the market price of Renesas shares, and with consideration of discussions held with the Consortium and with Renesas, an issue price of ¥120 per share was determined. Subsequently, on December 10, 2012, the INCJ received a fairness opinion from a third-party advisor with regard to the issue price of ¥120 per share that was calculated through the process described above. This opinion stated that subject to certain conditions the issue price was fair for INCJ from a financial standpoint, and the INCJ accordingly decided on an issue price of ¥120 yen per share. Renesas, at a meeting of the board of directors on December 10, 2012 unanimously approved

implementation of the capital investment at this issue price. Renesas intends to seek approval of the capital investment at a meeting of shareholders, and has received an opinion from two outside auditors, recognized as independent under the rules and regulations of Tokyo Stock Exchange, as to the necessity and appropriateness of the capital investment.

[An overview of the transaction is presented in Appendix.]

### **About Renesas**

Name: Renesas Electronics Corporation  
Established: April 1, 2010  
Business: Development, manufacture and sale of semiconductors  
Headquarters: Kanagawa, Japan  
Representative: Yasushi Akao, President

### **About INCJ**

The INCJ was established in July 2009 as a public-private partnership that provides financial, technological and management support for next-generation businesses. The INCJ specifically supports those projects that combine technologies and varied expertise across industries and materialize open innovation. The INCJ has the capacity to invest up to ¥2 trillion (approx US\$25 billion).

To date, the INCJ has invested approximately ¥420 billion in a total of 31 projects and is currently focused on a broad range of areas from green energy, electronics, IT and biotechnology to infrastructure-related sectors such as water supply. The INCJ maintains a hands-on approach to investment, engaging in the business development of cutting-edge core technologies through intellectual property funds, expansion of venture companies and aggressive overseas development through initiatives such as restructuring and mergers of tech businesses and acquisitions of foreign companies

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## <Appendix>

# Decision for joint investment in Renesas Electronics Corporation

Investment target: Renesas Electronics Corporation

Business operations: microcontrollers, analog semi-conductors, power semi-conductors, development, manufacture and sales of system LSI

Amount of investment: ¥150bn (INCJ ¥138.35bn, consortium ¥11.65bn)

Should further growth capital become necessary INCJ can invest or finance up to ¥50bn more

## Outline of project structure

## Investment impact

