NEC Electronics and Renesas to Integrate Business

(BUSINESS WIRE)-- NEC Electronics, Renesas Technology, NEC, Hitachi, and Mitsubishi Electric today announced that they have signed a definitive agreement to integrate business operations at NEC Electronics and Renesas. The Business Integration will become effective following the adoption of the resolutions at the Extraordinary General Meeting of Shareholders of NEC Electronics and Renesas and approval by authorities concerned.

As a condition to the Business Integration, Renesas will issue shares of Renesas common stock to Hitachi and Mitsubishi Electric, the sole shareholders of Renesas, in exchange for a total of 78 billion yen before the effective date of the Business Integration (the “Pre-merger Capital Injection”). In addition, on the effective date of the Business Integration (scheduled to be April 1, 2010), the integrated company after the Business Integration (the “Integrated Company”) will issue shares of its common stock to NEC, Hitachi, and Mitsubishi Electric in exchange for a total of approximately 122 billion yen (the “Post-merger Capital Injection”).

Goals of Business Integration

Both as leading semiconductor companies, NEC Electronics and Renesas provide a wide variety of semiconductor solutions, primarily specializing in microcontroller units (MCUs). In light of fierce global competition and structural changes triggered by the rapid expansion of emerging markets in the semiconductor market, NEC Electronics and Renesas have been exploring the possibility of the Business Integration after signing a basic agreement on April 27, 2009, in order to further strengthen their business foundations and technological assets, while increasing corporate value through enhanced customer satisfaction.

The Integrated Company will provide globally competitive products in its three major product groups, MCUs, SoCs, and discrete products, by concentrating its development resources to further strengthen the companies’ respective advantages. The Integrated Company aims to expand its business by offering complete solutions that extend the three major groups to best fit the requirement of customers of all kinds of industries.

In order to address the ongoing challenges of the current economic downturn, NEC Electronics and Renesas will each continue to execute structural reform plans in order to strengthen their business frameworks. The two companies will integrate their operations and generate synergies to establish a powerful new semiconductor company that is capable of consistently achieving high earnings in order to

withstand changing semiconductor market conditions.

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