



RYOSAN

8th Medium-Term Management Plan

(Fiscal 2011 - 2013)

July 20, 2011

Ryosan Company, Limited

President, Naoto Mimatsu

Basic Stance

Directivity and Target of the Enterprise

Basic Strategies

- Growth Strategy
- Segment Strategy
- Infrastructure Strategy

【Basic Stance of the 8th Medium-Term Management Plan】

Ryosan continues to focus on the acceptance and evolution of global diversity as well as the pursuit of sound management under the growing uncertainty of the corporate environment.

【General position】

Pursuing management essence, advancing management innovation, and yielding management results are the keys to conducting open and transparent corporate management and business activities with abundant creativity.

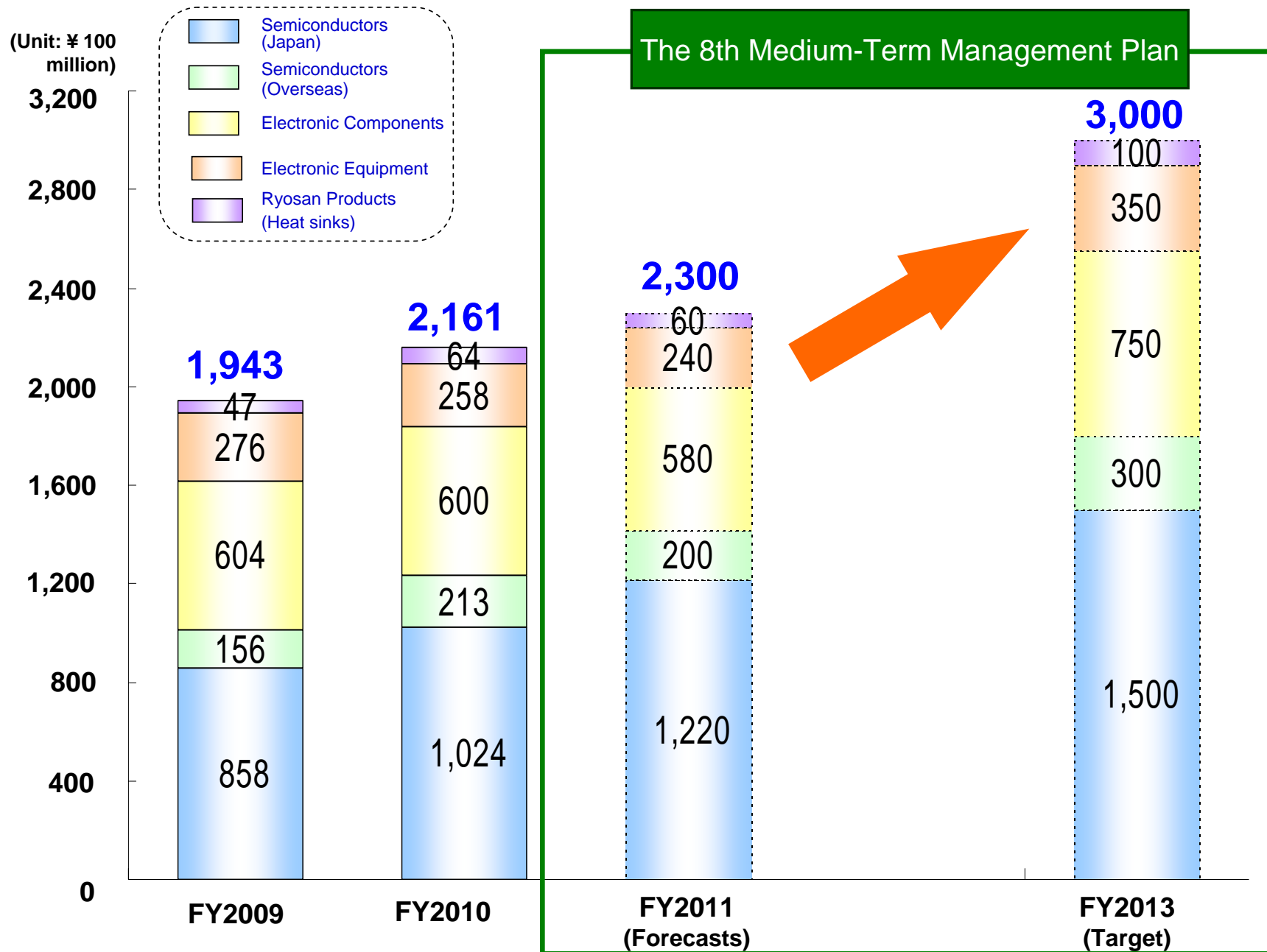
【Directivity】

"Construction of a management structure strong enough to survive in the global age" and "Exploitation of emerging markets to support future growth."

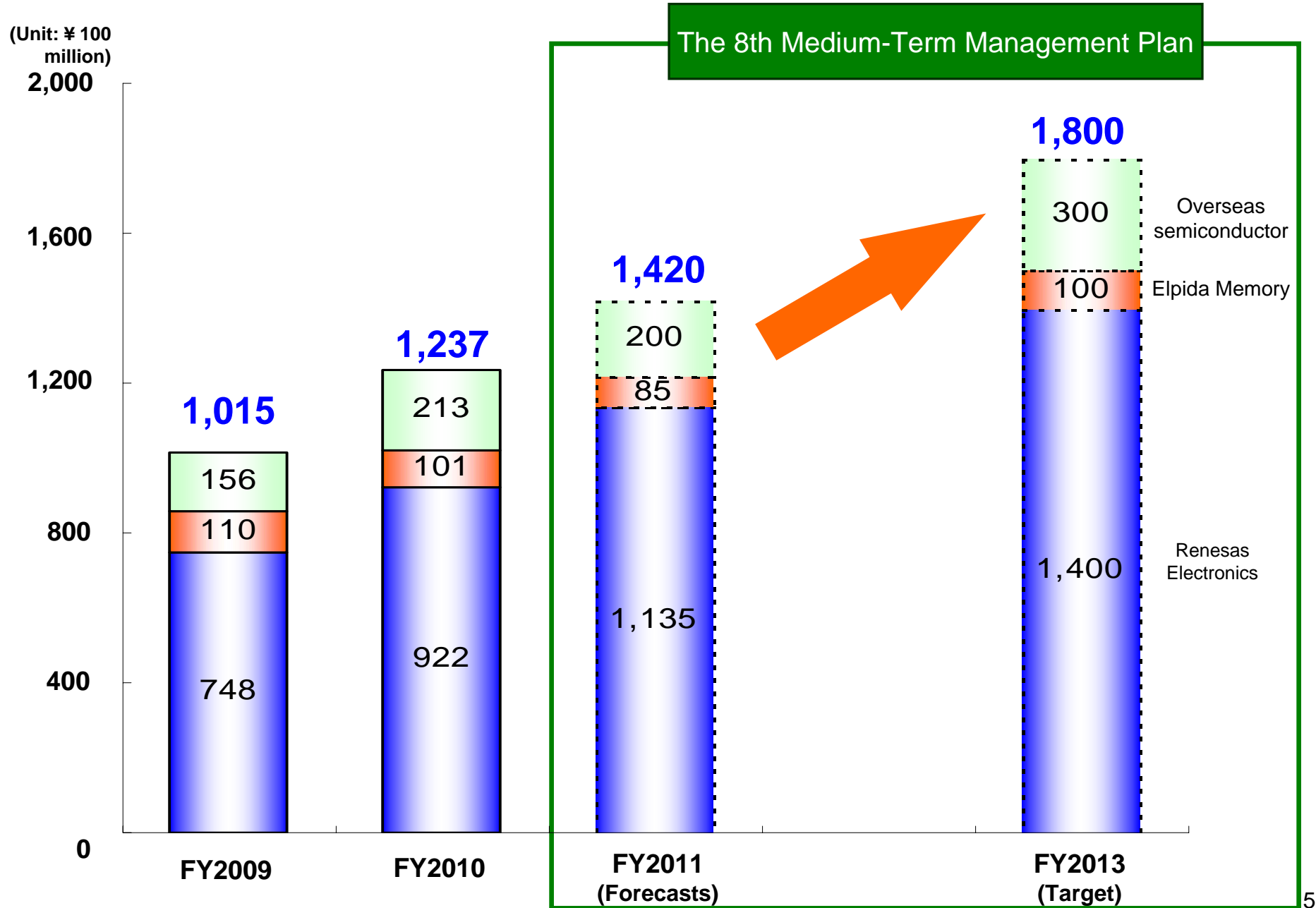
【Target of the enterprise】

Another attempt to "bring the enterprise to the scale yielding consolidated sales of 300 billion yen."

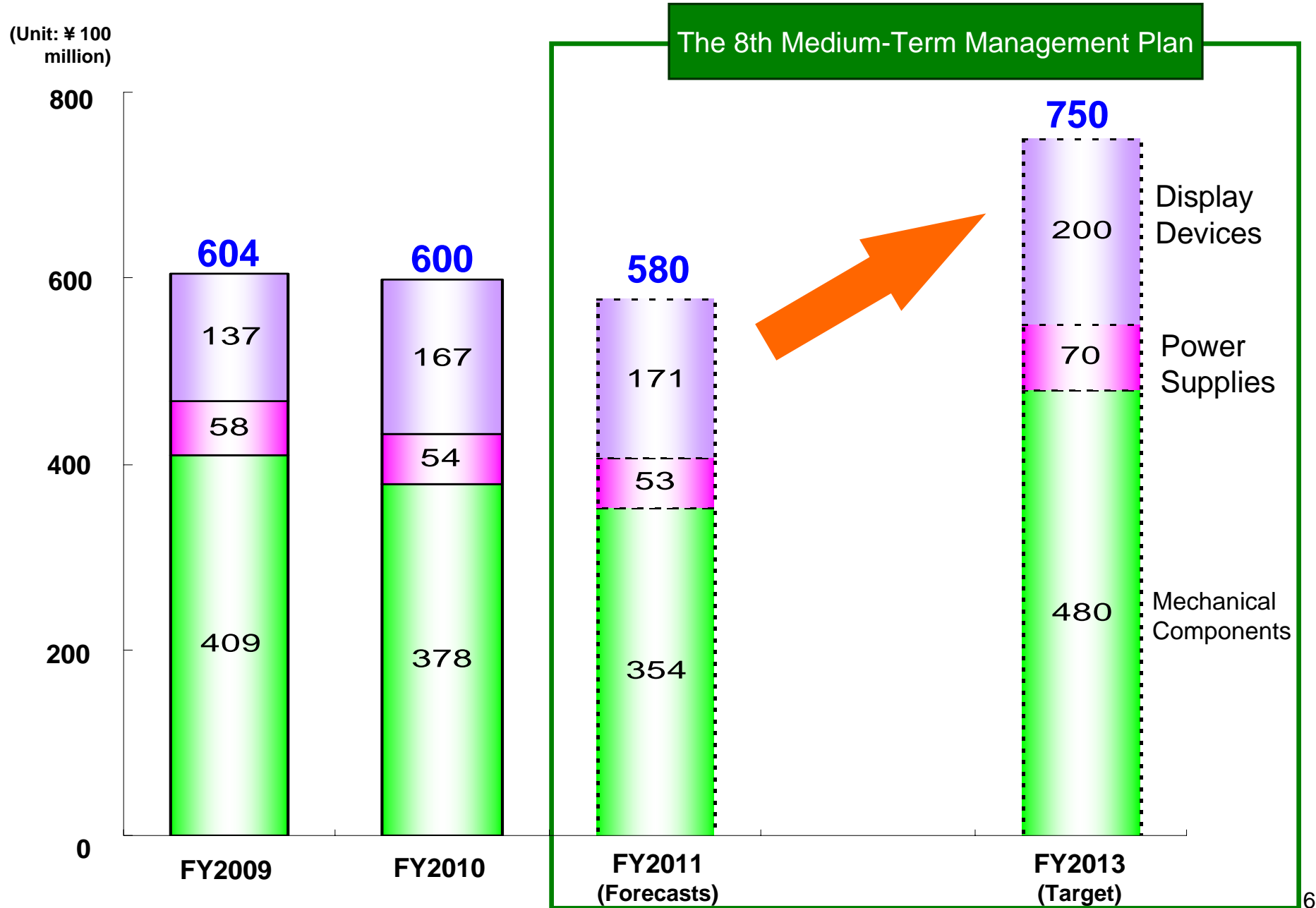
Target of the Enterprise



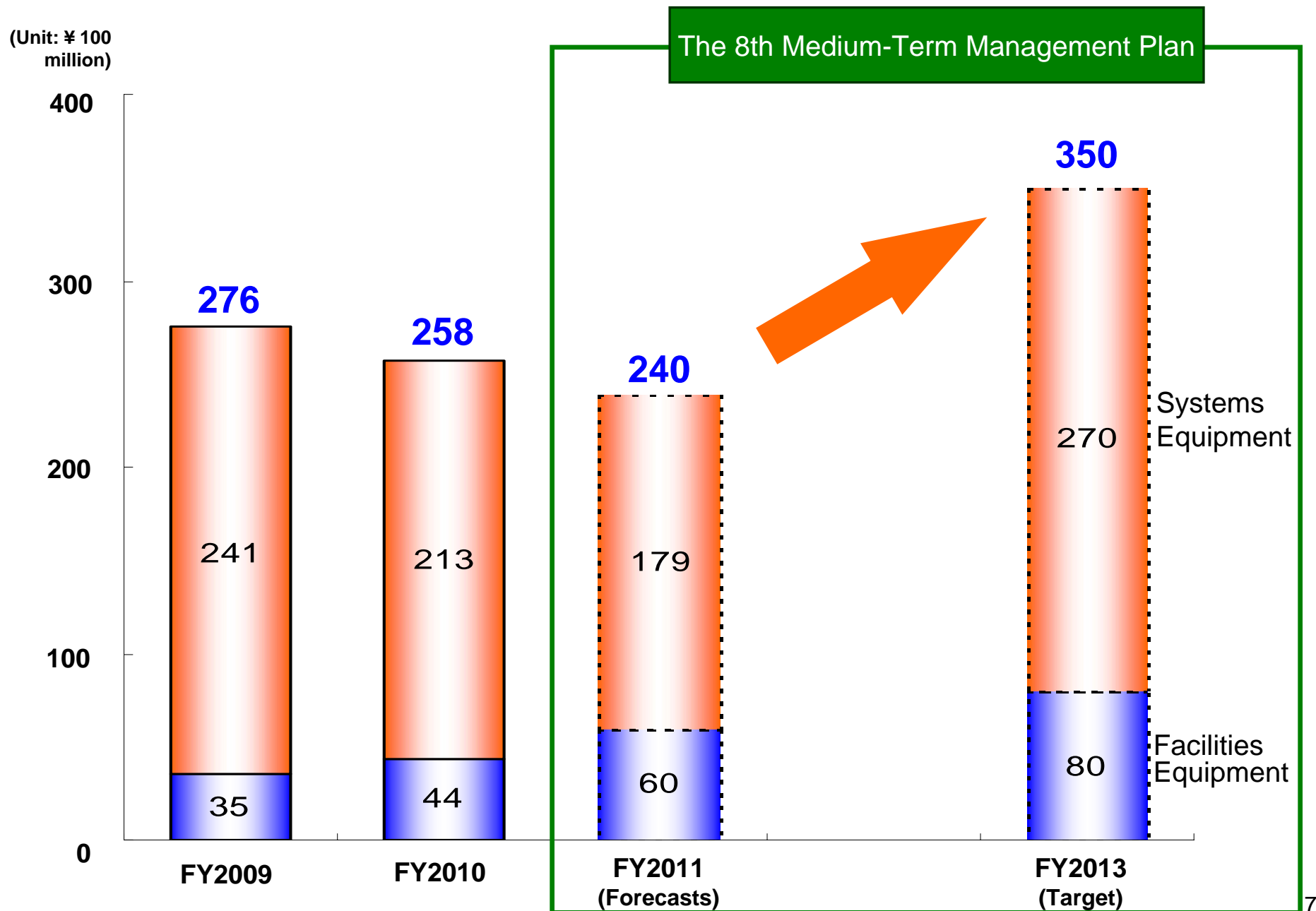
Sales Breakdown by Business (Semiconductors)



Sales Breakdown by Business (Electronic Components)



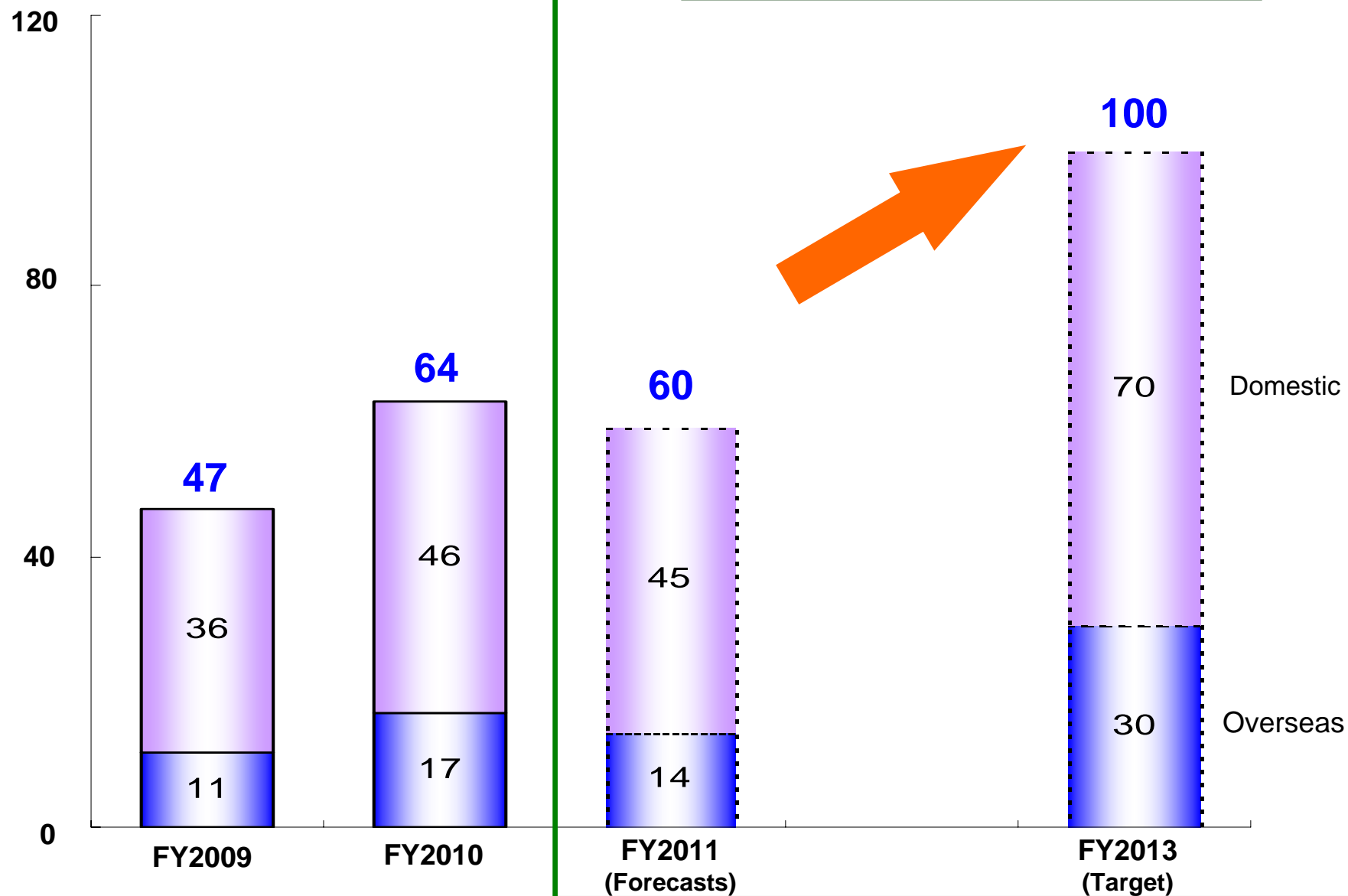
Sales Breakdown by Business (Electronic Equipment)

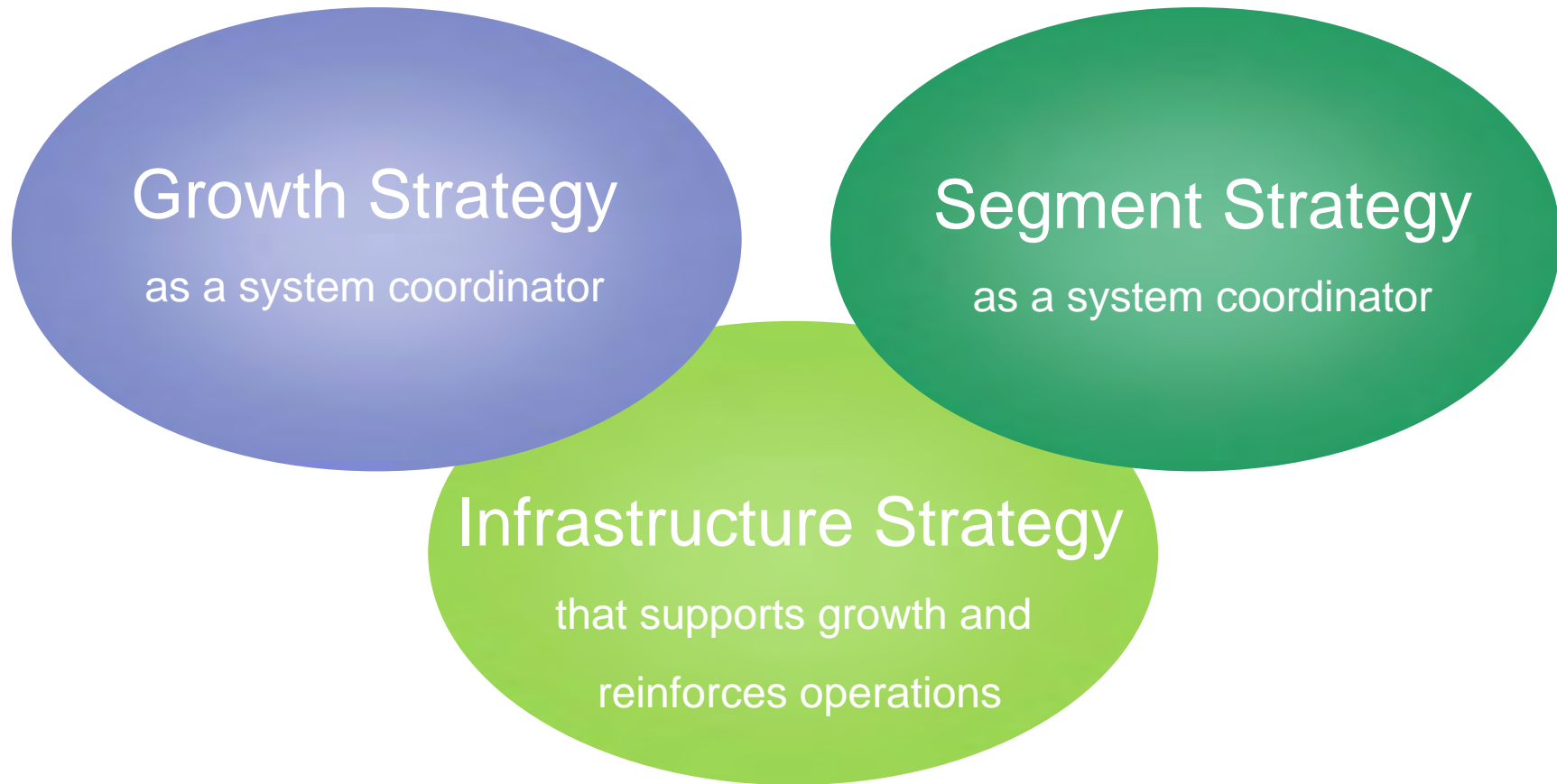


Sales Breakdown by Business (Ryosan Products)



(Unit: ¥ 100 million)





Growth
Strategy

1. Strengthening our approach to developing countries with rapid growth (China and India)

2. Strengthening our business with globalizing Japanese customers

3. Strengthening our presence in growth fields (car electronics, social infrastructure, etc.)

RYOSAN

1. Strengthening our approach to developing countries with rapid growth (China and India)

(1) Strengthening of measures to promote sales in the Chinese market

- ⇒ Strengthening of Ryosan's integrated sales structure in China centered on the local subsidiary in Shanghai
- ⇒ Strengthening of our solution ability by collaborating with local design houses

(2) Making inroads into the Indian market

- ⇒ Developing local in-vehicle electrical components and the digital AV market
- ⇒ Harnessing Ryosan's existing solutions proposals Collaboration with design houses

2. Strengthening our business with globalizing Japanese customers

- (1) Strengthening of partnerships with activities to ensure customer satisfaction on a higher level
⇒ Unified management of worldwide customer production information
- (2) Making inroads into the European market
⇒ Construction of a service/support system for Japanese companies making inroads to Europe
- (3) Strengthening of our ability to respond to the North American market (Bases established in Michigan, California, Illinois)
- (4) Expansion of the line card (products handled), and strengthening of system technology capability

3. Strengthening our presence in growth fields (car electronics, social infrastructure, etc.)

(1) Car electronics

- ⇒ Further enhancement of Ryosan's existing sales, technology assistance and support capabilities in the car electronics field
- ⇒ Capturing Chinese in-vehicle electrical components manufacturers
(Effective potential: 300 billion yen or more)
- ⇒ Focus on capturing large South Korean automotive manufacturers
(Effective potential: 100 billion yen or more)

(2) Social infrastructure/Smart community

- ⇒ Electric vehicles/energy efficient vehicles related matters, smart grid related matters, solar power generation, LED lighting related matters, etc.

Strategy for semiconductor business (Japanese semiconductor)

■ Strengthen the ability of the Renesas enterprise to undergo structural changes, restructure revenue structure and achieve growth of the enterprise.

⇒ Thoroughly capturing major customers and focus on capturing the growing in-vehicle electrical components field

⇒ Business expansion to local corporations in China, South Korea, and India, mainly in the in-vehicle electrical components market

⇒ Increasing the effectiveness of capturing strategic markets in collaboration with local design houses in China/South Korea

(China: In-vehicle electrical components, inverters, STB
South Korea: In-vehicle electrical components)

Strategy for semiconductor business (Overseas semiconductor)

■ Implement functional enhancements to meet the expectations of the overseas suppliers and achieve conversion into a profit contributing business.

- ⇒ Establishment of a strong business infrastructure with key suppliers (six companies), and development of business worldwide (NXP, Intersil, Macronix, Cypress, Winbond, STMicro)
- ⇒ Raising the independence of subsidiary companies that have split from Ryosan and practicing healthy management
- ⇒ Cultivation of new resources

Strategy for semiconductor business (Technologies)

■ Contribute to semiconductor sales and profit maximization with our abilities in system technology and development as added values.

⇒Expansion of strong fields and cultivation of system technology capability

⇒Enhancement and global development of technology for growth markets

<Measures to strengthen technology to ensure the complete sale off all inventories>

1. Strengthening of development capability through customized development

(ASIC/software development)

2. Strengthening of system technology capability (including elemental technology) and proposal capability

3. Strengthening of technical support capabilities (device application technology capability) to supplement suppliers

4. Fostering and improvement of analog (mixed signal) engineers

Strategy for electronic components business

- Expansion of the range of products offered, and expansion in the overseas market

- ⇒ Expansion of the range of products offered
(LEDs, LCD modules, rechargeable batteries, sensors)
- ⇒ Strengthening expansion in the overseas markets
 - Continual support of the shift in business of Japanese customers
 - Local business development
- ⇒ Strengthening exploitation in growing fields
(In-vehicle electrical components, social infrastructure, Information communication, and digital equipment)

Strategy for electronic equipment business

- Expansion of the enterprise scale by devising a new business model, and seizing opportunities in the newly growing areas

⇒ Systems equipment: Strengthening of overseas (Taiwan) suppliers and OEM/ODM business

⇒ Facilities equipment: Focus on sales expansion resources in growing fields by business structural reform

Strategy for Ryosan Products business

- Implementation of business expansion and strengthening of earning capacity

⇒ Strengthening of the global production system by local production for local consumption + comprehensive capability

⇒ Sales share expansion in the in-vehicle electrical components/environmental field

⇒ Function strengthening as a provider of thermal management solutions

1. Strengthening business infrastructure

(1) Reform of the base system in China

- ⇒ Strengthening of Chinese business control capability by turning the local Shanghai subsidiary into the Chinese parent company
- Establish branches of the local Shanghai subsidiary in Beijing, Changchun, Qingdao and Chengdu, and enhance the business operation infrastructure further.

(2) Making inroads into Europe

- ⇒ Establish a new base in Germany (Munich) and an European business operation structure

(3) Making inroads into India

- ⇒ Establish a new base in India (Bangalore) and a business operation structure in Bangalore, Pune, and Delhi

2. Reinforcing management in terms of quality

(1) Strengthening of corporate governance

⇒ Election of independent outside directors (1 or more)

⇒ Disclosure of an outline of the director compensation system
(purpose and mechanism)

(2) CSR approach strengthening

⇒ Effectiveness strengthening of environmental management (measures for REACH regulations, etc.)

⇒ BCP and disaster measures program reform

⇒ Regular information communication and having our CSR approach thoroughly known by CSR reports

(3) Strengthening of the ability to respond to risks in the global business environment

⇒ Strengthening of the ability to respond to legal matters and taxation

(4) Thoroughness of effectivity evaluations of internal control related to financial statements

(5) IR strengthening

3. Implementing financial strategies aimed to improve corporate value

(1) Establishment of basic management indices

- ① Yearly: consolidation dividend payout ratio on consolidated basis of 50% or more
- ② FY 2013: dividend on equity (DOE) of 2.5% or more

(2) Implementation of own share buyback

⇒ Expected 3 million-share by FY 2013

Disclaimer regarding handling of this data

The prospects stated in this presentation are a forecast for the future, contain risks or uncertainties and may largely vary from the actual business results. The principal factors that may influence the prospects are as follows.

- Sudden changes of economic conditions of primary markets (Japan, Asia, etc.), of consumption trends, and supply/demand for products
- Significant changes of yen rates against dollar and other currencies
- Significant changes, etc. of the market prices in the capital market