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Ryosan Co., Ltd.

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Stock Listing: First Section, Tokyo Stock Exchange

Stock Code: 8140

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Changes to Remuneration System for Directors and Corporate Auditors

Ryosan Co., Ltd. hereby serves notice that at a meeting of the Board of Directors today it resolved to terminate the retirement benefit plan for directors and introduce a shareholding system for directors and corporate auditors. These steps were taken as part of management reforms. Details are as follows.

1. Termination of Retirement Benefit Plan

The termination will take effect at the conclusion of the company's 50th annual Ordinary General Meeting of Shareholders to be held in late June 2006. The final retirement benefits will be paid to directors and corporate auditors who are reappointed at the meeting. The amount paid will reflect each individual's period of service up to the date of the meeting, subject to shareholder approval at the same meeting. The payment will be made at the time of retirement of each director.

2. Introduction of the Shareholding System

(1) Objective

Under the new system, directors and corporate auditors will be encouraged to regularly purchase and own more Ryosan shares, bringing them closer to shareholders at large. In this way, Ryosan aims to realize management that strives to improve corporate value.

(2) Summary

From July 2006, Ryosan will provide monthly payments for the purchase of company stock to full-time directors and corporate auditors, who will use the entire amount to purchase Ryosan shares through the shareholding system. Unlike shares purchased individually, these shares cannot be sold until one year after retirement from their position.