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For Immediate Release

Ryosan Co., Ltd.

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**Notice Concerning a Special Payment in connection with
the Withdrawal from a Welfare Pension Fund**

Ryosan Co., Ltd. (“Ryosan” or “the Company”) today announced details of a special payment in connection with an approval received on February 15, 2007 to withdraw from the Tokyo Electronics Contributory Funded Pension Plan.

Ryosan had originally participated in the Tokyo Electronics Contributory Funded Pension Plan in an effort to further enhance employee welfare benefits. In participating in this type of comprehensive pension fund, however, management was faced with the important issue of resolving insufficient information disclosure regarding accrued retirement benefit liabilities. As a result of these and other factors, the Company decided to withdraw from the Fund. As a part of Ryosan’s decision to withdraw from the Fund, the Company forecasts a special payment of approximately ¥851 million. This amount will be recorded as an extraordinary loss in the Company’s results for the fiscal year ending March 31, 2007.

This extraordinary loss was factored into Ryosan’s forecast of results announced on February 1, 2007. Accordingly, forecasts for the fiscal year under review remain unchanged.

Furthermore, the Company intends to introduce a defined contribution pension system in an effort to maintain employee welfare benefits.