

Shareholders Social Meeting

June 21st, 2013

Ryosan Company, Limited

Today's report

- 1. Introduction of the New Board Structure**
- 2. Business Management Effort for Fiscal 2013**
- 3. Fiscal 2013 Performance Plan**

1. Introduction of the New Board Structure

New board structure

Representative Director	President (Concurrent position held) General Manager, Corporate Planning Headquarters	Naoto Mimatsu	Director	General Manager, 1st Domestic Marketing and Sales Headquarters (Concurrent position held) General Manager, 2nd Semiconductor Business Headquarters	Kazunori Sato
Managing Director	General Manager, Sales Administration Headquarters (Concurrent position held) General Manager, 3rd Domestic Marketing and Sales Headquarters (Concurrent position held) General Manager, 1st Semiconductor Business Headquarters	Hiroyuki Kurihara	Director	General Manager, Finance and Accounting Headquarters (Concurrent position held) In charge of Administration	Hidekazu Sano
Director	General Manager, 2nd Domestic Marketing and Sales Headquarters	Hiroshi Shibuya	Director	General Manager, Electronic Equipment Business Headquarters	Yasuo Yoshiizumi
Director	General Manager, Engineering Headquarters	Toshifumi Sakata	Director (Outside)		Masaaki Komatsu
Director	General Manager, Electronic Components Business Headquarters	Tsuyoshi Koyama	Auditor (Full-time)		Harumitsu Seki
Director	General Manager, Production Headquarters	Satoshi Takabayashi	Auditor (Full-time)		Takeshi Honda
Director	General Manager, International Marketing and Sales Headquarters	Koji Honma	Auditor (Outside)		Kotaro Nakano
Director	General Manager, International Marketing and Sales Headquarters	Koji Honma	Auditor (Outside)		Toshiyuku Fujino

2. Business Management Effort for Fiscal 2013

Recognition of Current Situations

External environment

- ◇ **Changes in the global economic and industrial structure**
- ◇ **Structural changes in the semiconductor industry**
 - **New restructuring of semiconductor manufacturers**
 - **Clear demonstration of the survival of the fittest in semiconductor trading companies**

Themes at the Company

- ◇ **Sluggish net sales**
- ◇ **Stagnating profit rate (gross margin, operating income)**

Our Basic Stance and Specific Efforts

[Our Basic Stance]

Seek sustainable growth and sound management

[Specific Efforts]

Cultivation of businesses to serve as 2nd and 3rd pillars

Enhanced action as a technology trading company

Enhanced action in each business segment

Further improvement of corporate structure

Cultivation of Businesses to Serve as 2nd and 3rd Pillars

◇ Further strengthening of overseas semiconductor device business

- Implement projects for developing new resources

Objective: Discover new resources for sustainable growth of our company

- Goal:
- Quick contribution to performance through new resources which can be deployed throughout entire group
 - Determine whether the new resources can be used to expand our company's business

- Further strengthening of overseas semiconductor device business

Objective: Re-challenge the overseas semiconductor device business as a growth strategy

Goal: Seek net sales of tens of billions of yen through subsidiaries (Saxis, Gyronics) which mainly conduct business in overseas semiconductors

***Add the above strategy to the Growth Strategy section of the 8th Medium-Term Management Plan**

1. Further strengthening of overseas semiconductor device business

Addition

2. Strengthening approach to developing countries of quick growth (China and India)

3. Strengthening dealing with globalizing Japanese customers

4. Strengthening exploitation in growing fields (car electronics, social infrastructure, etc.)

Enhanced Action as a Technology Trading Company

◇Medium-term themes

- Expanding the strongest areas and enhancing the system technical capabilities
- Extending the technology for growth markets and expanding globally

◇Efforts in FY2013

~Strengthening technology that sells out~

- ◇Strengthening system technical abilities (including elemental technology) and proposal abilities
- ◇Strengthening development abilities through commissioned development (ASIC/software development)
- ◇Strengthening technical support abilities (device applied technical abilities) for complementing suppliers
- ◇Global expansion of in-house technology to growth markets
Promoting design-in for the Korean, Chinese and Indian markets

Enhanced Action in Semiconductors Business

◇Medium-term themes

[Domestic suppliers]

Heighten ability to respond to changes in the business structure of major suppliers, achieve reconstruction of profit structure and business growth

[Overseas suppliers]

Expand business by enhancing functions for responding to the expectations of overseas suppliers

◇Efforts in FY2013

[Domestic suppliers]

- Intensive strategy for the growth fields of in-vehicle electrical components
- Exploiting and capturing new markets (Smart grids and LED lightening, etc.)
- Sales promotion to overseas local clients in cooperation with local design houses (China, Korea)

[Overseas suppliers]

Increase the number of personnel at Saxis and Gyronics, enhance sales system

Enhanced Action in the Electronic Components Business

◇ Medium-term themes

Improve product lineup and expand into overseas markets

◇ Efforts in FY2013

- Improving the product lineup
Increase sales of LED, optical input devices, sensors, etc.
- Enhanced expansion into overseas markets
Establish new division dedicated to Chinese electronic components, expand local business
- Enhanced development of growth fields
In-vehicle electrical components, social infrastructure, information and telecommunications, digital consumer devices

Enhanced Action in the Electronic Equipment Business

◇Medium-term themes

Increase business scale through a growth field strategy and actions for new business models

◇Efforts in FY2013

- Introducing new business models
Commissioned processing service, materials (such as noise suppression sheet) sales, etc.
- Improving the product lineup
Develop new business through Taiwanese and Chinese suppliers, mid-sized venture companies manufacturing facilities equipment, etc.
- Exploiting markets and clients in growth areas
Environmental energy, Social infrastructure, next-generation semiconductors
- Response to globalization
Platform business in China, sale of materials to Taiwanese corporations, etc.

Enhanced Action in the Ryosan Products Business

◇Medium-term themes

Expand business and enhance earnings power

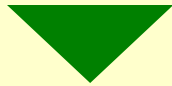
◇Efforts in FY2013

- Efficient business expansion by capturing strategic markets
Specialize in strategic markets such as heavy electrical machinery, industry/FA, environment/energy, in-vehicle technology, medicine, etc.; concentrate resources and expand high added-value business
- Business expansion by introducing new products and technologies
Improve functions of liquid cooling and wave cooler, launch new industrial products
- Thorough implementation of unified management
Revise systems and management methods, enhance unification, clarify responsibility, and increase speed
- Reconstruction of production system
Construct an optimal production map and a business system which focuses on 5 years into the future

Further Improvement of Corporate Structure

◇ Improvement in the profit structure

- Worsening profit structure due to restructuring of business structure by major suppliers and stagnation of the Japanese electronics industry



- Continuously challenge for improvement in the profit rate
 - ↳ Secure an appropriate gross profit margin by implementing sales activities with added value such as technical support

◇ Improvement in the financial structure

- Proper adjustment of turnover months for inventories:

Target of less than 1 month

- ↳ Reduce excess inventory through strict enforcement of detailed control for delivery dates

Further Improvement of Corporate Structure

- ◇ Maintain small governmental involvement and develop infrastructure for making all group companies into consolidated subsidiaries
- Name and business activities of main companies to be made into consolidated subsidiaries

Company Name	Business Activities
EC Ryosan Company, Limited	Commission sales of electronic components
RYOSAN TECHNOLOGIES USA INC.	Sales of semiconductors and electronic components
DALIAN F.T.Z RYOSAN INTERNATIONAL TRADING CO., LTD.	Sales of semiconductors and electronic components
SHEN LING ELECTRONICS (SHENZHEN) CO., LTD.	Commission sales of semiconductors and electronic components
RYOSAN EUROPE GMBH	Sales of semiconductors and electronic components
RYOSAN ELECTRONICS (FOSHAN) CO., LTD.	Manufacture and sales of heat sinks

3. Fiscal 2013 Performance Plan

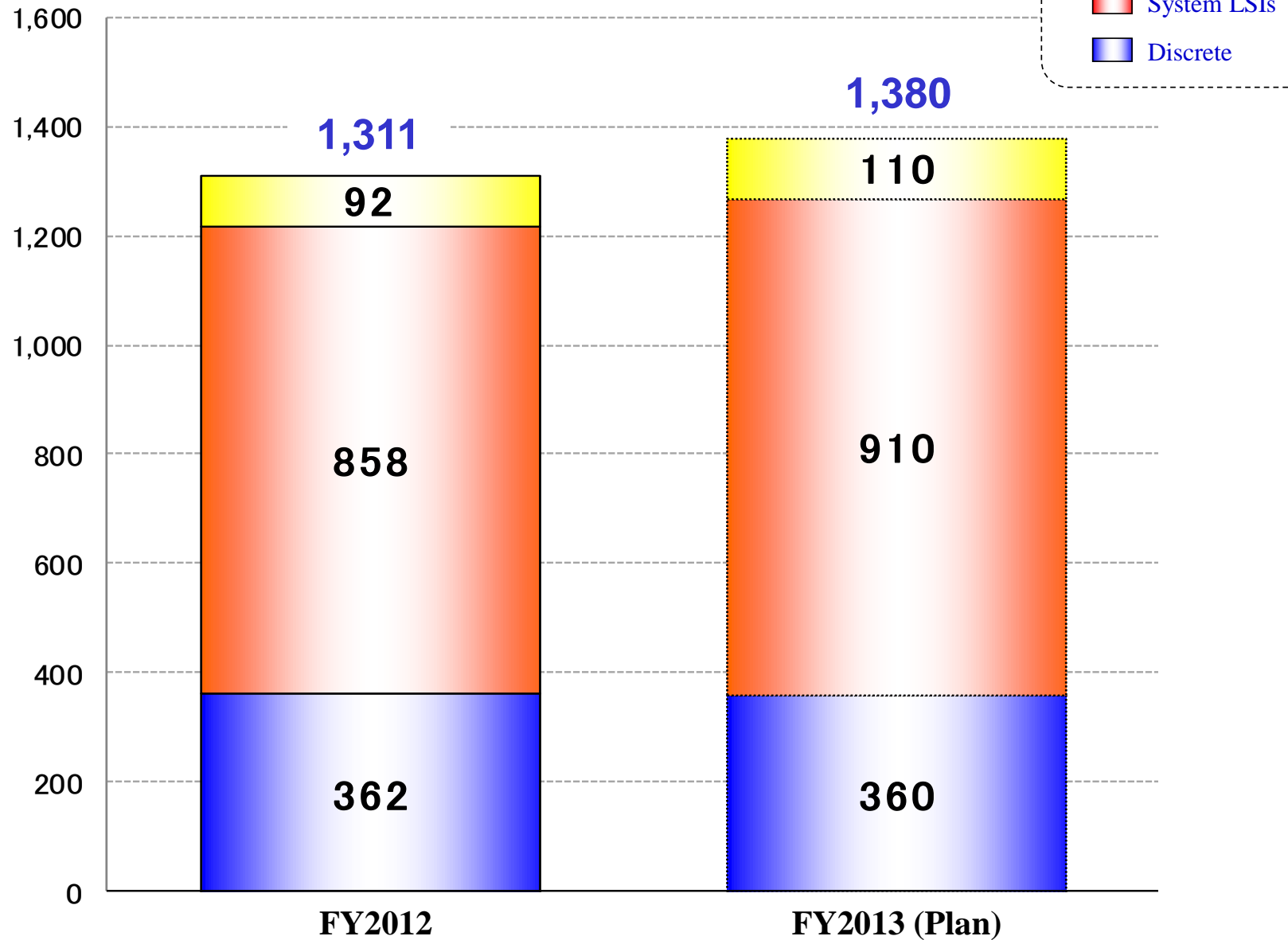
Consolidated Performance Plan

Unit: ¥ 100 million

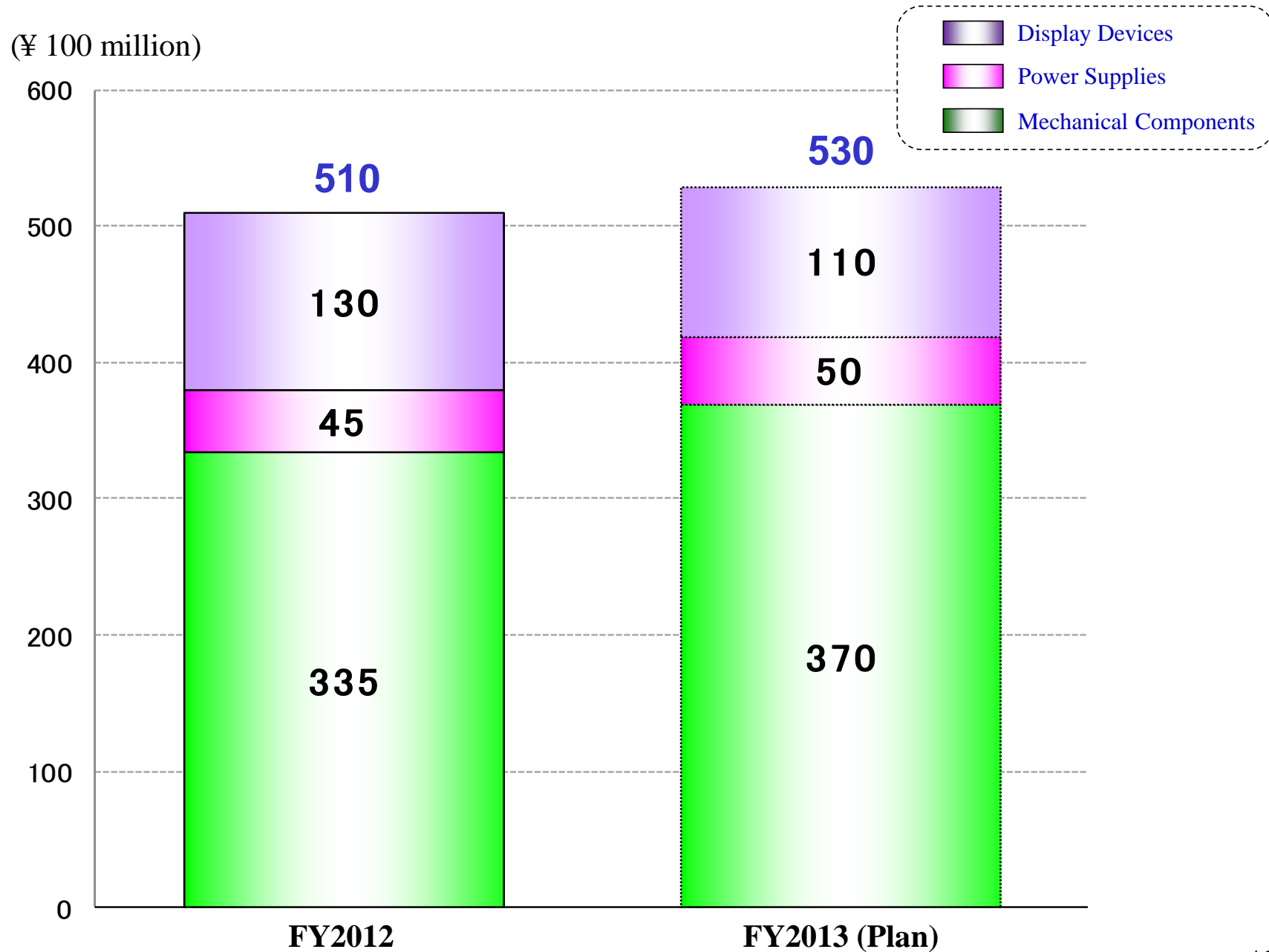
	FY2012		FY2013 (Plan)			
		Of Total	% Chg. YoY		Of Total	% Chg. YoY
Net sales	2,065	%	(5.2)%	2,150	%	+4.1%
Gross Margin	166	8.1	(0.6)%	176	8.2	+5.6%
SG&A expenses	129	6.3	(2.0)%	130	6.0	+0.1%
Operating income	36	1.8	+4.6%	46	2.1	+25.2%
Ordinary income	41	2.0	(8.1)%	48	2.2	+16.7%
Net income	28	1.4	+48.2%	30	1.4	+6.6%
Earnings per share	¥84.40		¥92.41			

Net Sales Plan for Semiconductors Business

(¥ 100 million)

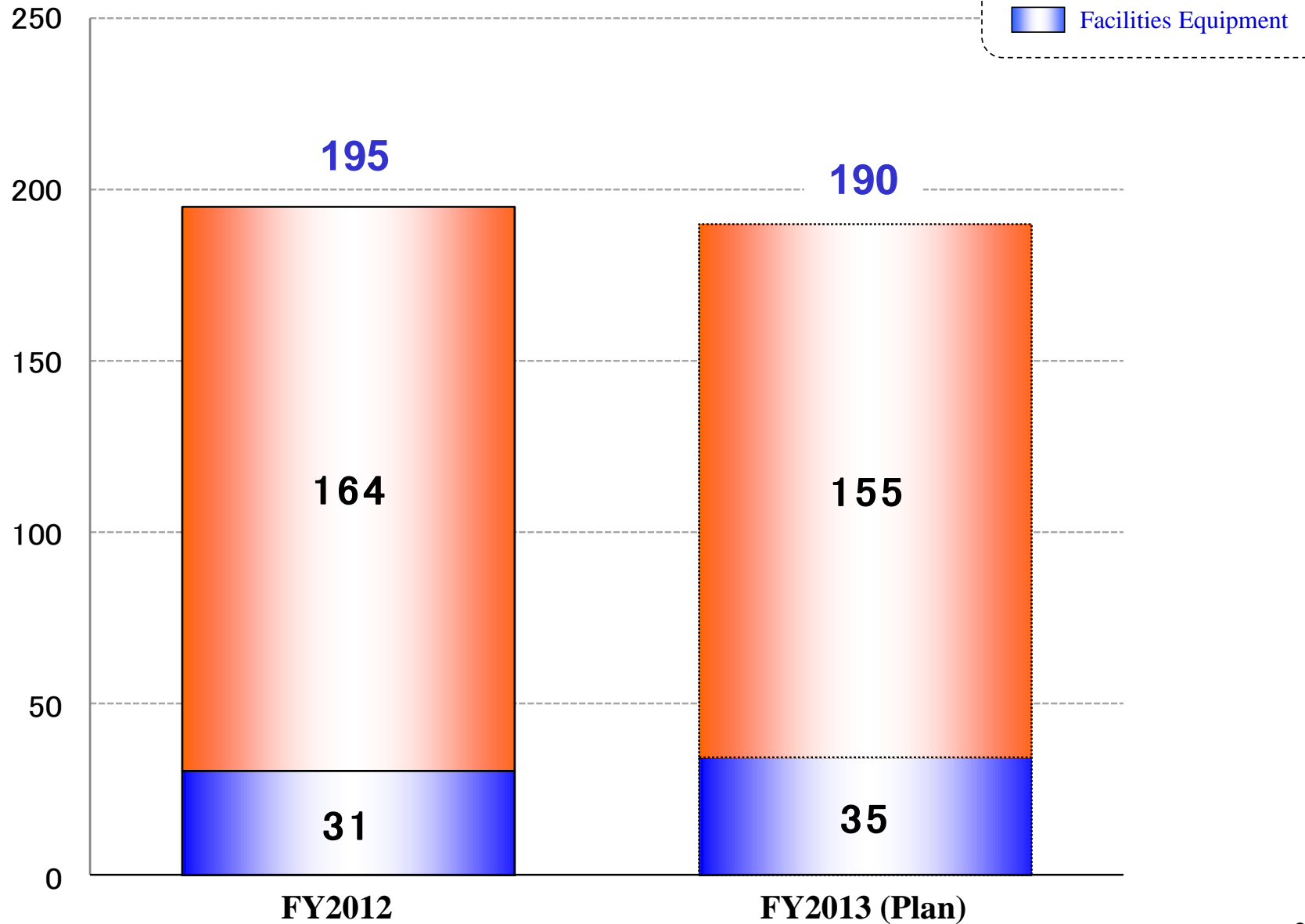


Net Sales Plan for Electronic Components Business



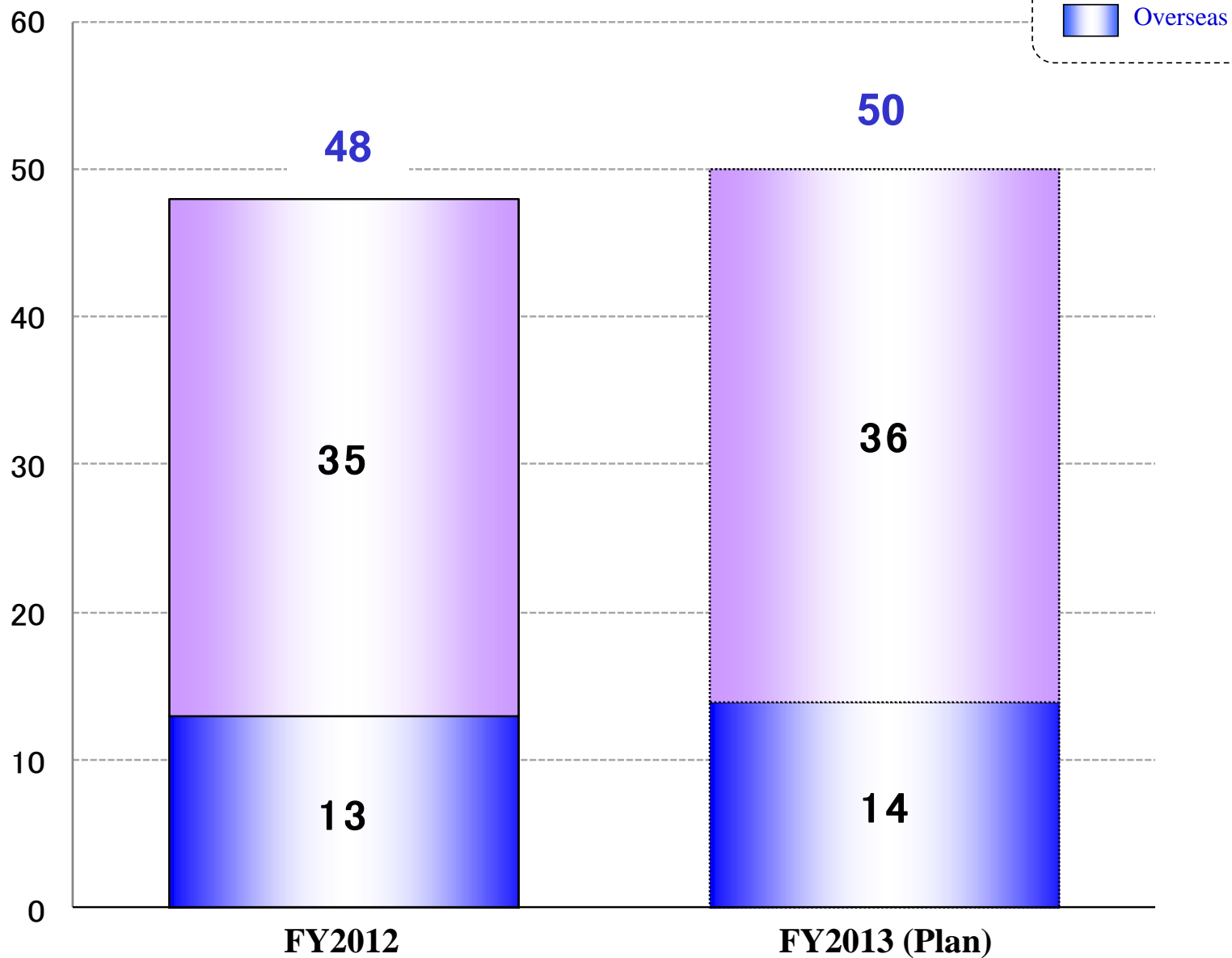
Net Sales Plan for Electronic Equipment Business

(¥ 100 million)

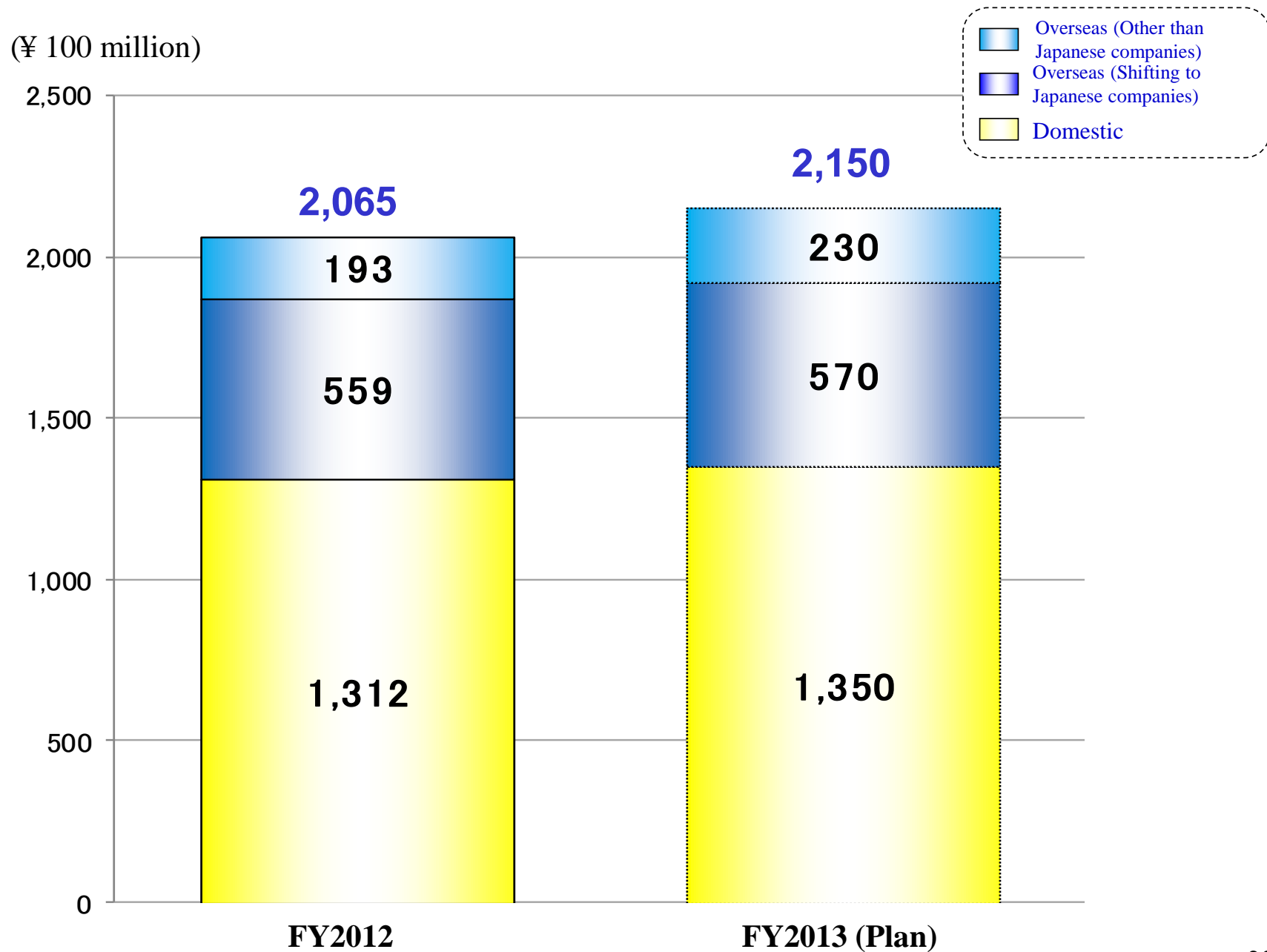


Net Sales Plan for Ryosan Products Business

(¥ 100 million)



Net Sales Plan for Domestic/Overseas



1. Fundamental policy

- **Maintain stable and high dividends**

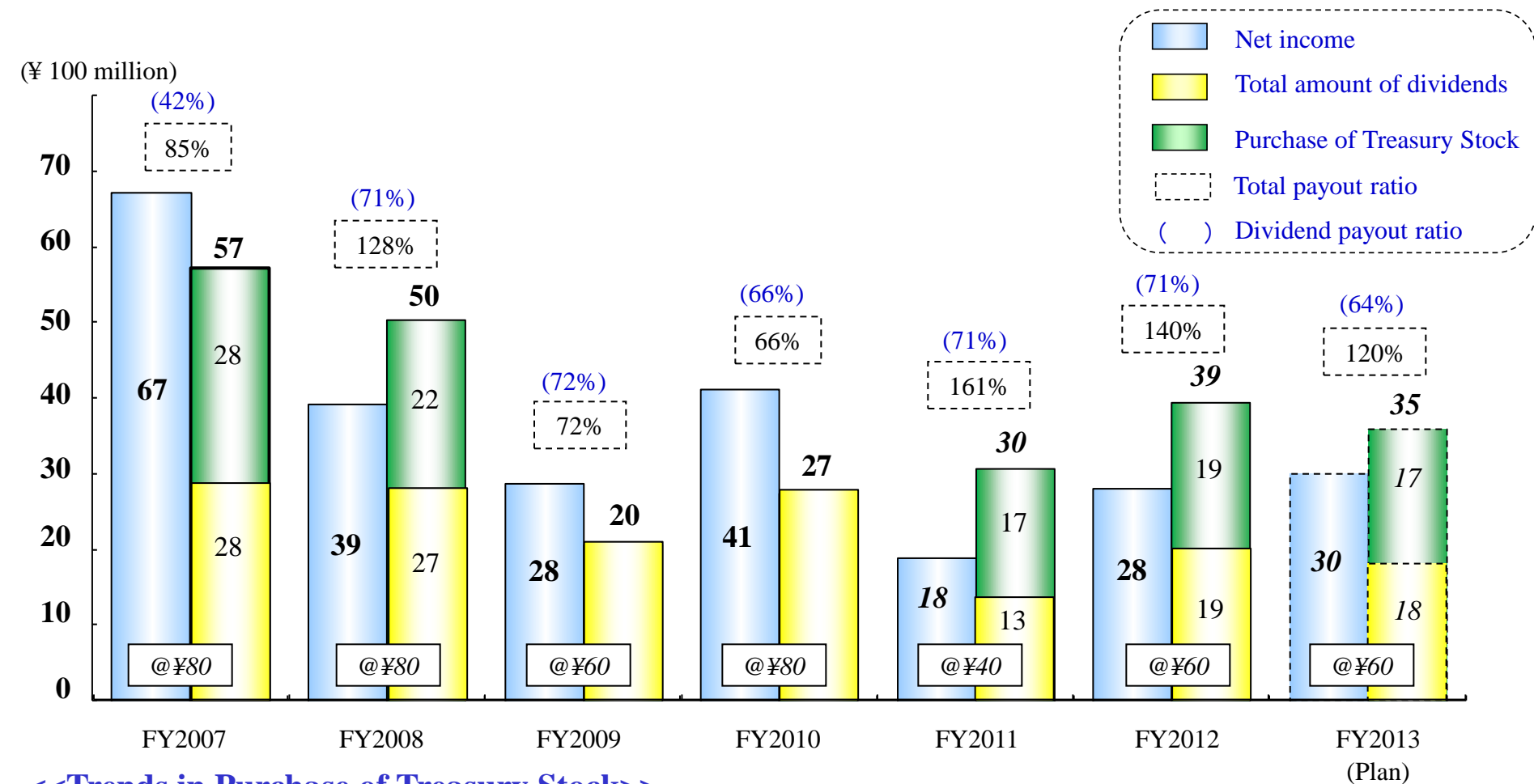
2. Establishment of basic management indices

- (1) Yearly: consolidation dividend payout ratio on consolidated basis of 50% or more
- (2) FY2013 Goal: dividend on equity (DOE) of 2.5% or more

3. Stock repurchase

- **Repurchase 1 million shares each year from FY2011 to FY2013**

Trends in Net Income, Total Amount of Dividends, and Purchase of Treasury Stock



<<Trends in Purchase of Treasury Stock>>

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Amount (¥ 100 million)	28.8	22.5	—	—	17.2	19.8	17.9
Number of stocks (10,000 shares)	100.0	100.0	—	—	100.0	100.0	100.0