



February 26, 2015

For Immediate Release

Ryosan Company, Limited
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**Notice Concerning Additions & Revisions to
the 9th Medium-Term Management Plan
and Strengthening of Our Corporate Governance**

Ryosan Co., Ltd. (“the Company”) hereby announces that its Board of Directors resolved at a meeting held on February 26, 2015, to make additions to and revise the 9th Medium-Term Management Plan, as well as to strengthen its corporate governance. For details, please refer to the attachment.

1. Background

Due to the impact on business activities of changes in the economic conditions since 2008, such as the integration of major suppliers and the Lehman Shock, as well as of natural disasters, the Company has been practicing a management focused on corporate soundness. However, based on the recent changes in the business environment and demands of society, and upon the extension of the final year of our 9th medium-term management plan from fiscal 2016 to fiscal 2017, the Company has set up its future capital policy and shareholder returns among others. At the same time, we will endeavor to strengthen our corporate governance.

2. Basic policy

- Improve ROE while maintaining a stable financial base.
- Striving to ensure transparency and objectivity of management along with the strengthening of our corporate governance for a sound management.

3. Target

- Aim at an 8% ROE, and achieve a 5% ROE by fiscal year 2017.
- Numerical target for fiscal year 2017.

Net sales	Operating income	Net income
270,000 million yen	9,000 million yen	6,000 million yen

4. Specific actions

(1) Rebuild our growth path

- Create new business models (by strengthening system solution capabilities)
- Further promote multi-vendor support (by expanding of new commercial products lineup)
- Expand overseas business by strengthening global support (aim to become a global distributor)

(2) Enhance capital efficiency

- Aggressive investment targeting corporate growth (Investments through business acquisitions and alliances, investment to backbone systems)
- Purchase of treasury stock

5. Shareholder Returns

- (1) In line with the Company's basic policy for dividend payments, we will continue to aim at ascending returns to our shareholders at a dividend payout ratio of 50% or higher.

Fiscal Year	FY2014 (Forecast)	FY2017 (Target)
Dividend amount	80 yen	100 yen or more

- (2) We plan to constantly perform treasury stock buybacks at an annual basis of 1 million shares.

6. Strengthening of our corporate governance

- In June 2015 we will establish the following system.
 - (1) Assign at least 2 outside directors.
 - (2) Establish Remuneration Advisory Committee and Nominal Advisory Committee as the Company with board of statutory auditors.

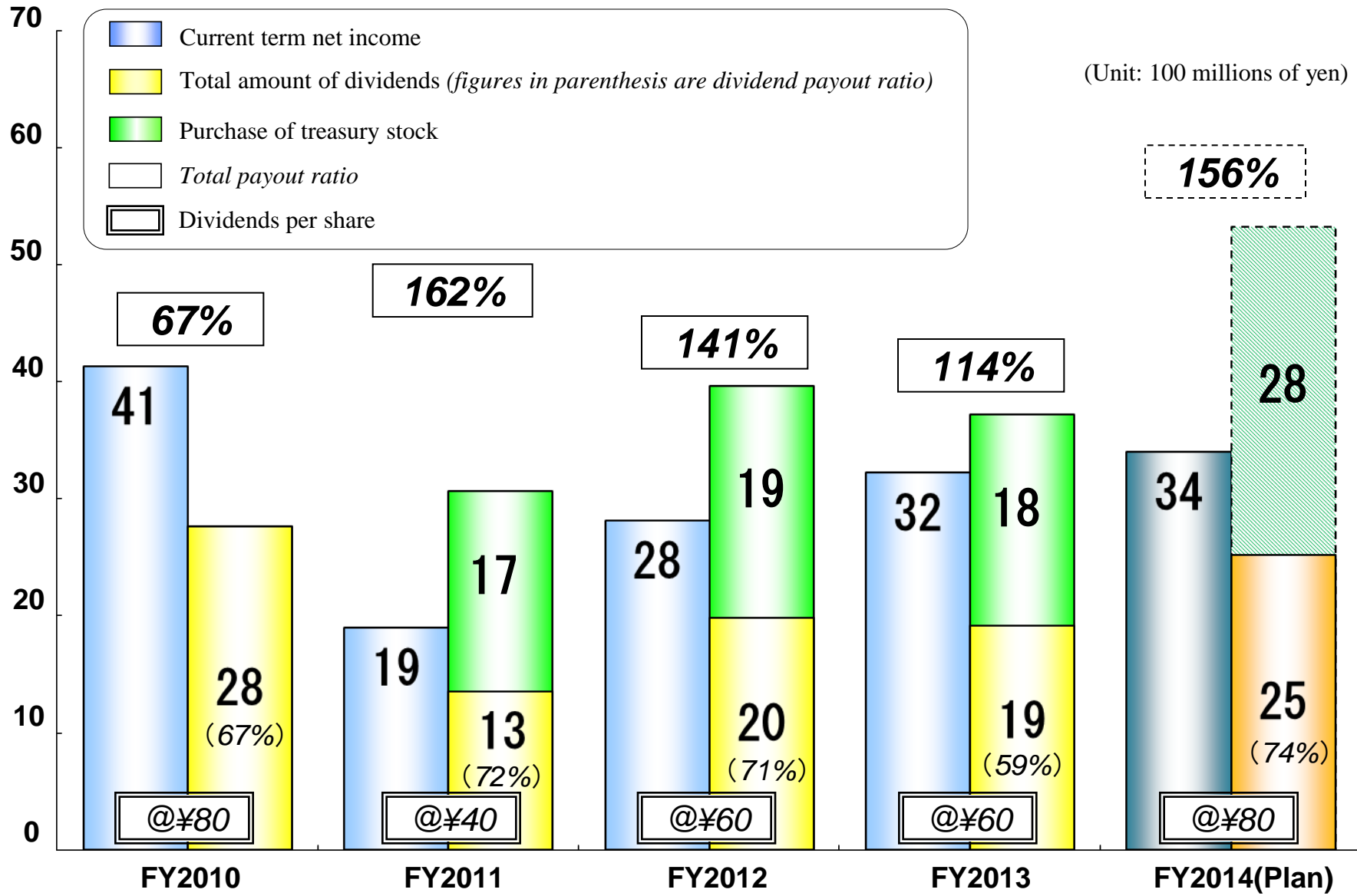
Ryosan Co., Ltd.

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Strengthening of Our Corporate Governance**

February 26, 2015

President, Naoto Mimatsu

1. Profit returns to our shareholders

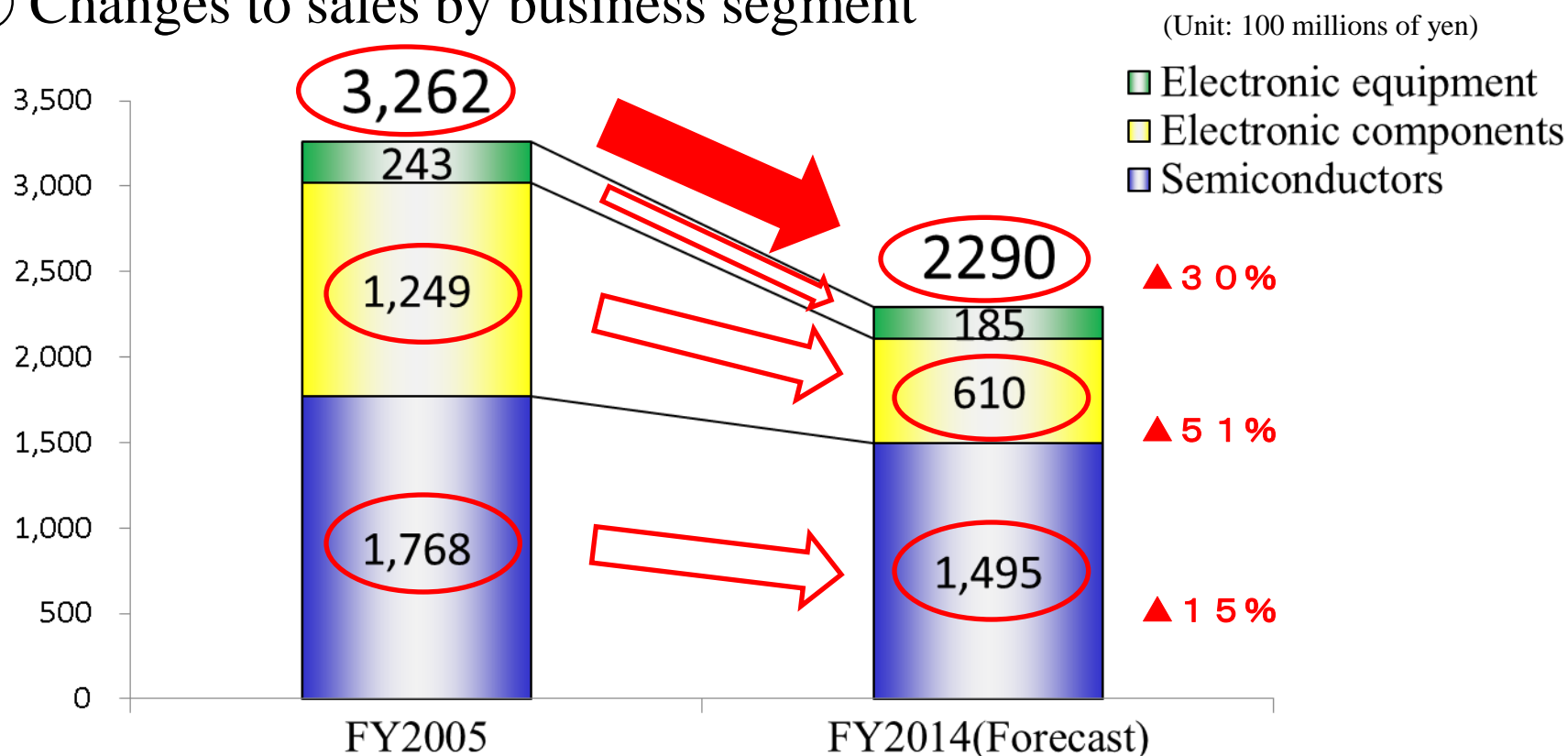


Note: Treasury stock buybacks for the fiscal year 2014 are assumed to be worth the closing price at February 25, 2015

2. Challenges for Ryosan

(1) Challenges for our business operations

① Changes to sales by business segment

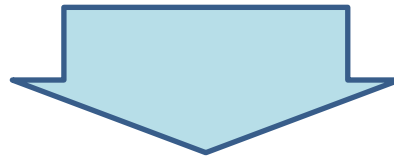


-Semiconductors recorded a sale decrease of 27,300 million yen compared to FY2005. (down 15%)

-Electronic Components recorded a sale decrease of 63,900 million yen compared to FY2005. (down 51%)

② Summary

- Due to changes in the business environment including structural changes in the electronics market and structural reforms of suppliers, Ryosan Co., Ltd. (“the Company”) has experienced a sluggish growth of our business scale from its peak during the fiscal year 2005.



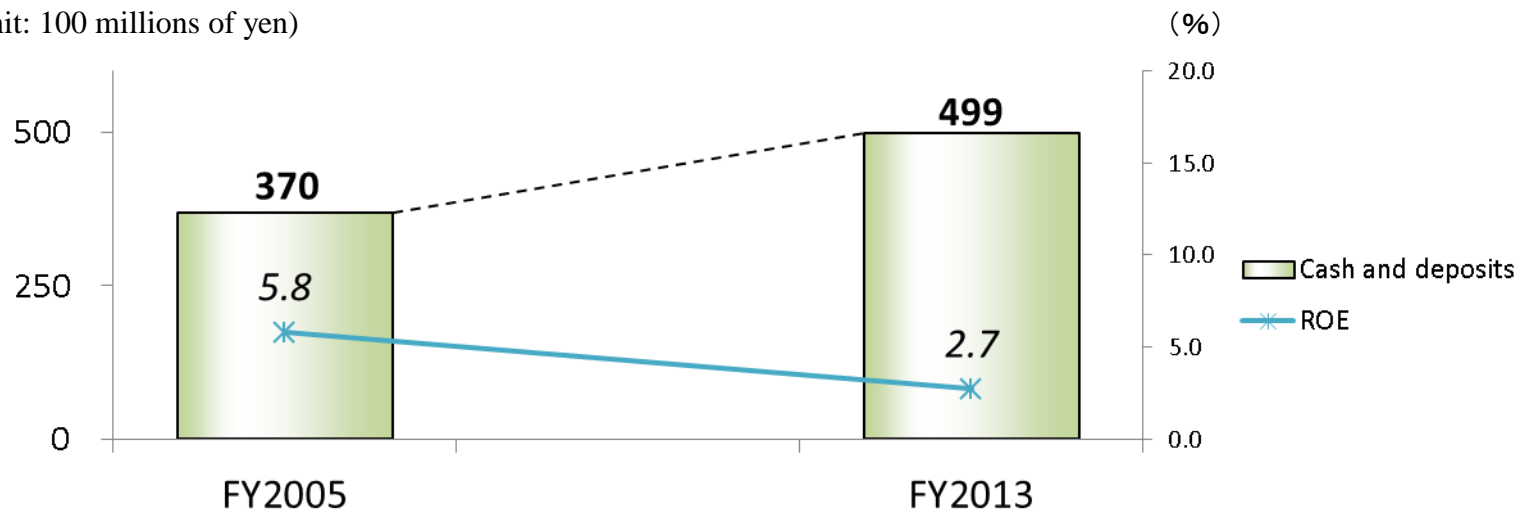
Although we endeavored to

- **Expand new commercial products lineup
(further promotion of multiple-vendor support)**
 - **Acquire new commercial distribution,**
- unfortunately, the Company couldn't get back onto a growth track.**

(2) Challenges for our financial position

① Changes in ROE and cash and deposits as of the period-end

(Unit: 100 millions of yen)



② Comparison of current and standard capital price at the industry average

	Industry average	Ryosan
Equity Ratio	49.4%	70.2%
Liquidity in hand	9.4%	20.9%
ROE	5.9%	2.7%

※As of FY2013

3. Background

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4. Basic policy

- Improve ROE while maintaining a stable financial base.
- Striving to ensure transparency and objectivity of management along with the strengthening of our corporate governance for a sound management.

5. Target

- Aim at an 8% ROE, and achieve a 5% ROE by fiscal year 2017.
- Numerical target for fiscal year 2017.

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6. Sales & performance by business segment

(1) Target values of sales and performance

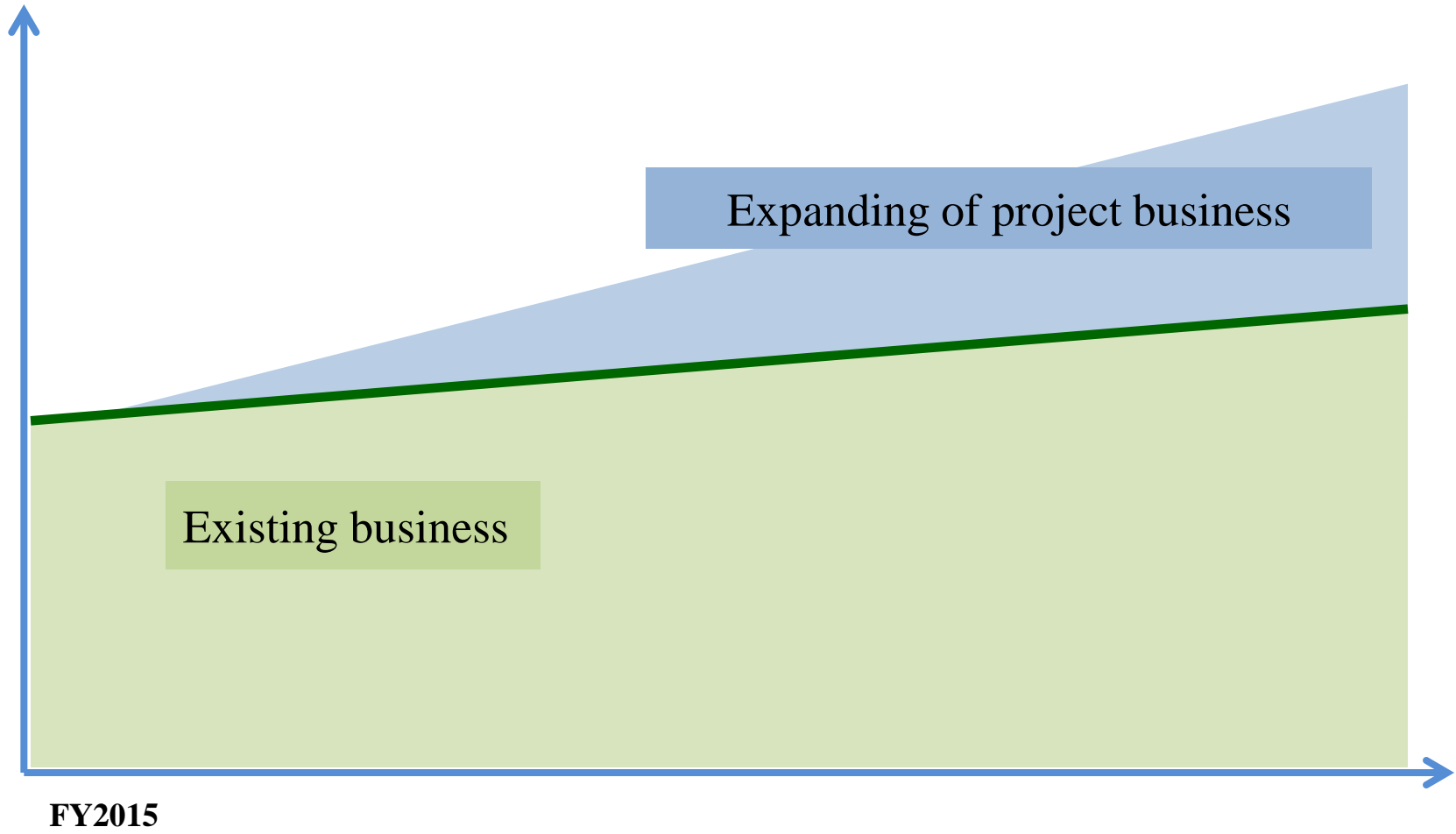
(Unit: 100 millions of yen)

	FY2014 (Forecast)		FY2017 (Target)	
	Results	Of total	Results	Of total
Net Sales	2,290		2,700	
Existing business	2,290	100%	2,500	93%
Semiconductors	1,495	65%	1,500	56%
Electronic components	610	27%	700	26%
Electronic equipment	185	8%	300	11%
Project business	0	0%	200	7%
System solution business	0	0%	130	5%
New commercial products etc.	0	0%	70	3%
Gross profit	187	8.2%	235	8.7%
SG & A expenses	133	5.8%	140	5.2%
Operating income	54	2.4%	95	3.5%
Net income	34	1.5%	60	2.2%

(2) Factors for sales expansion

- Semiconductors business
 - Expand foreign semiconductor manufacturers and acquisition of new commercial rights
- Electronic components business
 - Acquisition of new commercial rights
- Electronic equipment business
 - Acquisition of new commercial rights
- Project business
 - Commercialization of system solution business
 - Expansion of new commercial products lineup through business acquisitions and alliances

<Reference> Growth image



7. Specific actions

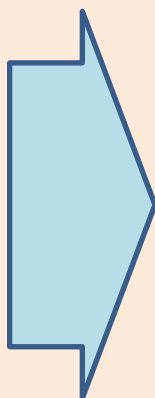
Shape Ryosan's approach vision

Complete "Electronics System Coordination"

- Commercialization of system solution business
- Pursuit of becoming a global distributor

Outline of actions

Rebuild our growth path

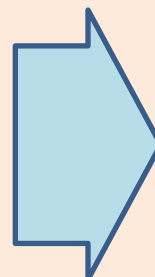


Create new business models
(by strengthening system solution capabilities)

Further promote multi-vendor support
(by expanding of new commercial products lineup)

Expand overseas business
by strengthening global support
(aim to become a global distributor)

Enhance capital efficiency



Aggressive investment
targeting corporate growth

Purchase of treasury stock

(1) Rebuild our growth path

① Create new business models

(by strengthening system solution capabilities)

- Accumulate system technological capabilities focused on vehicle-mounted electrical systems, housing and facility equipment, IoT products, medical and health-care equipment
- Incorporate external personnel with background in systems development

② Further promote multi-vendor support

(by expanding of new commercial products lineup)

- Expand new commercial products lineup through business acquisitions and alliances*

③ Expand overseas business by strengthening global support

(aim to become a global distributor)

- Considerate business acquisitions and alliances with local enterprises *

* In this regard, the Company will establish a project team.

(2) Enhance capital efficiency

① Aggressive investment targeting corporate

- Investments through business acquisitions and alliances
- Investments to backbone systems

② Purchase of treasury stock

8. Shareholder Returns

① Dividend

-In line with the Company's basic policy for dividend payments, we will continue to aim at ascending returns to our shareholders at a dividend payout ratio of 50% or higher.

Fiscal Year	FY2014(Forecast)	FY2014(Target)
Dividend amount	80 yen	100 yen or more

② Purchase of treasury stock

-We plan to constantly perform treasury stock buybacks at an annual basis of 1 million shares.

9. Strengthening of our corporate governance

- In June 2015 we will establish the following system.

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- ② Establish Remuneration Advisory Committee and Nominal Advisory Committee as the Company with board of statutory auditors.