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For Immediate Release

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**Notice Concerning Additional Measures to Improve Capital Efficiency
Included in the 9th Medium-Term Management Plan**

Ryosan Co., Ltd. (“the Company”) announces a list of additional measures to improve its capital efficiency as described in its 9th Medium-Term Management Plan. The announcement follows a decision made at the Board Meeting held on July 11, 2016.

Details

1. Background

The Company listed change and growth as the basic principles in its 9th Medium-Term Management Plan. Based on these principles, the Company decided to proceed with measures to improve capital efficiency and re-design the road map for business growth, as its most important business issues.

One of the core principles of the Company’s management is stable capital distribution. Accordingly, the Company ‘aims at increasing payout ratio over 50%’ and ‘plans to implement continuous acquiring of treasury stocks basically 1 million shares annually’. As the result, the average dividend ratio for the last two years has risen to more than 70%; this includes the commemorative dividend of 50 yen per share marking the 30th anniversary of the Company’s listing on the First Section of the Tokyo Stock Exchange. In the 9th Medium-Term Management Plan, the Company aspires to attain 5% ROE by expanding sales and boosting margins, following the re-design of the road map for strategic growth. To ensure that it meets this target, and in consideration of changes in

the current business environment, the Company has decided to introduce additional measures to enhance capital efficiency.

At the last Shareholders' Meeting, the Company obtained approval to change to a company with an Audit & Supervisory Committee and introduce a system of Executive Officers. In this new structure, the Company will strengthen and optimize its management framework in accordance with the key disciplines specified in the Corporate Governance Code. The Company will continue enhancing capital efficiency as one of its most important management priorities and will strive to attain the new ROE target of 8% for the next Medium-Term Management Plan starting from FY2018.

2. Initiatives to Boost Capital Efficiency

The Company has decided to expand measures to enhance its capital efficiency. They consist of 1) increasing the ordinary dividend ratio, 2) issuing special dividends and 3) expanding the stock buyback program.

- 1) Regular dividend: 90 yen (FY2016), 100 yen (FY2017)
- 2) Special dividend: 50 yen or more p.a.
- 3) Stock buyback: 50 billion yen or more p.a.

Capital Distribution (Actual/Plan) during the 9th Mid-Term Business Plan (renewed)

	FY2014 (Act.)	FY2015 (Act.)	FY2016 (Plan)	FY2017 (Plan)
Dividend p.s.	¥90 (Regular ¥90)	¥140 (Regular ¥90) (Special ¥50)	¥140 (Regular ¥90) (Special ¥50)	¥150 (Regular ¥100) (Special ¥50)
Stock Purchase	¥1.3bil. (0.45 mil. shares)	¥4.7bil. (1.55 mil. shares)	¥7.5bil. (3 mil. shares) *	¥7.5bil. (3mil. shares) *

* Calculated as ¥2,500 p.s.