

Overall Review of Business Results

The global economy is gradually recovering from an unprecedented recession and many new possibilities in the electronic market are opening up toward future growth. Looking at medium- to long-term market needs, ROHM is focusing on developing new technologies while continually predicting future trends.

Innovative thinking and product design and development remain vital to a wide array of technology segments; ranging from digital home appliances to information and telecommunication applications (smart phones and PCs), environmental electronics (hybrid/electric cars and solar power generators), and medical and healthcare equipment.

In order to stay ahead of the needs, ROHM is committed to developing eco-friendly technology and material such as silicon carbide (SiC)^(*1) and exploring new markets, while assessing new directions in electronics such as bioelectronics and sensing technology.

Aiming beyond

Tenryū-ji

Tenryū-ji is the head temple of the Tenryū-ji branch of Rinzai Zen Buddhist temples of Kyoto, which was constructed in 1339.

It was established by the Zen master Musō Kokushi at the request of Ashikaga Takauji, the first Shogun of the Muromachi Shogunate. This was during the Nanboku-chō period, when the government was split in two. Raising the funds to construct a large temple was extremely difficult. Kokushi's strategy was to dispatch trading vessels called "Tenryū-ji-bune" to the Chinese mainland, although no diplomatic relations were established at the time. This plan proved to be successful, strengthening the ties between the two countries, and ultimately resulting in licensed trading.

ROHM has taken a step forward under a new system. In order to achieve greater prosperity, ROHM has undertaken a variety of new challenges, but maintained its vision on the world and future. Tenryū-ji-bune crossed the seas during a time of turmoil and opened up the possibility of licensed trading between the two countries. Following the concept of expanding new territories, ROHM will continue to innovate and lead the future as well as demonstrate its strength and sustainability under its new system and company vision. For this reason, we have chosen Tenryū-ji as this year's theme.



Development of New Technologies and Products, and Research and Development for the Future

While electronics products, including digital home appliances and information and telecommunication products, continue to expand globally, highly efficient and accurate ASSPs ^{(*)2} that optimized ROHM's digital, analog, and combined digital/analog technologies remain in demand. The semiconductor industry pursues the "refinement" of manufacturing processes in accordance with Moore's Law ^{(*)3} as a core factor of the technological innovations. However under the motto of "More than Moore", which seeks high functionality with new ideas beyond "Moore's Law" ^{(*)3} ROHM seeks a diversity of technological innovations. At the same time, the company will develop and combine core technologies in a wide range of areas, such as new materials, MEMS ^{(*)4}, biotechnology and optical technology, to respond to new demands.

As new results in the past year, ROHM started mass-production of SiC devices, which we have developed over 10 years and improved continuously based on the feedback from our customers. The first product that we started mass-producing was a low-power Schottky barrier diode. In the fall, MOSFETs will be commercialized for the first time in the industry. After that, ROHM will promote MOSFETs of higher currents and expand product lineups including those for power conditioners for electric cars and solar power generation devices. In addition, ROHM also accelerated the commercialization of products for next-generation applications, including the mass-production of

nonvolatile logic-based LSI that can maintain the processing status inside the LSI even without a power supply.

ROHM is also focusing on strengthening technological support bases for customers and improving the ASSP lineup in response to overseas markets that keep growing every year, and the expansion of new customer groups. In the LSI Division in particular, ROHM is substantially increasing the number of circuit design engineers and FAEs ^{(*)5} of each design center in Europe, the US and Asia, and strengthening the design capabilities for locally specified products as well as quick-response customer support systems. In the area of discrete semiconductors and module products, ROHM is improving the lineup of LED-related products, for which rapid market growth is expected in the future, and to develop various types of power devices. As for LED-related products, in addition to reinforcing the lineup of LEDs used for the backlight of LCD TVs and lighting, by utilizing its comprehensive capabilities as a semiconductor manufacturer ROHM is proposing system solutions that include LED driver ICs, wireless communication ICs for control of illumination intensity and power supply modules,. As for the existing device module business that includes transistor diodes, ROHM is also striving to expand product lineups, focusing on the power device field which is a growing market.



Ryūmon [Dragon Gate] Falls

Ryūmon Falls is rockwork modeled after the Chinese saying "gateway to success," a concept which allows even a carp to ascend to the top of a waterfall to become a dragon. It is located in the "Sōgen Pond" garden of Tenryū-ji. A large rock resembling a dragon is located at the top of the waterfall where the mountain stream falls into the pond and carp stones arranged just above it. It is believed to have been designed by Musō Kokushi. The Tenryū-ji temple, which was built by the funds generated from the Tenryūji-bune, passed down many temple treasures brought over from China. Physical objects were not the only things brought over from China during the trade; the concept of the Zen sect was brought over to Japan as well.

Tenryū-ji temple produced many monks who studied the Zen concept from China in great detail as well as monks skilled in navigation, and was revered as a valuable information center and gathering place for Chinese teachings.

Production Technology and Systems

ROHM implements measures to continuously evolve as an integrated device manufacturer (IDM) ^{(*)6} with a strong competitive edge over the long term. ROHM enforces integrated quality controls in all divisions from material procurement to the final processing stages. This provides ROHM's products with overwhelming superiority in terms of quality and reliability. At the same time, ROHM has made improvements that enable stable production of same-high-quality products at production sites worldwide through a self-developed production system, and established a system that enables a steady supply of its products to customers around the world.

As activities in the past year, ROHM acquired a German SiC wafer manufacturer, SiCrystal AG, in order to build an integrated production system of wafers for SiC devices, with mass-production starting this year. ROHM also acquired Kionix, Inc. of the US, which offers manufacturing technology for highly functional MEMS acceleration sensors whose market is rapidly growing because of their usage in various types of mobile equipment such as mobile phones, notebook PCs and game consoles. ROHM strived to establish a highly efficient production line that can respond to growing demands in a stable supply method at existing production sites. In addition, ROHM has promoted sharing of manufacturing lines with OKI Semiconductor Co., Ltd., which the company acquired in October 2008, and improved systems so as to produce highly functional products within the ROHM Group by utilizing the advantages of OKI Semiconductor in technology segments of low power consumption, high voltage resistance, mixed digital/analog circuits, and small package mounting.



Sales System and Customer Support

ROHM is committed to the timely development of products that satisfy the needs of customers confronted by globalization, and to being among the first to provide them with the best techniques and services, and promoting the "ROHM Semiconductor" brand as a global manufacturer of superior semiconductors.

In the technical support arena, ROHM reinforced the development system with a focus on its technology centers in Yokohama and Kyoto, both of which are core development bases of the ROHM Group. Outside Japan, ROHM increased circuit design engineers and FAEs in key global design centers to strengthen the customer support system, and enhanced not only local resources for customer response but also planning and proposal abilities, as well as design capabilities, to meet local needs.

ROHM's sales entities are located close to customer development bases, allowing ROHM to carry out customer-centered sales activities. Outside Japan, ROHM not only augmented personnel at its key global R&D bases but also substantially reinforced the sales and marketing system. Last April, ROHM absorbed OKI Semiconductor's Sales Department into its Sales Headquarters with an aim to reinforce the sales promotion system for OKI Semiconductor products, and made improvements to expand the sales of OKI Semiconductor products by fully utilizing the strong sales networks of the ROHM Group.



Stone Bridge

The stone bridge over Sōgen Pond, in which three natural stones are aligned, is the oldest bridge that exists in Japan to date. The three stones are said to represent "master, environment, and personal will," which are important in Zen teachings. The teachings of Zen have been carefully passed down from teacher to pupil in the hopes of attaining enlightenment through direct realization by means of meditation.

Social Responsibility

With the belief that our social responsibility for sustainable development as a corporate citizen is the top priority of business management, each of us at ROHM has the responsibility as a ROHM representative to conduct business activities under the motto of “Quality First”. We at ROHM are spearheading efforts toward establishing a fair and transparent management system in areas such as corporate governance, corporate ethics, and the observance of statutes. ROHM is striving to ensure employees fully understand and observe the “ROHM Group Business Conduct Guidelines” in an effort to enlighten and educate employees. Moreover, ROHM is enhancing its internal control system by establishing committees, each focusing on a specific subject such as risk management, compliance, and information disclosure. Furthermore, in 2008, ROHM established a Corporate Social Responsibility promotion committee and launched efforts to enhance communications concerning CSR in and outside the company.

As part of its activities to contribute to local communities and society in general, ROHM has donated the “ROHM Plaza” research facilities to Ritsumeikan, Doshisha and Kyoto Universities, where sizeable educational programs and joint industrial training projects are being implemented for the technological advancement of Japan. Likewise, ROHM is committed to its social responsibilities from a global perspective and, as a part of that initiative, donated the “Tsinghua-ROHM Electronic Engineering Hall (under construction)” to Tsinghua University, Beijing, China.

As a responsible enterprise, ROHM is also constructively participating

in various activities involving local communities and supporting their welfare, educational, and cultural activities. ROHM is also contributing to the development of local communities together with its employees by participating in the social and community affairs overseas.

Occupational health and safety is another focal area for ROHM as it has introduced risk assessment measures and continues group-wide efforts to diffuse these measures on a company-wide basis. At the Kyoto Headquarters, ROHM achieved fifteen consecutive years of zero accidents of the type that would normally cause employee leave of absence from work, demonstrating its consistently high performance in terms of occupational health and safety.

Corporate Philosophy

Through its business functions, ROHM is providing creative assistance to cultural activities parallel to its social contributions.

ROHM provides continuous support to ROHM Music Foundation established in 1991, aiming to contribute to the advancement of music as a cultural activity by supporting and sponsoring concerts. Besides, ROHM has also provided support for the annual “Kyoto International Music Students Festival” and the “Seiji Ozawa Ongaku-juku Opera Project Series” to assist aspiring young musicians.



Kuri

The kuri (kitchen and administrative office for the entire monastery) is where Zen monks conduct most of their daily lives. The teachings of Zen emphasizes on the importance of the activities of daily life. Many young Zen monks have grown into great Zen masters based on their daily life in the kuri.

Tenryū-ji suffered fires seven times, and the kuri was rebuilt in more recent times. The constant rebuilding despite the repeated destruction was no doubt based upon the teachings of Musō Kokushi, which have been passed down through many generations by Zen monks of his era.

Environmental Conservation

In its environmental policy ROHM clearly states “Care for the global environment and contribute to the healthy survival of the human race and eternal prosperity of the company.” Through these activities, which are shared across all business levels of the ROHM Group, ROHM leads the industry in environmental conservation. ROHM has obtained a single ISO 14001 certification covering all domestic and overseas group companies.

As an environmental activity promotion system, ROHM is constructively engaged in various affairs, with such entities as the “Environmental Conservation Committee,” and its umbrella specialty sectional committees. Through these activities, ROHM has produced successful results. Examples include zero waste emissions achieved promptly at all production bases of the group in Japan, consideration for aquatic environments by a closed wastewater treatment system, the development of “eco-device” products that help save energy and resources, reduction of environmental load by reusing packaging material, the non-use of substances of environmental concerns, and green procurement.

As part of its anti-global warming efforts, ROHM is cutting power consumption by installing energy-saving advanced “LED lighting,” as well as cutting the volume of greenhouse gas emissions. In addition, ROHM has conducted a large-scale reforestation project named the “ROHM Forest” in Southern Australia, which is the first such endeavor of a Japanese semiconductor manufacturer.



Distribution of Profits to Shareholders

In order to increase shareholder value, ROHM will give top priority to the enhancement of business performance while introducing measures such as M&A as needed, and enhance shareholder value by improving its business performance via concerted efforts of the entire ROHM group. In regards to profit distribution to shareholders, ROHM ensures thorough consideration of all factors, including business performance, financial position, and expected demand for funds for business investment aimed at improving corporate value, in order to live up to shareholder expectations.

*1 SiC (silicon carbide)

A compound semiconductor with outstanding physical properties in that the band gap is about 3 times that of silicon, breakdown field strength about 10 times, and thermal conductivity about 3 times, respectively. With these characteristics, SiC is expected to be a key material for power devices.

*2 ASSP (Application Specific Standard Product)

A standard IC exclusive to specific applications. One type of ASIC to be sold to multiple users.

*3 Moore's Law

An empirical rule concerning technological development speed that says the number of transistors integratable into an LSI increases 4 times in about 3 years. Advocated by Gordon Moore, one of the founders of Intel, USA.

*4 MEMS (Micro Electro-Mechanical System)

Generic name of micro electro-mechanical systems, including mobile products, which are fabricated by the use of fine processing technology cultivated in the silicon wafer process.

*5 FAE (Field Application Engineer)

An engineer and technological sales person who accurately understands customer needs and has technological capabilities for proposing optimal solutions.

*6 Integrated Device Manufacturer (IDM)

A form of integrated semiconductor company that has its own facilities and designs, manufacturers, markets, and delivers support internally.

