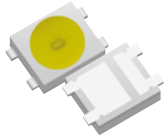
## Overall Review of Business Results

The digital audio/visual equipment segment of the electronics market is in a full expansionary phase, and incorporation of multimedia capabilities with these technologies is rapidly and increasingly applied to mobile phones.

In automotive industries, the quantity of semiconductors used tends to dramatically increase, while evolution of other segments such as bioelectronics and MEMS is stretching out beyond the conventional framework.

Under these circumstances, ROHM is committed to developing new technologies, consistently identifying new customer needs ahead of competitors, while continuing efforts to pursue the world's highest quality and reliability levels.



# *Exceeding Time*

**Development of New Technologies and Products, Research and Development for the future**

Manufacturing electronics is ROHM's contribution to society where beyond a social service it is engaged in the development of technologies with an eye to the next-generation. ROHM continuously promotes harmonized R&D activities from all possible perspectives; from material development and design technology to manufacturing technology and quality improvement.

In the area of LSIs, ROHM is constantly delivering cutting-edge solutions to customers by developing the ICs with high efficiency and high accuracy through optimizing ROHM's digital, analog, and combined digital/analog technologies required by circuit blocks used in electronic equipment.

In the semiconductor industry, as the keyword of its technological development, "refinement" that takes place in accordance with Moore's Law has been adopted as a theme. With "More than Moore" set as a motto, ROHM places importance on the complexity of diverse technologies such as new material, MEMS, and bio-optical technologies without being confined to mere refinement.

ROHM achieves high added value by reinforcing the quality reliability in product development efforts and developing products with high accuracy and strong resistance. ROHM's LSI product development efforts continue to focus on products for use in digital home appliances, audio/visual equipment, mobile phones and automotive electronics.

In the area of discrete semiconductors and module products, ROHM's products have been utilized in a broad range of applications including digital home appliances and audiovisual equipment, and by quickly responding to the miniaturization of products and energy saving, additional market growth in the coming years is highly expected. The ECOMOS™ Series developed for power supply circuits for mobile devices represented by mobile phones greatly reduce ON-resistance in operation and have reduced power consumption in the power supply circuits, enabling long-time operation with a limited battery capacity.

**The Phoenix Hall of Byōdōin**

The Phoenix Hall of Byōdōin was built using advanced architectural techniques during its time. Phoenix Hall has three wings, creating an image of the mythical bird of China, the phoenix. The central hall is flanked by twin wing corridors on both sides in addition to a "tail" corridor. The shape of the phoenix is reflected in the Ajiike Pond, and seated at the western edge of Ajiike Pond is the golden Amida Buddha statue which catches the first rays of the rising sun. The flawless symmetry and splendid silhouette evokes a feeling of strength and empowerment which will transcend time.

As an example of R&D progress in new areas, a multiple wafer batch processing technique of SiC (silicon carbide) wafers was established for the first time in Japan by the use of a test model of epitaxial film growth apparatus of SiC, which was jointly developed with Kyoto University and others in June 2007.

**Production Technology and Systems**

ROHM develops the majority of its manufacturing equipment and back-end processes in-house to meet the objective of "building the quality into the process by the equipment" and to eventually utilize such manufacturing equipment at all the plants including those overseas. This enables ROHM to manufacture and supply the most outstanding product quality and reliability in the industry at home and abroad. Moreover, to guarantee a stable product supply to customers, ROHM pays particular attention to risk management. ROHM is equipped with a double-backup system for protecting data, and the production base of each product category is decentralized.

Regarding wafer processes, materials such as 300-mm wafers are manufactured in-house to improve the quality and reduce cost. In 2007, the plant at ROHM HAMAMATSU CO., LTD., which is a seismically isolated structure, enlarged its clean room by half its previous size, and adopted an automatic wafer conveyor system to increase capacity. Consequently the plant is becoming fully prepared for quick response to growing demand.

These efforts allow ROHM to carry out quality control in all LSI manufacturing phases from materials to the final processing stage, providing ROHM's LSI products overwhelming superiority in terms of quality and reliability.

## Sales System and Customer Support

ROHM is reinforcing its technical support and quality assurance systems for customers worldwide.

As a technical support system, ROHM reinforced its LSI product development customized for automotive applications at the Nagoya Design Center. Outside Japan ROHM enhanced its design center network in China and established new design centers in Europe and the United States with the prospect of upgrading its customer support system, as well as its design and development system mainly for the areas of mobile phones and automotive electronic components.

As a quality support system, ROHM installed QA Centers equipped with various analysis devices at key sites both within and outside Japan. These centers provide quick analysis and reply to issues on product nonconformity.

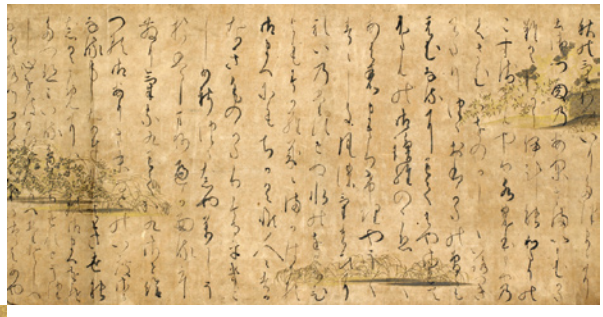
In the sales system arena, ROHM's sales units are located close to the customers' development bases, allowing ROHM to carry out customer-centered sales activities. In China, a key target area for its global sales promotion, ROHM established sales bases in various areas in the country to reinforce the customer support system. In Eastern Europe, where the production of electronic equipment for the European market is on the rise, ROHM has augmented personnel at sales offices in Hungary, Poland, and Russia.

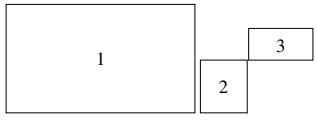
## Social Responsibility

With the belief that social responsibility for sustainable development as a corporate citizen is of paramount importance in business management, we at ROHM are spearheading efforts toward establishing a fair and transparent management system in areas such as corporate governance, corporate ethics, and observance of statutes. The Company is striving to ensure employees' full understanding and observance of 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.

As part of its activities to contribute to society and local communities, ROHM has donated research facilities to Ritsumeikan University, Doshisha University and Kyoto University as the "ROHM Plaza Project," where substantial educational programs and industry-training joint projects are being performed for technological advancements in Japan. ROHM is also actively participating in various activities of local communities and supporting their welfare, educational, and cultural activities as a responsible enterprise to maintain and improve healthy relations with society. ROHM is also actively engaged in the assistance for reconstruction of natural-disaster-afflicted areas overseas, where ROHM deploys its business.

Occupational health and safety is another focal area for ROHM as it has introduced risk assessment measures and continues group-wide efforts in deploying it throughout the company. In July, ROHM achieved thirteen consecutive years of zero accidents of the type that would normally cause employee absence from work, demonstrating its constant high performance in occupational health and safety.






1 Inside the central hall of Phoenix Hall during the time of its construction (recreated through computer graphic technology).
Statues of Bodhisattvas dancing within the hall illustrated in spectacular and vibrant colors. They express a longing for the Pure Land.
(Computer graphic created by: NHK Kinki Media Plan)

2 "Ukibune" from The Tale of Genji picture screen
The protagonist Kaoru visiting Uji, is reunited with Ukibune, and is at a loss for words. (From the collection of the Tale of Genji Museum in Uji City)

3 A segment of the Diary of Murasaki Shikibu picture scroll
A diary written with kana characters which portrays the way of life during the Heian period and the mood created by the four seasons.
(From the collection of the Paleological Association of Japan)

### Byōdōin and Heian Culture

Byōdōin was built during the Heian period in which art (especially poetry and literature), spirituality and tradition unique to Japan was first cultivated. Yamato-e and maki-e were beautiful art pieces characteristic of its time and are considered to be classical Japanese style art. The distinct architectural methods as seen in shinden-zukuri as well as majestic pond gardens also make up this traditional culture. The establishment of hiragana characters allowed a more advanced expression of the Japanese language through literature such as narrative tales, waka poetry, memoirs and novels. The Tale of Genji, which is widely considered to be the first novel, was also written in this period by Murasaki Shikibu. This tale recounts the life of a member of the Heian court and the women of the aristocracy by describing their complex lives which evolves over a period of time, much like real life. The novel is noted for its consistency, psychological interpretation and characterization, and is widely appreciated by many.

## Corporate Philanthropy

ROHM is actively providing assistance to cultural and sporting activities in parallel with social contributions through its business.

ROHM is providing continuous support to the ROHM Music Foundation, with the objective of contributing to the progress of music as a cultural activity. Besides offering scholarships for musicians, we have also provided support for events intended to assist aspiring young musicians. Such events include the annual Kyoto International Music Students Festival and the Seiji Ozawa Ongaku-juku Opera Project Series.

ROHM also provided support for major distinctive sporting events, including the Lake Biwa Mainichi Marathon, one of the selection races for the Japanese men's marathon team at the Beijing Olympics; the Kyoto City Half Marathon, an urban marathon participated in by as many as 6,200 citizen runners; and the Inter-Prefectural Men's Ekiden, a road relay race aimed at deciding which prefecture is No. 1 in Japan in the inter-prefectural running event.

## Environmental Conservation

ROHM declares its environmental policy in this phrase: "Think of the global environment and contribute to the healthy survival of the human race and eternal prosperity of the company." Through these activities shared at all business levels of the ROHM Group, ROHM continues to lead the industry in environmental conservation.

ROHM has obtained a single ISO 14001 certification covering all domestic and overseas Group companies from a third-party certification organization, which is testimony to ROHM's group-wide commitment to environmental conservation in conformity with international standards. As an environmental management system, through activities of the "Environmental Conservation Committee" and its umbrella specialty sectional meetings, ROHM has accomplished successful results; examples include zero emissions of waste achieved quickly at all the production bases of the Group in Japan, the establishment of a closed wastewater treatment system and plant wastewater recycling system, the development of environmentally friendly, energy- and resource-saving products, complete elimination of environmentally controlled substances, and green procurement.

As part of its anti-global warming efforts, ROHM is cutting the volume of the greenhouse gas emissions other than $CO_2$ and is conducting a large-scale reforestation project named "ROHM Forest" in Southern Australia for the first time as a Japanese semiconductor manufacturer.

**Distribution of Profits to Shareholders**

Regarding profit distribution to shareholders, ROHM gives thorough consideration to various factors, including business performance, financial position, and expected demand for funds for business investment aimed at improving corporate value, so as to live up to shareholders' expectations.

Specifically, for three years from 2008 to 2010, ROHM will return to shareholders, not less than 100% of its consolidated free cash flow. The form of this capital return will be by regular dividends or share repurchase, while the company continues to aim at declaring stable regular dividends in a consistent manner, increasing the consolidated dividend payout ratio to 30%.


**Gardens and the Seasons in Uji**

The land of Uji and its beautiful gardens possess a natural scenic beauty which can invoke a variety of moods, changing with the seasons. The Uji River glistens brightly in the sunlight and is tinged a pale pink during the spring. In the fall, reflections of branches full of autumn leaves and vibrant colors cover the river like a blanket. The Uji River, Uji mountains and pond garden were considered as the backdrop setting when building Byōdōin. The concept of containing the natural beauty of this picturesque scene was derived from using the natural world and condensing it into a single space, viewed from Phoenix Hall.