

Overall Review of Business Results

The global economy has slid into an unprecedented recession and harsh economic conditions continued, but ROHM is focusing on developing new technologies while continually predicting future trends, based on the view that the electronic market is also set for future growth.

As flat-screen TVs, other digital AV equipment, and mobile phone markets are upgraded and expanded, more sophisticated multimedia capabilities are integrated into various devices. In domains of hybrid and electric automobiles, where power electronics are essential, rapid evolutions are taking place, nevertheless, further advances in electronics technologies remain vital to this segment of automotive industry.

ROHM is committed to responding to these new markets, while developing eco-devices with the aim of further contributing to an improved global environment. The introduction of new materials such as SiC^(*), and further reach for the new directionality of electronics such as bioelectronics and MEMS^(*) are being conducted towards achieving these objectives.



Supple Essence



Toji and Heian-kyo

Toji (Kyo-o Gokokuji) was built two years after the national capital was named Heian-kyo (Kyoto). Kukai (Kobo Daishi) was a well-known Buddhist priest put in charge of finishing the construction of Toji by Emperor Saga. He studied Buddhism in a government-sponsored expedition to China and founded Shingon Mikkyo or "True Word" school of Buddhism. Since Emperor Saga enabled Kukai free reign over Toji, the temple became the first main training center for the Shingon Mikkyo sect. Since then, both the arrangement of the cathedrals- in which the main hall, lecture hall, and dining hall were organized in a straight line starting at the south gate- and the size of the building remain as they were in the Heian period 1200 years ago.

The Toji temple received contributions from political leaders in each era including Emperor Gouda, Emperor Godaigo, Ashikaga Takauji, the Toyotomi clan, and the Tokugawa clan. The five-story pagoda was rebuilt by the order of Tokugawa Iemitsu in the 21st year of Kanei (1644) during the Edo period. It has had many devotees across every generation and was registered as part of the "Historic Monuments of Ancient Kyoto" World Heritage Site in 1994 as one of the most representative and prominent temples of Kyoto.

In 2008, ROHM celebrated the 50th anniversary of its founding and started the next chapter of its history. ROHM continues to maintain the venture spirit that has become the foundation of the company and will strive to be a flexible corporation- adjusting to the demands of the next generation- while fostering trust from members of society. This year's annual report focuses on Toji and Heian-kyo for its unwavering strength, history and widespread popularity over the ages. ROHM will aspire to be a strong, flexible company for many more years to come.

(Cover : Photo by Kenzo Yokoyama)

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

ROHM reinforces its lineup of not only conventional ASIC^{(*)3} but also ASSP products^{(*)4} by developing highly efficient and accurate ICs and optimizing ROHM's digital, analog, and combined digital/analog technologies required by circuit blocks used in electronic equipment. The "refinement" that is taking place in the semiconductor industry in accordance with Moore's Law^{(*)5} has been adopted as the theme for technological development. With the motto "More than Moore", ROHM aims to merge and combine technologies; not as a mere continuation of conventional technologies but by bringing in concepts and processes of completely different areas, such as new materials, MEMS, bio^{(*)6}, optical technologies while reaching out to diverse directionalities without fixation on mere refinement.

In the area of discrete semiconductors and module products, ROHM combines superb technologies and challenges new products and applications. In recent years, as the market for TV sets requiring increased energy saving, such as liquid crystal TVs, has expanded, transistors and other semiconductor devices used in their power supply circuits have had to be manufactured with increased efficiency while employing a reduced number of components. ROHM developed the high voltage-resistant MOSFET series for all applications, including backlight inverters for LCD TVs and lighting inverters. In addition, for lighting LEDs, for which rapid market growth is

expected in future, the company is concentrating on reinforcement of the product lineup by utilizing ROHM's comprehensive capabilities enabling in-house development of driver LSIs, power supply modules, resistors, etc. for optimum LED drive applications. ROHM is committed to achieve higher intensity and miniaturization as well as low-profile design in white LED.

As an example of R&D progress in new fields, by applying the technology of the ferroelectric substance of FeRAM^{(*)7} achieved through research and development in May 2008, reliability could be secured for nonvolatile logic technology capable of retaining the condition of arithmetic processing inside LSIs without any power supply. Mass production line for this product has been established. The application of such nonvolatile logic technology to logic-based LSIs popularly used in all electronics products, offering features of increased energy saving is expected to promote the product throughout the entire electronics market. Furthermore, by introducing new materials such as SiC devices with high voltage resistance, heat resistance, and low loss into semiconductors, ROHM achieves a new level of performance and improved added values.

ROHM is committed to the further development and application of these solutions.



Supple Essence



ROHM implements measures to evolve as an integrated device manufacturer (IDM) semiconductor company^(*)8) with a strong competitive edge over the long term. ROHM implements quality control in all LSI manufacturing phases from materials to the final processing stages. This provides ROHM's LSI products with overwhelming superiority in terms of quality and reliability. At the same time, with an eye on "building the quality into the product," ROHM implements quality control at production sites worldwide, which allow ROHM to supply its products of unrivaled quality and high reliability in the industry both at home and abroad.

ROHM acquired OKI Semiconductor Co., Ltd. on October 1, 2008. The advantages of OKI Semiconductor in the LSI business field include low-power consumption, high-voltage resistance, combined digital/analog, and small-size mounting technologies. For products with competitive superiority achieved by employing these technologies, ROHM takes measures to utilize fabs to the maximum extent possible, in which the know-how has been accumulated over many years.

For products that are comparatively new and depend on external foundries such as system and logic LSIs, ROHM takes measures to use its cutting-edge process.

ROHM believes that by implementing these measures, the synergy effects can be manifested by sharing technologies where each company has gained its own advantages through the years.

At present, the whole ROHM company is striving to improve the management processes in OKI Semiconductor Co., Ltd. and establish a cooperative system with the ROHM LSI business.

Furthermore, to respond to the drastic change in the management environment since last fall, ROHM carried forward the review of the production system, consequently closing ROHM Amagi Co., Ltd., where the trial production of module-related products and administration of overseas companies were conducted.



Heian-kyo

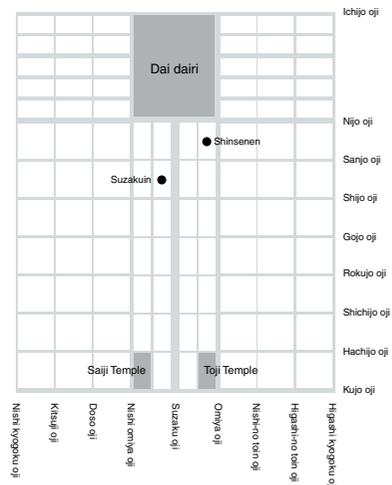
In October of the 13th year of Enryaku (794), Emperor Kanmu transferred the national capital to Heian-kyo, which literally means tranquility and peace capital, now known as Kyoto. The new city was modeled after Changan (the then-capital of China) during the Tang Dynasty and had dimensions of 4.5 kilometers in the east-west direction and 5.2 kilometers in the north-south direction. Standing majestically at the southern entrance to the city was Rajomon, a 21-meter tall gate painted vermillion. Its two layer roof was supported by the circular "hiendaruki" flying rafters and the rectangular "jidaruki" base rafters, displaying an intricate beauty. From Rajomon, the 85-meter wide Suzaku Oji avenue extended north to Dai dairi, the Imperial Palace. The area west of the great avenue (Ukyo) was named "Choan-jo," after the capital Changan. The area to the east (Sakyo) was named "Rakuyo-jo," after Luoyang, which was another Chinese capital. Heian-kyo was later known as "Kyoraku" or "Rakuyo," and "Rakuchu" and "Rakugai," which literally mean "inside the capital" and "outside the capital" respectively, as well as "Niyuraku," which is still used today to mean "to visit Kyoto." Large and small streets running east to west and north to south divided the area inside Heian-kyo into "Machi" towns, which were approximately 120 meters square in length. This beautiful cityscape allows the city of Kyoto to be organized in a grid pattern, which continues to be the foundation of the city today. (Photo by Kyoto City Library of Historical Documents)

ROHM celebrated its 50th anniversary last year and introduced a new brand logo as a single breakpoint; greeting the new era along with the new logo. ROHM is committed to the development of products that satisfy the needs of customers confronting globalization on a timely basis, and to be among the first to provide them with the best techniques and services, and promote "ROHM Semiconductor" brand as a global manufacturer of superior semiconductors.

In the technical support arena, ROHM continues to reinforce its development system and the sales activities of its LSI products customized for automotive applications, with the focus on the Nagoya Design Center in Japan. Outside Japan, ROHM dispatches developers from Japan to key global design centers and enhances local design capabilities together with sales and marketing tools.

ROHM's sales entities are located close to the customers' development bases, allowing ROHM to carry out customer-centered sales activities. For its global sales promotion, ROHM is committed to reinforce the local customer support system by augmenting personnel at its main global R&D base. Besides, ROHM is also committed to augment the five language compatible Web sales promotion system so that customers from all regions can acquire information from the Website. ROHM is also promoting introduction of a customer relation management system in which a global network will contain customer information, the content of business negotiations, and other business information on real time basis.

With respect to the sales cooperative structure with OKI Semiconductor Co., Ltd., which became a ROHM consolidated subsidiary on October 1, 2008, the OKI Semiconductor Sales Department was established in ROHM's Sales Headquarters, and sales promotion opportunities have been increased by optimally utilizing the customer relations of OKI Semiconductor. Through a combination of cutting edge solutions, ROHM and OKI Semiconductor are offering their mutual advantages to the customers and moving forward in expanding the ROHM group.



Social Responsibility

With the belief that social responsibility for sustainable development as a corporate citizen is the top priority in business management, each of us at ROHM has a responsibility as a ROHM representative; setting forth “Quality First,” and conducting business activities. 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’ 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. Furthermore, in 2008, ROHM established a CSR promotion committee and deploys efforts to enhance communications concerning CSR in and outside the company.

As part of its activities to contribute to society and local communities, ROHM has donated research facilities “ROHM Plaza” to Ritsumeikan, Doshisha and Kyoto Universities, where substantial educational programs and industry-training joint projects are being performed for technological advancements in Japan. Likewise, in Tsinghua University, Beijing, China, ROHM agreed to construct the “Tsinghua-ROHM Electronic Engineering Hall”. The construction of the Hall commenced this spring and is scheduled for completion in time for the ceremony marking the centenary of the foundation of Tsinghua University, in April 2011.

As a responsible enterprise, ROHM is also actively participating in various activities involving local communities and supporting their welfare, educational, and cultural activities to maintain and improve healthy relations with society. 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 deploy these measures on a company-wide basis. In July, ROHM achieved fourteen consecutive years of zero accidents of the type that would normally cause employee absence from work, demonstrating its consistently high performance in terms of occupational health and safety.

Environmental Conservation

ROHM declares its environmental policy in this phrase: “Consider 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 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.

As an environmental activity promotion system, ROHM is actively engaged in various affairs, with such entities as the “Environmental Conservation Committee” and its umbrella specialty sectional committees. Through these activities, ROHM has accomplished successful results. Examples include: zero waste emissions achieved promptly at all production bases of the group in Japan, consideration for the aquatic environment by a closed wastewater treatment system, the development of “eco-device” products that help save energy and resources, reduction of environmental burden 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 and advanced “LED lighting” as well as cutting the volume of the greenhouse gas emissions. In addition, for the first time as a Japanese semiconductor manufacturer, ROHM has conducted a large-scale reforestation project named “ROHM Forest” in Southern Australia.



Kanchi-in (Branch temple of Toji)

When exiting the Kita Daimon gate of Toji, alongside Kushige Koji street lies the tranquil Kanchi-in, the main sub-temple of Toji. The main room of the reception hall- built in the Shoin architectural style- features paintings on its sliding doors said to be by Miyamoto Musashi, the prominent swordsman. The Godai no Niwa garden can be viewed from the reception hall. In the garden, five stones represent the five great forms of the Kokuzo Bosatsu (Maha Akasagarbha Bodhisattva) and these are said to tell the story of Kukai's journey home from Changan.



Corporate Philanthropy

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

ROHM provides continuous support to the ROHM Music Foundation established in 1991; aiming to contribute to the progress 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.

Distribution of Profits to Shareholders

In regards to profit distribution to shareholders, ROHM ensures thorough consideration of all various 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 shareholders' expectations.

Specifically, for the three years from 2008 to 2010, under the "New Policy for Distribution of Profits to Shareholders" announced in the term of April 2007, ROHM will return to shareholders, no less than 100% of its consolidated free cash flow in the form of regular dividends and share purchase. The company continues to aim to declare stable regular dividends in a consistent manner, aiming at the consolidated dividend payout ratio to 30%.

*1 SiC (silicon carbide)

A compound semiconductor with outstanding physical properties values 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 the main material used for power devices.

*2 MEMS (Micro electro-mechanical system)

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

*3 ASIC (application specific integrated circuit)

IC for specific applications. Indicates a special-purpose IC which has specifications specific to users.

*4 ASSP (application specific standard product)

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

*5 Moore's Law

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

*6 Bio (biotechnology)

Generic name of technology involving the engineering application of living organisms and vital functions.

*7 FeRAM (ferroelectric random access memory)

Ferroelectric memory or ferroelectric nonvolatile memory. Nonvolatile RAM utilizing ferroelectric substance for a memory cell, which allows electric charges to remain even if no electric field is applied. Even after turning off the power supply, the data content can still be maintained.

*8 Integrated device manufacturer (IDM) semiconductor company

A form of an integrated semiconductor company which has its own facilities and designs, manufactures, markets, and delivers support internally.



Toji

Toji (Kyo-o Gokokuji) was built two years after the national capital was transferred to Heian-kyo in the 15th year of Enryaku (796). While the construction of Buddhist temples was prohibited in the previous capital of Nagaoka-kyo, historians believe that this ban was lifted for the Heian capital because of Emperor Kanmu's strong belief in protecting the new capital under the teachings of Buddhism. Approximately 30 years after its construction, Emperor Saga presented the temple to Kukai (Kobo Daishi), a well-known Buddhist priest, to finish the building project. Kukai took up residence where the Mieido currently stands. He began construction of the five-story pagoda, which is said to be the symbol of Toji, with the Singon Mikkyo sect principles in mind for the completion of the cathedral. Even after Kukai's death, the temple continued to attract many followers. In the Kamakura Period, the temple was widely supported by everyone, ranging from the Imperial family to commoners. Today, 1200 years after its construction, the temple grounds attract many visitors. On the 21st of every month, which is the date of Kobo Daishi's passing, the "Kobo-san" market is held with over 1000 booths and over 200,000 visitors. In recent years, a flea market is held on the first Sunday of each month, also attracting many visitors.

(Photo by Kenzo Yokoyama)