May 31, 2017

Dear investors and shareholders

Supplementary Explanation Concerning the Proposal
to the Company's 59th Ordinary General Shareholders Meeting

We have received information that Institutional Shareholder Services Inc. ("ISS") is recommending voting against some of the candidates in Proposal 2 (Election of ten (10) Directors) of the proposals to be submitted to our 59th Ordinary General Shareholders Meeting ("General Shareholders Meeting") scheduled to be held on June 29, 2017 (Thu).

We would like to explain the Company's approach to the proposal and steps that will be taken in the future as follows. We would appreciate you reading the content and understanding our position.

1. Content of the ISS recommendation to vote against the proposal

In its proxy voting guidelines, ISS has established the standard of voting against the election of top executive(s) at a company that has underperformed in terms of capital efficiency (i.e., when the company has posted average return on equity (ROE) of less than 5% over the last five fiscal years), unless an improvement is observed, and therefore recommends voting against the election of Candidate 1 (Satoshi Sawamura) in Proposal 2 to the General Shareholders Meeting.

2. The Company's approach

The Company has conducted management considering ROE as one of the important indicators. In the semiconductor and electronic components industry in which the Company operates, we believe that taking a medium- to long-term perspective and actively investing into capital investment, R&D and M&A to achieve growth will lead to an improvement in earning power and eventually an increase in shareholder value

In recent years, the market structure has changed rapidly and significantly. We have rebuilt our production systems and restructured our business in the shift from a market centered on Japanese digital appliance to an automotive and industrial equipment market, but we have been unable to realize the ROE that fully satisfies the expectations of shareholders.

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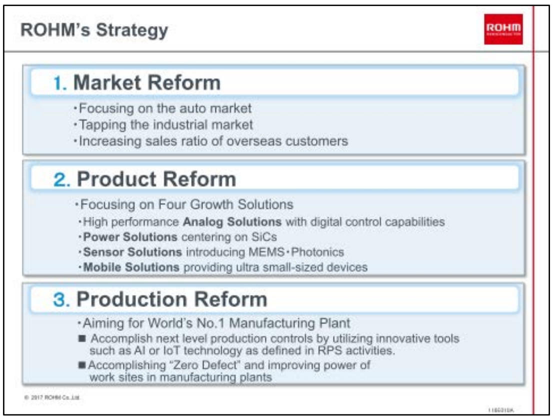
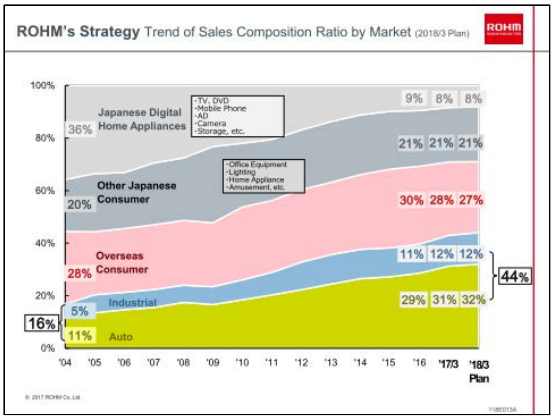
However, the restructuring the Company has carried out under the current Management team has proven effective, with results beginning to be produced by focusing on the three following strategies, such as the automotive and industrial equipment market accounting for 44 percent of sales (See figure below), and improvement in performance in the medium- to long-term has become a certainty.





Although affected by foreign exchange, results have already entered a period of steady recovery in the previous fiscal year (year ended March 2017), and we forecast revenue and earnings in the current fiscal year (year ending March 2018) with sales of 368 billion yen (up 4.5% year on year) and net income of 28 billion yen (up 5.9% year on year).

We aim to quickly restore ROE to five percent or higher and achieve further growth to exceed the cost of shareholder's equity in the medium to long term, and have also perceived definite progress toward this end.

Meanwhile, in the current business environment, it is necessary to develop new products, improve quality and invest in the strengthening of production systems in line with the expansion of the market and increasing demand. In order to achieve this, we are planning 57 billion yen (up 35% year on year) in capital investment this fiscal year.

We have established the following policy on shareholder returns considering the balance between such demand for funding, maintaining sound finances and providing returns to shareholders.

① Rohm pays annual dividends of ¥130, but plans to raise this amount as performance improves over the long-term.

② Rohm targets a payout ratio of 30% or more and, depending on the situation, will add a special dividend or other additional shareholder return.

③ Rohm will proactively invest in M&A that will contribute to growth and, in an effort to improve our balance sheet, will not keep excessive cash in reserves.

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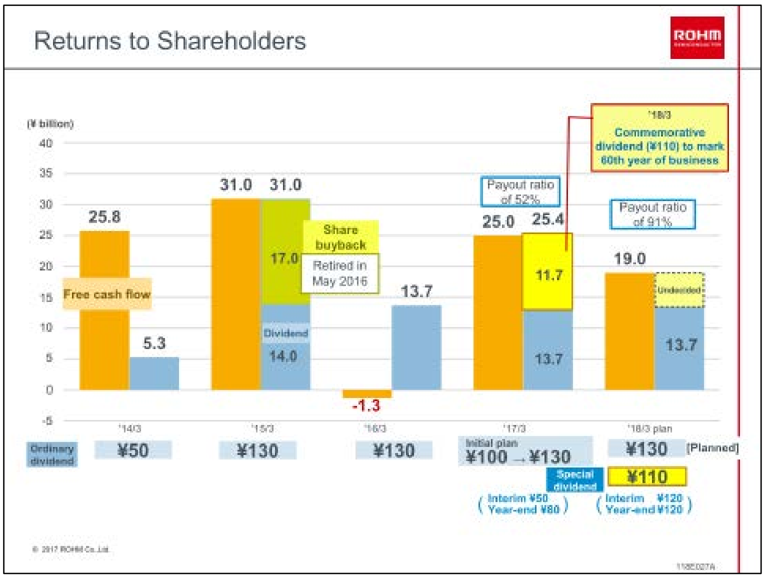
The annual dividend in the year ended March 2017 was increased from the initial plan of 100 yen to 130 yen, and as a measure to provide 100% returns to shareholders of the 25 billion yen in free cash flow for the year ended March 2017, we intent to pay a special dividend (110 yen) to commemorate the Company's 60th anniversary, in addition to the ordinary dividend of 130 yen in the year ending March 2018.



In this way, the Company will meet the expectations of shareholders through the pursuit of growth in business and a disciplined financial strategy. In addition, we will further accelerate CSV (Creating Shared Value) activities being conducted throughout the Rohm Group and respond to ESG needs with the aim of enhancing overall corporate value.

Furthermore, the Company is endeavoring to establish a corporate governance system for stringently monitoring such management, and two Independent Directors and five Independent Company Auditors play significant roles in the supervision of management. We have also taken steps to ensure transparency of the process of nominating Directors by establishing a forum for discussion with a majority of Independent Directors.

Under such conditions, the Company firmly believes that continuing management under the current management team to bring measures to improve earnings and ROE to fruition and accelerating efforts aimed at further growth will lead to the improvement of returns to shareholders.

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We ask for your understanding of the Company's medium- to long-term vision and direction, and that you vote accordingly in the General Shareholders Meeting.

Sincerely yours,

Satoshi Sawamura

Satoshi Sawamura,
President
ROHM Co., Ltd. (Code No. 6963)

(Inquires)
Kohei Nozato, General Manager,
Public Relations & Investor Relations Div.

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