

Adopted April 1, 2006

Mid-Term Management Plan 2006-08

**Leadership through
Innovative Power and Optical Solutions**

- ◆ Corporate Vision
- ◆ Strategic Direction

Sanken Electric Co., Ltd.

1. Corporate Vision.

(1) Business Domain and Corporate Slogan.

Sanken Electric is in the power electronics business ranging from the semiconductor device business at the core and encompassing such closely related businesses as power modules and power systems. In addition, the CCFL business scored a growth at a pace so rapid that the business has come close to surpass even the core business. Together with LEDs, the optical device business now comprises the second pillar of our earnings potential.

We pointedly focus on these two business domains and allocate resources to be able to quickly offer to the marketplace series of high-value-added new products relying on our unsurpassed technological excellence. In other words, we always aspire to stand as a path-finding leader in the industry. For this reason, we adopted a corporate slogan of “Leadership through Innovative Power and Optical Solutions.” Further, we decided to continue using “Success by Overcoming Constant Challenges,” which helped proactive mindset to take firm root among ourselves during the past three years of the previous Mid-Term Plan. This repeated use resulted from our trust that the forward-looking attitude to try to aim higher to reach targets, coupled with the professional integrity to develop ever stronger technological expertise, is critically important throughout the ages.

(2) Strategic Direction.

We value it most important to get each and every employee of the company thoroughly familiarized with the management philosophy and let everyone single-mindedly pursue the objectives. In this regard, we summarized the entire body of the Mid-Term Management Plan to a compact set of five major strategic directions.

First, at the nucleus of the growth strategy of the MTP06, we placed the resurgence of our core business, the semiconductor devices. At the same time, we drew the MTP06 sales and profit picture centered around the current engine for growth, the optical device business, and the CCFL business in particular.

Second, we decided to promote innovation and excellence in manufacturing by creation of a new organizational unit to try to re-confirm our *raison-d’être* and re-tool ourselves as a manufacturing operation, and to realize internationally competitive cost structure. Additionally, we aim to strengthen our ability to effectively manage globally scattered operations, which is ever more keenly needed to maximize the full collaboration potential of our overseas group companies such as Polar Semiconductors, formerly doing business as PolarFab prior to our acquisition last year.

Lastly, we must add that the key phrase of the new management team having taken office on April 1, 2006 is “Act at the speed consistent with the demands of the business environment in the twenty-first century.” This expression represents our belief that it is crucially important to realize prompt decision-making by relentlessly reviewing current systems, methodologies and practices, and to foster closer communication.

2. Strategic Direction

(1) Aggressively Pursue Growth in the Core Businesses.

- a. Achieve closer monitoring and control of sales and profit numbers, with clearly defined authority and responsibilities made possible by product line-based business units.
- b. Evolve from a dependency on custom-designed products to a balanced general product strategy through enhanced marketing capabilities.
- c. Penetrate new markets, cultivate new customers and reduce time to market through improved utilization of a global network of field application engineers.
- d. Strengthen our ability to provide next generation solutions to customers by utilizing sub-micron wafer process technology.

(2) Expand the Optoelectronic Business.

- a. Achieve rapid return on investment in the CCFL business by accelerating production activity resulting in greater sales and profits.
- b. Maximize efficiency and cost competitiveness by building an optimal production system among CCFL manufacturing facilities.
- c. Maintain the largest share in the large-screen LCD television market by introducing a stream of new CCFL products with unrivaled differentiation.
- d. Expand the LED business through quick commercial introduction of silicon-substrate blue LED as the core device.

(3) Achieve Innovation and Excellence in Manufacturing.

- a. Achieve a competitive advantage through the low-cost structure in chosen global markets by stimulating innovation and realizing manufacturing excellence.
- b. Minimize external capital expenditure in manufacturing technology through in-house design, development, and construction of production machinery.
- c. Exhibit leadership in Quality, a vital aspect of our existence, by pursuing continuous improvement.
- d. Achieve optimal cost and timing of purchase parts and materials through the active involvement of Purchasing in the entire development cycle.
- e. Reduce total inventory through manufacturing innovation, production systems and the integrated efforts of Purchasing, Production and Sales.

(4) Realize the Full Potential of the Sanken Group Companies through Enhanced Global Management and Control.

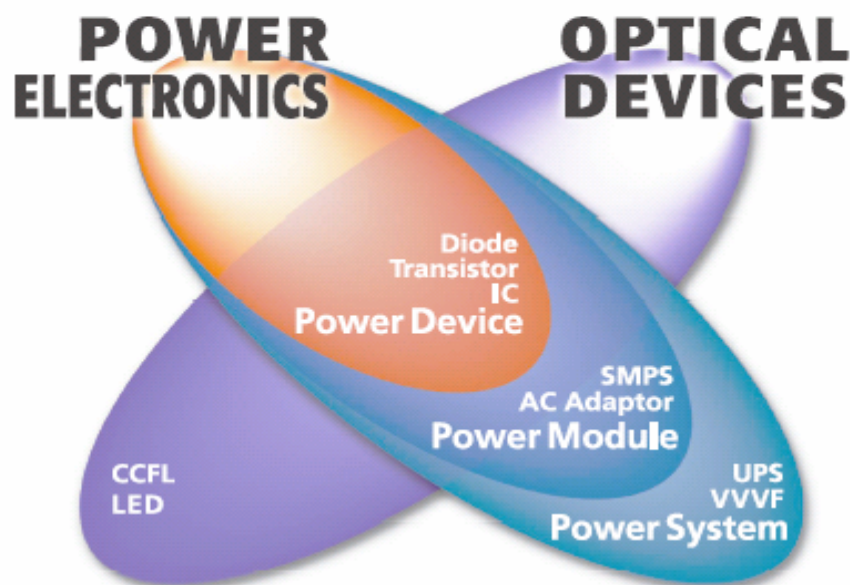
- a. Maximize the positive impact of the PSI investment by quickly establishing it as the leading-edge wafer process facility, and obtaining qualification necessary as an automobile-grade manufacturing facility.
- b. Construct mutually beneficial relationships among Sanken, AMI and PSI, including cooperation among FAE technical support centers in Seoul, Shanghai, Taiwan and at SPS.
- c. Achieve global management efficiency in sales, engineering and production via the newly created Office for Global Business Strategy.
- d. Expand the number of associates with global business expertise via human resource exchange programs among group companies.
- e. Realize higher corporate value by establishing a business framework which includes enhanced global risk management, internal controls, and corporate social responsibility initiatives.

(5) Foster a Corporate Culture that Addresses the Dynamics of our Markets and the Business World.

- a. Act at the speed consistent with the demands of the business environment in the twenty-first century.
- b. Realize prompt decision-making by relentlessly reviewing current systems, methodologies and practices.
- c. Shorten the time to Return-on-Engineering in the development cycle with concurrent engineering methodologies.

Leadership through Innovative Power and Optical Solutions

- Success by Overcoming Constant Challenges -



Strategic Direction

1. Aggressively Pursue Growth in the Core Businesses.
2. Expand the Optoelectronic Business.
3. Achieve Innovation and Excellence in Manufacturing.
4. Realize the Full Potential of the Sanken Group Companies through Enhanced Global Management and Control.
5. Foster a Corporate Culture that Addresses the Dynamics of our Markets and the Business World.

Sanken Electric Co., Ltd.
Sanken Group of Companies