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On Starting the Second Mid-term Management Plan

Sanyo Denki has a corporate philosophy, namely, "We SANYO DENKI make the dreams of people come true for the happiness of people in cooperation with people." The second mid-term management plan started this April, and is designed to enable Sanyo Denki to make steady progress and contribute to society. Our three core business areas used to be office automation, factory automation and power supplies. In this second mid-term management plan, these three business fields have been replaced by the six new business domains, which are: information and communication, industrial equipment, energy conversion, medical equipment, environmental conservation and home automation. We have identified these six domains after carefully analyzing the direction in which society is heading, the direction in which the company itself should head, and how we can contribute to the happiness of people and society. We have thus revolutionized our conventional concepts.

The target of the second mid-term management plan is an annual growth rate of nearly 10%, which will not be easy to accomplish under the present economic recession. New technical developments and new products that differentiate us from our competitors are indispensable, in addition to improving our existing products. Whenever we develop a new technology or product, we must ensure that it is within one of the three spheres of our corporate philosophy, namely, "technology to protect the earth's environment", "technology to protect the health and safety of humans", and "technology to use new energies and to conserve energy". We must also ensure that we supply products that enable our clients to add value to their products and systems. These are the keys to the success of our business, and will bring satisfaction, a sense of achievement and self-realization to our employees who work toward that mission. This satisfaction and self-realization will, in turn, lead to further business development.

When we develop new technologies and products, originality, speed and degree of completion are the decisive issues. We must remain far ahead of our competitors, and actively protect our rights. We have completed the first step toward that goal by reinforcing the information infrastructure, and have now entered the second step in which we will innovate the work process and focus on technological development and new product development. We will combine the technology development departments and the design departments with the related departments in an

integrated manner to increase the pace of technical development and the degree of completion. And we will also promote technical alliances and joint development in order to enlarge our technology and product range. The company will work as a whole in all of these activities.

Sanyo Denki has a corporate philosophy. Based on this philosophy, the entire company will endeavor to accomplish the second mid-term management plan.
