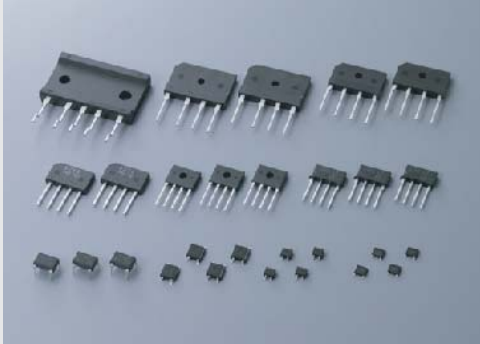


Efficiency and quality are both commitments we take seriously. Our leading position in the global market testifies to our quality.



Bridge diodes

The device business consists of two products: semiconductor products, and advanced power products.

■ Key Products

In semiconductor products, we design, manufacture, and sell thyristors such as surge protection devices centered on diode products such as general rectifier diodes, bridge diodes, high-speed rectifier diodes, and Zener diodes.

In advanced power products, we design, manufacture, and sell power IC products such as power ICs for power-saving power supplies, high-withstand voltage power ICs, DC-DC converter power ICs, in addition to switching elements such as MOSFETs.

■ 2008 Sales Results

The 2008 Device Business sales were ¥34,951 million, a 21.9% decrease over the previous term. The operating results posted a loss of ¥3,466 million as a result of a fall in revenue and operation rate triggered by a rapid decline in demand as well as appreciation of the yen.

In semiconductor products, revenues decreased due to a rapid decline in demand for power diodes for the automotive market, which had remained solid, in the third quarter, and to the sluggish digital home appliance and industrial equipment markets.

In advanced power products, revenues decreased due to a rapid slowdown of power ICs for inverter lighting, which had remained relatively solid until the second quarter, and to sluggish sales of switching devices such as MOSFETs for game consoles.

■ 2008 New Product Development Trends

● Semiconductor Products

As small surface-mount diode series, we developed the CE series,

halving the thickness of our conventional products. We also developed the array-type CB series, which can mount two diode chips. Both series have excellent reliability and can endure severe environments such as inside the engine compartments of automobiles. For the digital home appliance and power supply markets, we developed a high-speed rectifier diode optimized for PFC circuits. Additionally, we developed a short bridge diode as a product meeting the needs of flat-panel TVs.

● Advanced Power Products

We developed high-withstand voltage power ICs with improved environmental performance for power control, and expanded the series. Additionally, we developed our original control technology for high-withstand voltage power ICs for PFC circuit control to expand sales in power supplies, and expect commercialization soon. We developed the new Hi-PotMOS series of MOSFETs, achieving both industry-leading low on-resistance and a high fracture endurance among planar types.

■ 2009 Forecast

The 2009 sales target is ¥28,000 million (19.9% decrease over the previous term).

2009 sales are expected to be much lower than the previous year in all markets, such as home appliances, automotives, industry, communications, and information, due to the worsening world economy.

Under these circumstances, we expect some demand expansion in the automotive market, particularly for eco-friendly vehicles, as well as increase in demand for devices for environmental and new energy fields.

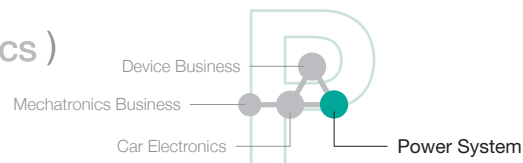
■ Summary

The device business plays a central role in our company. Our devices are used in power devices and car electronics products, and play an important role in producing cross-business synergy effects. Having both circuit and device technologies is one of our business strengths. We can proactively develop new products according to the needs for circuit technology, and can also provide one-stop solutions to various customer problems.



High speed rectifier diodes

Note: When a year appears in the text (such as 2008), it refers to the fiscal year.



We aggressively develop environmentally sound products to meet the newest challenges from the environment and from the energy marketplace.



Rectifier for communication equipment

The equipment business consists of the power system business, and the car electronics business.

■ Key Products

The power system business consists of products such as rectifiers for communication stations and mobile base stations, power-centralized monitoring systems, switching power supplies for information/industrial equipment, DC/DC converter modules for communications, information, and industrial equipment, and power supplies for film coating equipment.

The car electronics business consists of products such as motorcycle regulators/rectifiers and CDIs, inverters for general-purpose engines, inverter units for cogeneration systems, and DC/DC converter units for 4-wheel vehicles.

■ 2008 Sales Results

Equipment Business sales in 2008 were ¥45,324 million (9.1% decrease over the previous term), and operating income was ¥2,636 million (51.1% decrease over the previous term), reporting a decrease in income and profit. This is mainly due to rapid shrinkage in demand for power supplies for semiconductor manufacturing devices as well as the impact of the slowdown of the Asian motorcycle markets, etc.

*See each product description for details by segment.

■ 2009 Sales Forecast

The 2009 sales target is ¥40,100 million (11.5% decrease over the previous term).

*See each product description for details by segment.

●Power System Business

Power system products, module products, power equipment

In power system products, our rectifiers for communication stations and mobile base stations take top market share in Japan. In module

products, we have a large share in power supplies for storage devices, which continue to grow with development of all-IP communications and optical networks. In the environment and new energy market, we are also working on development of power supplies for power-saving LED lighting.

■ 2008 Market Performance

In power system products, although rectifiers for Next Generation Networks (NGN) and mobile base stations, as well as power supplies for storage devices, etc., both remained strong, revenues decreased due to a fall in demand for power supplies for film coating equipment triggered by the worsening semiconductor market.

■ 2008 New Product Development Trends

In power system products, we conducted test production of power supplies for HVDC (high-voltage DC) power supply units with a new power supply system aimed at reduction of environmental load in rectifiers for the communications market. In module products, we developed a new general-purpose non-insulated DC/DC converter for the industrial equipment market. In the environment and new energy fields, we have expanded the lineup of power supplies for LED lighting. In power supplies for film coating equipment for flat-panel LCD TVs and photovoltaic power generation panels, we developed a large-capacity 140-kW type for larger substrates.

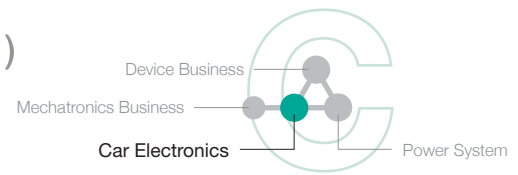
■ 2009 Forecast

In power system products, although the Japanese communications market including Next Generation Networks (NGN) and mobile base stations is expected to remain strong, we forecast a fall in revenue from the previous term for the overall power system business due to sluggish growth in power supplies for semiconductor manufacturing devices and a fall in demand for power supplies for storage devices and module products for industrial equipment.

■ Summary

In the power system business, we are proactively developing products pursuing environmental performance to develop the environment and new energy markets as a new revenue pillar. Specifically, we are developing inverter products for photovoltaic power generation and high-efficiency power supplies for expanding LED lighting. Success in this new environment and energy market demands synergy between semiconductor/IC technologies in the device business and inverter/packaging technologies in the car electronics business. We will seek to develop original products by strengthening the links between each division.

Note: When a year appears in the text (such as 2008), it refers to the fiscal year.



In reliability and ecology, we demand the world's highest standards. The technology we have cultivated in the motorcycle market undergirds our full-scale entrance into the eco-friendly automotive market.



Regulators/Rectifiers, CDIs for motorcycle

Car electronics products for motorcycles and 4-wheel vehicles, and inverter products for general-purpose engines

We hold the top world market share of regulators/rectifiers and CDIs for car electronics products for motorcycles.

As car electronics products for general-purpose engines, we sell microcomputer controlled sine-wave inverters that supply high-quality AC waveforms equivalent to commercial power.

Typical car electronics products for 4-wheel vehicles are DC/DC converter units that convert high voltage to low voltage for hybrid electric vehicles (HEVs) and fuel cell vehicles (FCVs).

These car electronics products use many in-house devices. Synergy with the device business is the source of our competitive edge.

■ 2008 Market Performance

Demand for motorcycles in Asian regions started to decrease in the third quarter, and revenues decreased due to the impact of depreciation of Asian currencies.

■ 2008 New Product Development Trends

In car electronics products, we developed a lighting control device for LED fog lamps for the first time in the 4-wheel vehicle market. Additionally, we mass-produced DC/DC converter modules for hybrid cars. In the motorcycle market, we mass-produced high-efficiency switch-mode battery chargers for the European, ASEAN, and Chinese markets. At the same time, in the general-purpose engine market, we developed inverter power supplies for gas cogeneration-system control devices targeted at general households in North America as products for the environment and new energy markets.

■ 2009 Forecast

Electronics products are forecast to stay sluggish in the motorcycle markets for Japan, North America, Europe, and elsewhere. Demand is also expected to decline in some Asian regions, such as Indonesia and Thailand. Demand for inverters used for general-purpose engines is estimated to remain flat in North America, and this term's revenues in the car electronics business are forecast to decrease from the previous term.

■ Summary

In the key motorcycle market, we will continue to focus on development of eco-friendly products.

In the increasingly sophisticated motorcycle market, commercialization of high-current high-efficiency regulator/rectifier products is urgently required. We will meet these needs using our proud heat-dissipation packaging technology in addition to achieving lower losses by using our unique high-efficiency circuits. We will also release new control units as fuel-efficient fuel injection (FI) products. We will continue to hold the top world share of the motorcycle market based on these high level technologies.

The 4-wheel vehicle market is in the midst of a paradigm shift from the internal combustion engine to electric power. Following this trend, eco-friendly HEVs and FCVs need high-efficiency power supplies more than ever. We developed and started mass-production of DC/DC converter units for HEVs in August 2008; they offer smaller and higher efficiency than our conventional productions, fusing our expertise in electronics technologies for motorcycles with our core competence in "devices, power-supply circuits, and packaging technologies."

In the environment and new energy field, we also provide control units for cogeneration systems that are rapidly spreading.

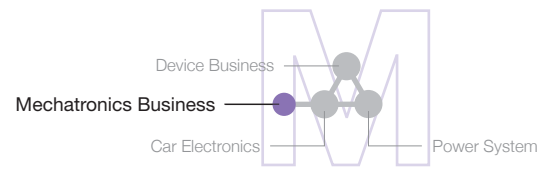
In the future, we will also develop products with potential for overseas deployment.

As to this business, software development is positioned as an extremely important task to meet more complicated functions, and we will also seek to establish/standardize software technology and educate software engineers.



DC/DC converter units for HEV, FCV

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For over 40 years, our advanced mechatronic technology and reliable quality have been pillars of the automotive and industrial equipment markets.



Solenoids

Our other business consists of actuator products, system equipment, and more.

■ Actuators

Rotary solenoids, push-pull solenoids, tubular solenoids, open-frame solenoids, proportional solenoids and on-off solenoids
Actuator products convert electromagnetic force obtained from electrical energy directly into kinetic energy. A feature of our actuator products is the creation of original products fusing circuit technology with high-level mechatronics technology. Our products are highly acclaimed in the automotive, hydraulic equipment and industrial equipment markets, and sales continue to expand.

■ Business Management

We design, manufacture and sell solenoid actuator products. The business is managed by Shindengen Mechatronics Co., Ltd., which was spun off in February 2002.

■ 2008 Sales Results

Sales in 2008 were ¥4,963 million, a drop of 20.0% compared to the previous term. Actuator products in the construction machinery and automotive markets remained sluggish mainly due to the worldwide economic deterioration. Operating income was ¥204 million (582.8% increase over the previous term) thanks to improvements in profits of system equipment products.

■ 2008 Market and Development Trends

● Actuator Products

Although we forecast growth in proportional solenoids for shift locks and High/Low switching of HID lamps, and open-frame

solenoids and on-off solenoids for positioning air suspensions for the automotive market, we saw a large fall in revenues due to the impact of a rapidly worsening world economy.
In the construction machinery market, demand for proportional and on-off solenoids for hydraulic valves fell rapidly, leading to a substantial fall in revenue.

■ 2009 Forecast

The sales target is ¥4,300 million (13.4% decrease over the previous term). Actuator products are forecast to remain weak centered on the automotive market due to the impact of the worsening world economy.

● Actuator Products

In the automotive market, activities aimed at a new development theme for shift locks have been strengthened. In the construction machinery market, we are focused on developing new products for hydraulic valves meeting the need for downsizing and higher functionality, and are working proactively with a major construction machinery manufacturer to develop eco-friendly products meeting future exhaust gas regulations. Additionally, we will develop products supporting the growing medical equipment market.



Note: When a year appears in the text (such as 2008), it refers to the fiscal year.