

News Release Dated May 15, 2007

Company name: PHOENIX Electric Co., Ltd.
President: Hiroya Tahara
Stock code: 6927
Stock exchange listing: Tokyo Stock Exchange, First Section, and JASDAQ
Contact: Youichi Kawasaka, Director&General Manager, Administration Dept.
Tel: +81-79-264-5711

Announcement of New Medium-term Plan

The Board of Directors of PHOENIX Electric Co., Ltd. on May 15, 2007 approved a resolution to adopt the following fundamental concept for a three-year business plan that will begin on April 1, 2008.

PHOENIX electric started its third three-year plan, which is called Establishing the Phoenix Way, on April 1, 2005. This plan provided the guidelines for a growth strategy that targeted rising demand for front projection lamps as well as the new demand for rear projection TV lamps. Although the company has been working hard to achieve the goals of this plan, performance was impacted by a big reduction in projected demand for rear projection TV lamps. The cause was price reductions of plasma TVs beginning in the summer of 2005 and the subsequent intense price-based competition that included LCD TVs. The resulting oversupply of lamps triggered a sharp decline in sales prices. Falling prices also affected projector lamps. Even though demand for lamps is climbing at a rate of about 15%, PHOENIX Electric is having difficulty even holding lamp sales and earnings level. As a result, there are no prospects for growth in lamp sales and earnings at this time.

PHOENIX Electric has been working on the development of illumination units for exposure equipment in order to establish a new source of growth. Preparations to commercialize this product have been completed and market conditions indicate that prospects for growth are excellent. Consequently, PHOENIX Electric has prepared a fundamental concept that positions this new product as a core business within the new medium-term plan.

The company is determined to achieve the goals of this plan in order to continue increasing sales and earnings along with corporate value.

Fundamental strategic concept

1. Business strategy

PHOENIX Electric will position projector lamps, general lighting lamps and exposure equipment illumination sources as the core businesses and become more competitive by offering a full line of services to customers in each of these businesses.

2. Financial strategy

Positioning the distribution of earnings to shareholders as one of its highest priorities, PHOENIX Electric will pay a dividend that reflects earnings in each fiscal year, maintaining a payout ratio of 25% in principle.

3. Product strategy

PHOENIX Electric will sell products that have outstanding quality and profit margins and products that have the potential of achieving a high profit margin in the future.

4. Alliance strategy and M&A strategy

PHOENIX Electric will make aggressive use of alliances, mergers and acquisitions in order to achieve growth in sales and earnings.

5. Internal control systems

PHOENIX Electric will establish a corporate governance system, conduct business activities that prioritize compliance, and provide reliable information concerning financial and business activities. In addition, the company will reflect environmental issues in the development of new products and in the operation and improvement of manufacturing facilities.

Consolidated targets of the new medium-term business plan

Fiscal year ending March 31, 2011

Net sales:	14.0 billion yen
Recurring profit:	2.25 billion yen
Net income:	1.35 billion yen
