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**Announcement Concerning Management Integration (Shift to Holding Company Structure through Company Spin-off and Swap and Acquisition of Stock) of PHOENIX Electric and Nippon Gijutsu Center**

The Board of Directors of PHOENIX Electric Co., Ltd. and Nippon Gijutsu Center Co., Ltd. approved resolutions today to conduct a management integration and have signed the associated stock sale and stock swap contracts. The two companies have been holding discussions concerning a management integration after a basic agreement was signed on September 26, 2008. The companies will change to a holding company structure with a pure holding company to be formed by using a spin-off conducted by PHOENIX Electric. This holding company will then purchase part of the shares of Nippon Gijutsu Center and conduct a stock swap with Nippon Gijutsu Center.

In conjunction with the transition to a holding company structure, PHOENIX Electric plans to hold an extraordinary shareholders meeting to ask for approval of amendments to the Articles of Incorporation, including a change in the company name. More information about the proposed amendments will be announced when the proposal has been finalized.

The schedule or integration scheme may be revised based on the mutual agreement of both companies as the related procedures move forward.

**I. Overview of Management Integration**

1. Background and purpose of management integration (purpose of spin-off, stock acquisition and stock swap)  
PHOENIX Electric and Nippon Gijutsu Center plan to further strengthen their business operations through the mutually complementary use of their resources. The aim is to continue growing and creating shareholder value by capturing synergies and expanding business activities even faster. The management integration will result in a qualitatively different company with a lamp development and manufacturing business, equipment development and manufacturing business, and other operations. In addition, the new company plans to become more competitive and profitable in every market sector by optimizing the portfolio of each business unit.
2. Expected benefits of the management integration
  - (1) Cooperation between lamp and equipment operations to create new businesses  
The two companies believe there is immense potential for growth of their equipment operations by combining the lamp and optical technologies of PHOENIX Electric with the equipment design and image processing technologies of Nippon Gijutsu Center. In addition, this integration is expected to reinforce the

lamp development and manufacturing business by making possible the supply of lamps that precisely match user needs.

(2) Complementary customer relationships

The two companies plan to perform cross-selling and offer solutions by sharing their customer bases, know-how and information and strengthening their product lineups.

(3) The two companies plan to become more efficient and cut costs by using human resources more efficiently and integrating a variety of IT systems.

3. Management integration scheme

To accomplish the goals listed above, PHOENIX Electric and Nippon Gijutsu Center have held discussions concerning specific measures for conducting the management integration. The two companies agreed that a holding company structure is the best way to achieve this in integration. Using a holding company will create a unified management framework while allowing each company to continue drawing in its own strengths. This structure will also permit the two companies to share and utilize their combined resources.

The scheme for the transition to a holding company is as follows.

(1) Company spin-off

On April 1, 2009, PHOENIX Electric will conduct a spin-off in which a new company is established. All business activities of PHOENIX Electric except certain operations will be transferred to the new company in order to create a pure holding company. The new PHOENIX Electric will be a wholly owned subsidiary of the holding company.

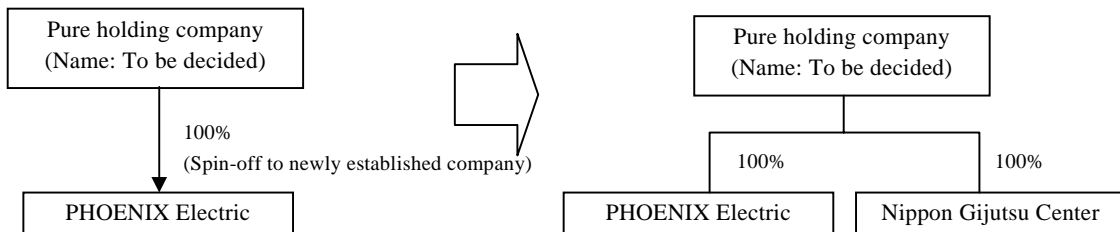
(2) Acquisition of Nippon Gijutsu Center stock by holding company

On April 1, 2009, the holding company will purchase 30,244 shares of Nippon Gijutsu Center (62.1% of shares issued excluding treasury stock) from this company's current shareholders.

(3) Stock swap

After purchasing Nippon Gijutsu Center stock as described above, the holding company will conduct a stock swap on May 1, 2009 for all remaining shares of Nippon Gijutsu Center. This will make the holding company the complete parent company of Nippon Gijutsu Center and will make Nippon Gijutsu Center a wholly owned subsidiary of the holding company.

[Scheme for transition to holding company structure]



## II. Company Spin-off

### 1. Purpose of spin-off

Please refer to the section titled “I. Overview of Management Integration 1. Background and purpose of management integration (purpose of spin-off, stock acquisition and stock swap).”

### 2. Outline of company spin-off

#### (1) Schedule of spin-off

November 14, 2008 (Friday)	Board of Directors resolution on the company spin-off Preparation of spin-off plan Board of Directors resolution on setting record date for the extraordinary shareholders meeting
November 15, 2008 (Saturday) (schedule)	Notification of setting record date for the extraordinary shareholders meeting
November 30, 2008 (Sunday) (schedule)	Record date for the extraordinary shareholders meeting
February 19, 2009 (Wednesday) (schedule)	Date of extraordinary shareholders meeting to approve the company spin-off
April 1, 2009 (Wednesday) (schedule)	Date of company spin-off Registration date for establishment of the new company through a company spin-off

#### (2) Spin-off method

Company spin-off conducted by PHOENIX Electric (name to be changed on April 1, 2009) in which the new PHOENIX Electric is the post spin-off company.

#### (3) Decline in capital through a spin-off

Capital will not decline due to the spin-off.

#### (4) Treatment of stock acquisition rights and bonds with stock acquisition rights of the divesting company

Not applicable.

#### (5) Rights and obligations assumed by the post spin-off company

The new PHOENIX Electric will receive assets and liabilities, along with associated rights and obligations (including contractual rights) with regard to the manufacture and sale of projector lamps, RPTV lamps, other halogen lamps, and lamps for exposure equipment.

The concurrent debt allocation method, in which both companies are liable for applicable debts, will be used for the transfer of debt.

#### (6) Outlook for fulfillment of debt obligations

No problems are foreseen regarding the ability of PHOENIX Electric and the new PHOENIX Electric to fulfill their obligations concerning debt.

3. Overview of companies involved in the spin-off (as of September 30, 2008)

(1) Company name	PHOENIX Electric Co., Ltd. (Divested company) (Name to be changed on April 1, 2009)	PHOENIX Electric Co., Ltd. (Newly established company)
(2) Business	Manufacture and sale of lamps for projectors, lamps for RPTVs, other halogen lamps, lamps for exposure equipment and other products	Manufacture and sale of lamps for projectors, lamps for RPTVs, other halogen lamps, lamps for exposure equipment and other products
(3) Established	October 5, 1976	April 1, 2009 (schedule)
(4) Head office location	703, Aza-Takamaru, Mikage, Toyotomi-cho, Himeji City, Hyogo	703, Aza-Takamaru, Mikage, Toyotomi-cho, Himeji City, Hyogo
(5) Representative	Hiroya Tahara, President	Hiroya Tahara, President
(6) Capital	2,133 million yen	90 million yen
(7) Outstanding shares	22,806 thousand shares	9 thousand shares
(8) Net assets	9,610 million yen (consolidated)	Undecided
(9) Total assets	10,755 million yen (consolidated)	Undecided
(10) Fiscal year end	March 31	March 31
(11) Employees	258 (consolidated)	Undecided
(12) Business partners	Toshiba, Sharp, Mitsubishi Electric, other	Toshiba, Sharp, Mitsubishi Electric, other
(13) Major shareholders and shareholding ratios	Masaya Nakamura: 19.07% Maru Co., Ltd.: 8.76% Japan Trustee Services Bank, Ltd. (Trust account): 1.91%	PHOENIX Electric Co., Ltd. (to be renamed): 100%
(14) Main banks	Bank of Tokyo-Mitsubishi UFJ Chuo Mitsui Trust & Banking	Bank of Tokyo-Mitsubishi UFJ Chuo Mitsui Trust & Banking
(15) Relationships	Capital	Newly established company will be wholly owned by divested company.
	Personnel	Three board directors of divested company serve concurrently as board directors of newly established company.
	Business	Divested company will be an equity-method affiliate of newly established company. Leases of fixed assets and monetary loans are expected to take place between the two companies.
	Other relationships	Newly established company will be a consolidated subsidiary of divested company.

(16) Three-year financial highlights

Please refer to the section titled “IV. Stock Swap” for information concerning the business results of divested company.

4. Outline of business division to be spun off

(1) Content of businesses to be spun off

Manufacture and sale of lamps for projectors, lamps for RPTVs, other halogen lamps, lamps for exposure equipment and other products.

(2) Recent performance of businesses to be spun off

	Divested division (a)	FY3/08 non-consolidated results (b)	Ratio (a/b)
Net sales	8,001 million yen	8,001 million yen	100%
Operating income	920 million yen	920 million yen	100%

(3) Assets and liabilities to be spun off (as of September 30, 2008)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	2,854 million yen	Current liabilities	731 million yen
Fixed assets	38 million yen	Long-term liabilities	32 million yen
Total	2,893 million yen	Total	764 million yen

Note) Assets and liabilities to be spun off are estimates as of September 30, 2008. Final figures will reflect changes in assets and liabilities up to the date of the spin-off.

### III. Stock Acquisition

1. Purpose of the stock acquisition

The holding company will purchase part of the shares of Nippon Gijutsu Center for the purpose of executing the management integration with no difficulties.

2. Profile of subsidiary (Nippon Gijutsu Center)

Please refer to the section titled “IV. Stock Swap, 3. Overview of companies involved in the stock swap.”

3. Sellers of stock

Masayuki Takenaka, Takashi Takenaka, other

4. Number of shares to be acquired, acquisition cost and changes in shareholding

- (1) Share ownership before acquisition: 0 share (0.0%)  
(Number of voting rights: 0)
- (2) Number of shares to be acquired: 30,244 shares (Acquisition cost: 398 million yen)  
(Number of voting rights: 30,244)
- (3) Share ownership after acquisition: 30,244 shares (62.1% of shares issued excluding treasury stock)  
(Number of voting rights: 30,244)

5. Timetable

- November 14, 2008 (Friday): Board of Directors resolution
- November 14, 2008 (Friday): Signing of stock acquisition and sale agreement
- April 1, 2009 (Wednesday) (schedule): Stock acquisition date

6. Outlook

Please refer to the section titled “V. Overview of Corporate Group after the Company Spin-off, Stock Acquisition and Stock Swap”

#### IV. Stock Swap

As is explained in “III. Stock Acquisition”, certain disclosure items and other information have been excluded because a simple stock swap will be used to make Nippon Gijutsu Center, which will become a consolidated subsidiary of the holding company, into a wholly owned subsidiary.

##### 1. Purpose of the stock swap

Please refer to the section titled “I. Overview of Management Integration 1. Background and purpose of management integration.”

##### 2. Overview of the stock swap

###### (1) Schedule of the stock swap

November 14, 2008 (Friday)	Board of Directors resolution on the stock swap (PHOENIX Electric, Nippon Gijutsu Center) Stock swap agreement concluded
February 19, 2009 (Thursday) (schedule)	Date of extraordinary shareholders meeting to approve the stock swaps (Nippon Gijutsu Center)
May 1, 2009 (Friday) (schedule)	Date stock swap takes effect

Note 1) The exchange of stock between PHOENIX Electric and Nippon Gijutsu Center will be a simplified stock swap that does not require approval by shareholders in accordance with Article 796, Paragraph 3 of the Company Law.

Note 2) No stock certificates are to be provided because an electronic stock certificate system is planned to start in Japan on January 5, 2009. Nippon Gijutsu Center will provide its shareholders with more information about this matter following the extraordinary shareholders meeting at which shareholders will be asked to approve the stock swap.

Note 3) The schedule or integration scheme may be revised based on the mutual agreement of both companies as the related procedures move forward.

###### (2) Stock swap ratio

Company	PHOENIX Electric	Nippon Gijutsu Center
Stock swap ratio	1	77.5

###### Note 1) Ratio of allocation of stocks

One share of Nippon Gijutsu Center will be exchanged for 77.5 shares of PHOENIX Electric. However, this ratio may be revised based on the mutual agreement of both companies if there is a significant change in any of the conditions that were used as the basis for calculating this ratio.

###### Note 2) New shares to be issued by PHOENIX Electric for the stock swap

Common stock: 1,432,510 shares  
PHOENIX Electric will use 1,128,000 shares of its treasury stock for this stock swap.  
No PHOENIX Electric shares are to be allocated using this swap with regard to the planned purchase of 30,244 shares of Nippon Gijutsu Center stock described above.

###### Note 3) Treasury stock held by Nippon Gijutsu Center

All treasury stock held by Nippon Gijutsu Center will be retired, by the day before implementation of the stock swap.

(3) Basis for calculating the stock swap ratio

1) Foundation and background on calculation

Third parties were chosen to calculate stock swap ratios to ensure the fairness and appropriateness of the stock swap ratios. PHOENIX Electric selected Nomura Securities Co., Ltd., and Nippon Gijutsu Center selected Management Refine Co., Ltd., to calculate appropriate stock swap ratios.

Nomura Securities valued the stock of PHOENIX Electric, using the average market share price method and the discounted cash flow (DCF) method, and using the peer company comparison method and the DCF method for Nippon Gijutsu Center. It then calculated the following stock swap ratios, based on these valuation calculations and after setting the value of 1 share of PHOENIX Electric's stock to 1.

PHOENIX Electric	Nippon Gijutsu Center	Stock swap ratios
Average market share price method	Peer company comparison method	46.64 - 97.95
DCF method		74.52 - 83.84

Regarding the average market share price method, the base calculation date is November 11, 2008, and the calculation premised on 1) the JASDAQ closing share price on the base calculation date, 2) the simple average of closing share prices from day following the announcement of first half results of operations (October 31, 2008) through the base calculation date, 3) the simple average of closing share prices from the day following the announcement of the basic agreement for the management integration of PHOENIX Electric and Nippon Gijutsu Center (September 29, 2008) through the base calculation date, and 4) the simple average of closing share prices from the day following the announcement of first quarter results of operations (July 31, 2008) through the base calculation date.

Management Refine valued the stock of PHOENIX Electric, using the average market share price method and the DCF method, and using the peer company comparison method and the DCF method for Nippon Gijutsu Center. It then calculated the following stock swap ratios, based on these valuation calculations and after setting the value of 1 share of PHOENIX Electric's stock to 1.

PHOENIX Electric	Nippon Gijutsu Center	Stock swap ratios
Average market share price method	Peer company comparison method	44.55 - 108.88
DCF method		72.94 - 88.60

Regarding the average market share price method, the base calculation date is November 12, 2008, and the calculation premised on 1) the volume weighted average of the closing share prices on the Tokyo Stock Exchange and JASDAQ on the base calculation date, 2) the volume weighted average of the closing share prices from day following the announcement of first half results of operations (October 31, 2008) through the base calculation date, 3) the volume weighted average of the closing share prices from the day following the announcement of the basic agreement for the management integration of PHOENIX Electric and Nippon Gijutsu Center (September 29, 2008) through the base calculation date, and 4) the volume weighted average of the closing share prices from the day following the announcement of first quarter results of operations (July 31, 2008) through the base calculation date

When using the DCF method, Nomura Securities and Management Refine assumed that there will be no significant increase or decrease earnings compared with the future earnings plan of PHOENIX Electric. For the earnings plan of Nippon Gijutsu Center, some increases in earnings in the engineering business are expected, but calculations assume that there will be no other significant increases or decreases.

We also note that the calculating firms have not issued judgments concerning the fairness of the stock swap ratios to PHOENIX Electric and Nippon Gijutsu Center.

The Board of Directors of PHOENIX Electric and Nippon Gijutsu Center agreed on stock swap ratios at meetings held on November 14, 2008, and concluded stock swap contracts the same day, following a careful examination of the calculation results provided by each third-party firm, and after carefully collaborating and negotiating while taking into account each company's financials, earnings trends, share prices, and other factors. The stock swap ratios were determined within the range of ratios provided by Nomura Securities to PHOENIX Electric, and within the range of ratios provided by Management Refine to Nippon Gijutsu Center.

2) Relationship with calculating firms

The calculating firms Nomura Securities and Management Refine are not related parties of PHOENIX Electric and Nippon Gijutsu Center.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights of wholly owned subsidiaries following the stock swap

Not applicable.

3. Overview of companies involved in the stock swap (as of September 30, 2008)

(1) Company name	Pure holding company (Currently PHOENIX Electric Co., Ltd.) (Parent company) (Name to be changed on April 1, 2009)	Nippon Gijutsu Center Co., Ltd. (Wholly owned subsidiary)
(2) Business	Manufacture and sale of lamps for projectors, lamps for RPTVs, other halogen lamps, lamps for exposure equipment and other products	Engineering, contract design, engineer dispatch
(3) Established	October 5, 1976	May 6, 1967
(4) Head office location	703, Aza-Takamaru, Mikage, Toyotomi-cho, Himeji City, Hyogo	4-73, Higashi-Nobesue, Himeji City, Hyogo
(5) Representative	Hiroya Tahara, President	Takashi Takenaka, President
(6) Capital	2,133 million yen	64 million yen
(7) Outstanding shares	22,806 thousand shares	64,000 shares
(8) Net assets	9,610 million yen (consolidated)	730 million yen (non-consolidated)
(9) Total assets	10,755 million yen (consolidated)	2,061 million yen (non-consolidated)
(10) Fiscal year end	March 31	September 30
(11) Employees	258 (consolidated)	190 (non-consolidated)
(12) Business partners	Toshiba, Sharp, Mitsubishi Electric, other	Glory, V Technology, Kawasaki Heavy Industries, other
(13) Major shareholders and shareholding ratios	Masaya Nakamura: 19.07% Maru Co., Ltd.: 8.76% Japan Trustee Services Bank, Ltd. (Trust account): 1.91%	Takashi Takenaka: 16.95% Director stock ownership plan: 9.84% Masayuki Takenaka: 6.47%
(14) Main banks	Bank of Tokyo-Mitsubishi UFJ Chuo Mitsui Trust & Banking	Sumitomo Mitsui Banking Bank of Tokyo-Mitsubishi UFJ
(15) Relationships	Capital	Not applicable. Due to the stock acquisition on April 1, 2009, PHOENIX Electric plans to own 62.1% of the shares issued by Nippon Gijutsu Center (excluding treasury stock).
	Personnel	Not applicable.
	Business	Nippon Gijutsu Center assigns a few engineers to work at PHOENIX Electric.
	Other relationships	Not applicable.

(16) Three-year financial highlights (Millions of yen)

Fiscal year ended	PHOENIX Electric (Consolidated)			Nippon Gijutsu Center (Non-consolidated)		
	March 2006	March 2007	March 2008	September 2006	September 2007	September 2008 (est.)
Net sales	11,792	10,787	9,005	3,371	3,629	3,427
Operating income	2,674	1,910	972	234	137	48
Recurring profit	2,757	1,898	787	242	139	56
Net income	1,354	1,111	361	166	40	41
Net income per share (Yen)	56.98	48.74	16.25	3,408.56	831.36	849.31
Dividend per share (Yen)	12.00	10.00	10.00	150.00	70.00	50.00
Net assets per share (Yen)	407.90	443.29	444.92	13,678.78	14,044.61	14,988.00

Note: Estimates are used for Nippon Gijutsu Center results for the fiscal year that ended in September 2008 because the financial statements are currently undergoing an audit.

## V. Overview of Corporate Group after the Company Spin-off, Stock Acquisition and Stock Swap

Overview of the listed parent company after the company spin-off, stock acquisition and stock swap (consolidated basis)

(1) Company name	Undecided. (Name to be changed from PHOENIX Electric Co., Ltd. effective April 1, 2009)
(2) Business	Determination of group strategies and oversight of management
(3) Head office location	703, Aza-Takamaru, Mikage, Toyotomi-cho, Himeji City, Hyogo
(4) Representative	Hiroya Tahara, President
(5) Capital	2,133 million yen
(6) Net assets	Undecided
(7) Total assets	Undecided
(8) Fiscal year end	March 31

### (9) Overview of accounting procedures related to the stock acquisition, stock swap and the spin-off

Goodwill is expected to be posted on the consolidated financial statements because the stock acquisition and swap will make Nippon Gijutsu Center a wholly owned subsidiary of the holding company. The holding company plans to amortize this goodwill using the straight-line method over the estimated period that the goodwill is expected to yield benefits. Details will be announced when they become available. No goodwill is expected to be posted due to the spin-off because this transaction is to be conducted as a transaction between parties under common control.

### (10) Forecast of impact of the spin-off, stock acquisition and stock swap on earnings

PHOENIX Electric has not yet determined the effect of this stock acquisition and stock swap on its consolidated and non-consolidated earnings. More information will be provided when it is available. This spin-off will have no effect on consolidated earnings because it will result in the establishment of a wholly owned subsidiary.