
Press Release

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Mid-Term Business Plan for 2008-2010 “Triple Ex”

We, SUMIDA CORPORATION, hereby inform you that we have formulated our new mid-term business plan “Triple Ex”. The details of which are stipulated as follows:

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Mid-Term Business Plan for 2008-2010 “Triple Ex”

- I . Past, Now, and Future (Where to go)
- II . Strategic Thrusts (How to achieve)
- III . Sumida Excellence Targets (What to achieve)
- IV . “Triple Ex” Explained (Motto)
“Excellence through Exceptional Execution, Extraordinary Technology, and an Exemplary Global Management System” (Triple Ex)
- V . Priority Themes of Mid-term Business Plan

I . Past, Now and the Future

In the first 35 years of its history, Sumida developed and established its business as a low-cost producer of magnetics products, mainly Bar Antennas, Inductors, Transformers, and Coils. During this period, Sumida was not a leader of its industry; it was just one of several producers of coils for TV and radio.

After 35 years of its establishment, Sumida started to bring unique new products, such as bias

oscillator coils for tape recorders, RF coils for cordless telephones and CB transceivers, to take on a leading role in the industry.

In the early 80's, Sumida widened its operations to cover the whole of South-East Asia, and, as one of the first foreign major investors in China, was a pioneer in China. This has given Sumida a significant cost advantage over its rivals, an advantage which it continues to enjoy.

In the 90's, Sumida introduced "Power Inductors" to the world and became a true leader in the coil industry for current generation electronic equipment, such as PCs, digital still cameras, MP3 players, car navigation systems, and other audio video products.

In order to replicate its success as a leading supplier in consumer electronics, Sumida entered the automotive market, using its low cost manufacturing capability in China and its world class supply chain execution ability to develop, manufacture, and supply Mechatronics components. Today, Sumida is the leading manufacturer of coils for ABS units, fuel injector coils, and immobilizer antennas, with more than a 50% share of the world markets for these products.

To further expand our share of the automotive market, several acquisitions such as Stelco, VOGT, and Panta took place in Europe in the past few years. In particular, the strong technology base of VOGT has given Sumida the key to further new business in the automotive, industrial, and medical sectors.

The achievements attained under the previous strategic business plan have put Sumida on a sustainable organic growth curve and placed Sumida on a global footing. The addition of European subsidiaries into the group opened the door for new possibilities for growth in new sectors. The new mid-term business plan "*Triple Ex*" builds upon the achievements of the previous plan and strives to achieve even greater goals starting FY2008.

We will do this by moving beyond our current core competencies of low cost production and execution power – we will increase our investments in R&D to expand our technology and innovation competencies to lead global markets. We will continue to challenge to become a company of "exceptional", "extraordinary", and "exemplary" global excellence.

II. Strategic Thrusts

Against the backdrop of the developments outlined in the previous section and with such a vision for the future, the new Sumida 3 year business plan "Triple Ex" contains five "Strategic Thrusts":

1. **Sharpen the low cost mass production capability** based in Asia, utilizing the new Sumida "Silk Road Concept"
2. **Leverage execution capability** in Asia to offer low cost and mass production capabilities to European and North American customers.
3. **Invest in pioneering technologies** to lead the industry and **Invest in stimulating environment to motivate innovative research** of our engineers. Regional R&D centers in Japan and Germany will work in close proximity to markets and customers to develop

innovative customer-driven solutions. Our newly established R&D center, C-Lab, in China, provides a fertile ground for engineers from our group companies in many different countries to develop exciting new products.

4. **Leverage Sumida's global platform of R&D, sourcing, manufacturing, marketing, and sales, by carrying out horizontal and vertical integration through M&A, to deepen and widen our capabilities.** Through horizontal integration Sumida aims to consolidate individual component technologies into higher level module-based technologies. By means of vertical integration, we will further enhance our cost competitiveness.
5. **Strengthen and refine our global management system** to extract the maximum synergy from the diversity in cultures and experience existing in our subsidiaries in Asia as well as in Europe. As we continue with our growth, organic and through M&A, this system needs to be adaptable and responsive to allow us to create synergy from the different cultures in different regions, to work with new allies, and to assimilate new companies as they join or partner with the Sumida group.

III. Sumida Excellence Targets for "Triple Ex"

To succeed and shine in this extremely competitive world, Sumida intends to push the boundaries of excellence. Key targets focusing our efforts are:

1. Starting in 2008, continuous growth of Operating Profit targeting 8.5% of turnover and JPY8.5Billion by FY2010.
Out of the operating profit, we will invest an additional JPY 3Billion over the next three years in R&D, with the additional annual R&D investment reaching JPY 1.5Billion in 2010.
2. To add at least 10 market leading products (component and module) to existing product portfolio. We will strive to add higher value-added products such as Power Inductors, Miniature transformers, ABS, Injector, Keyless antenna, HID igniter, etc.
3. In order to drive profitability and increase efficient use and management of our assets, we set our target return on equity (ROE) at above 12%.

IV. "Triple Ex" Explained

The name of the new Mid-term Business Plan "**Triple Ex**" comes from our Motto "Excellence through **Ex**ceptional Execution, **Ex**traordinary Technology, and an **Ex**emplary Global Management System". This succinctly summarizes the key attributes that we see in an excellent global company.

We aim for

Excellence : Sustainable Profitability,
Market Leadership,
High Corporate Value

Through

Exceptional Execution : "Global, Speed, Focus",
Low Cost & Quality Products and Solutions, When and

Where our Customers need them

Through

Extraordinary Technology : Innovative, Exciting, & “Nobody can duplicate”

& Through

an **Exemplary Global Management System** :
Continuous Improvement and Adaptability
Maximum synergy from integration of multi-cultural
and multi-regional group companies

V. Priority Themes of “Triple Ex” – the new MTBP

“Sumida Silk Road” to enhance Cost-Competitiveness and diversify Geographical Distribution of Manufacturing Sites

Low cost manufacturing has been identified as one of the core competencies of Sumida. We have been aggressive in expanding our manufacturing base to achieve this. The present source of this competence is Panyu Manufacturing Complex in South China. We are in the midst of enhancing our manufacturing strategy to address developing trends of wage increase, appreciation of the Chinese RMB, etc.

Our new manufacturing strategy is based on the concept “Sumida Silk Road”. We will take a route towards lower cost locations while maintaining a close link with the existing center of expertise and excellence in Panyu. In the first stage, we intend to develop a number of satellite production sites in lower cost locations, initially west and north of Panyu. In the second stage, we expect to move towards Indo-China and Thailand, where we will likewise develop a second satellite complex centered around our current manufacturing capability in Vietnam. Thereafter, in later stages, we intend to move towards Thailand and eventually to India. Our ultimate aim is to have a series of closely and synergistically linked production sites that tap into a range of low cost labor sources, while at the same time allow us to tap into growing markets in emerging economies. Geographically, you will see over time a “Sumida Silk Road” starting from our current base in Panyu arching through Indo-China to India.

“Lean and Flexible Flow Production”

We intend to push further the New Sumida Production System (our flexible flow production concept) and we will further enhance our production efficiency and flexibility by appropriate and calibrated automation. This enables us to retain our efficient cost structure while enhancing our production flexibility. The Panyu C-Lab will drive this initiative, so that Sumida is not dependent on cheap labour costs, but rather built on a range of core competencies.

Together with the Silk Road initiative, Sumida will be able not just to retain its mass manufacturing edge but also enhance it as we move into the future.

“Optimization of Material Procurement and Management”

Materials represent a substantial portion of our costs (approximately 40% of our manufacturing costs). Supply localization and in-house building of sub materials will be accelerated to counter

fluctuations in raw material prices – this will be achieved by means of aggressive M&A transactions and/or alliances with local suppliers in South-East Asia and China.

R&D

“Increase R&D Investment”

The new Business Plan will increase significantly the funds available for R&D projects aimed at creating outstanding and exciting technologies to dominate the market. An additional investment of JPY 3 Billion over three years is planned.

“Creation of Synergy by Combining Experience and Expertise in Japan, VOGT in Germany with Abundant Talent in China”

The new C-lab complex in China will be the catalyst for Extraordinary technology. Selected engineers from Sumida labs in Japan and from VOGT in Germany will be stationed in C-lab to raise the quality of local development teams of application engineers in China. R&D labs in Japan and Germany on the other hand will focus on advanced R&D activities, leveraging on their close proximity to customers. We will nurture a stimulating environment, where our engineers can unfold their creativity.

Marketing & Sales

“Pursue Steady Growth in Consumer Electronics”

The consumer electronics market is expected to grow steadily. Sumida’s current success comes from its status as the leader in the market. Sumida offers high value-added products and solutions when and where needed by the customer. We will strive to dominate those segments of the consumer electronics market where we aim to be the “One and Only”. At the same time we will capture shares in new and evolving market segments.

Strong market segments: PCs, Digital Still Cameras, MP3 Players, Computer peripherals, HDD, Air Conditioners

New/Evolving market segments: Factory Automation, Vending Machines, IC Tags (RFID)

“Deepen Penetration into Automotive Market”

Utilization of electronic and electric components and modules are increasing at a high level in the automotive market. There are three strategies that Sumida adopts to expand its share in this market:

1. Replacing existing products usually produced in-house by OEMs, by superior Sumida products. (ABS, Injector Coils)
We do this by maximizing Sumida’s low cost manufacturing competence and execution competence to produce and deliver when and where the customers require.
2. Offering unique products created in Sumida for new applications. (Immobilizers, Keyless Antenna, HID)
We offer the synergy created by our new R&D initiatives to customers in need of innovation.
3. Utilizing the experience we have acquired by supplying to global Tier 1 and OEM automotive customers, we will capture new business in emerging market where car manufacturers are experiencing growth.

“Enter and Exploit Promising Markets”

Our technologies and products have a great potential in other markets where analog/digital convergence is necessary. As a result of the market access and knowledge obtained through our European acquisitions of VOGT, Panta, and Stelco, we have identified two promising markets.

Industrial and medical electronics are increasing in volume while still offering high margins. Our sensor and actuator technologies have started to gain traction in these markets.

In addition to that, surging demand for environmentally friendly sources of energy offers Sumida exciting opportunities to provide its Extraordinary technologies. Sumida’s transformer and inverter/converter technologies can excel in such markets.

M&A

“Wider And Higher Value-Added Product Offerings through Horizontal Integration”

In order to enhance our capability to create higher value-added products based on Sumida components, we have to consolidate technologies that complement our existing ones. We intend to take aggressive measures to ally with and/or acquire suitable targets that have such technologies. Our European operations (primarily VOGT) by virtue of their presence in the European markets, and their knowledge of the high technology make up of the industry are in a good position to drive this initiative.

“Cost Optimization through Vertical Integration”

To better manage the continuous challenges to minimize material and production cost, we intend to take aggressive measures to ally with and/or acquire suitable suppliers and/or sub-contractors. Such enterprises are primarily to be found in China and South-East Asian countries – economies in which Sumida is currently active or expects to be active in the coming years.

Human Resources (HR)

“Energizing Sumida Staff to Compete in the new Challenges of Triple Ex”

Over the years Sumida has conducted regular corporate climate surveys to understand better the situation of Sumida employees. We will in the coming years look vigorously into how we can better prepare management and operational staff through training, to compete in an extremely competitive global marketplace. And we will look into improving intra-group communications and collaborations. Energized and motivated staff are key to achieving our new targets.

Message to Our Stakeholders

To sustain corporate value and maintain stable management, the participation and support of institutional investors is as important as that of individual investors.

In the early part of 2008, the Japanese stock market has been underperforming, as many foreign investors are keeping away from the market – the current share prices do not reflect the true performance and value of good Japanese companies. I think one of the reasons of this slump is the lack of confidence of investors in Japanese corporate governance.

In this respect, although Sumida benefits from the strong support of its founder's family as a major shareholder for a stable corporate management, it has actively advanced its corporate governance practices. By following global excellent companies in defining clearly the roles of directors and executive officers, such that directors supervise executive officers, Sumida is a pioneer in Japan. Sumida has ranked consistently high in rankings of Japanese corporate governance. Sumida is very proud of this and it is committed to striving for further enhancement of its corporate value, so that it attracts broad support from a broad range of investors, both institutional and individual, and both within and outside of Japan.

In light of this, we will in the coming three years strike a balance between our investments in R&D and M&A, and our dividend policy. We have consistently over the past few years succeeded in paying out 25-30% of our net income as dividends, in recognition of the faith and confidence that our shareholders have placed in us. We expect to continue to do so while we aggressively invest in R&D and M&A.

We will, at the same time, more actively pursue performance-based incentives for Sumida employees. They will then have a greater stake in the future success of the company and this will in turn benefit all stake-holders.

In recognition of the need and benefits of working in a symbiotic manner with the communities in our various geographical operating sites, we will implement best practices of Corporate Social Responsibility (CSR).

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