

Overview of Capital Investment/Research and Development

Overview of Capital Investment

SANYO has worked on full-fledged business selection and focus strategies as well as growth strategies centering on future core businesses. In line with these strategies, during the fiscal year ended March 2007 we primarily directed capital investment to the component and consumer business segments. The capital investment involved totaled ¥79.6 billion (US\$675 million).

We invested capital totaling ¥20.2 billion (US\$171 million) in the consumer business segment. The investment went mainly toward manufacturing facilities for telephone devices, digital cameras, LCD projectors, car electronics and washing machines.

In the commercial business segment, ¥4.3 billion (US\$36 million) was invested. The main targets of this investment were manufacturing facilities for absorption chillers and showcases.

For the component business segment, our capital investment was ¥53.6 billion (US\$454 million), directed primarily toward manufacturing facilities for lithium-ion batteries, solar cells, electronic components, compressors and semiconductors.

In the other business segments, our capital investment was ¥0.7 billion (US\$6 million).

Overview of Research and Development

Under the "Think GAIA" vision, with the aim of becoming a company that delights life and the Earth, the Technology R&D Headquarters of SANYO works as one with each internal company, enabling us to create products and offer solutions

from a new perspective by making full use of our proprietary technologies.

During the fiscal year ended March 2007, we implemented initiatives for selecting and focusing on development themes, so as to strengthen our technological development capabilities. At the same time, the process of new business creation was accelerated through technology fusion. As a result, the research and development expenditures of SANYO for the fiscal year ended March 2007 amounted to ¥127.3 billion (US\$1,079 million).

Research and development expenditures associated with the consumer business segment totaled ¥59.2 billion (US\$502 million), used mainly for researching and developing basic technologies relating to next-generation audiovisual equipment, information and communications equipment, and electric home appliances.

Research and development expenditures associated with the commercial business segment were ¥18.6 billion (US\$157 million), used mainly for the research and development of basic technologies relating to next-generation industrial equipment and systems.

Research and development expenditures associated with the component business segment totaled ¥46.7 billion (US\$396 million), used mainly for the research and development of basic technologies relating to next-generation rechargeable batteries, solar cells, electronic components and semiconductors.

Research and development expenditures unrelated to the above-mentioned business segments amounted to ¥2.8 billion (US\$24 million).

