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Securities Code: 6707
June 2, 2017

To Those Shareholders with Voting Rights

Takashi Wada
President
Sanken Electric Co., Ltd.
6-3, Kitano 3-chome, Niiza-shi,
Saitama Prefecture

NOTICE OF CONVOCAION OF THE 100TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 100th Ordinary General Meeting of Shareholders. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by mail or via the Internet through either of the methods described on the next page. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m., Thursday, June 22, 2017.

Notice

1. **Date and Time:** 10:00 a.m., Friday, June 23, 2017
2. **Place:** The Company's Head Office
6-3, Kitano 3-chome, Niiza-shi, Saitama Prefecture
3. **Agenda of the Meeting:**
 - Matters to be reported:**
 1. The Business Report, the Consolidated Financial Statements and results of the audit on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board for the 100th Fiscal Term (from April 1, 2016 to March 31, 2017)
 2. The Non-Consolidated Financial Statements for the 100th Fiscal Term (from April 1, 2016 to March 31, 2017)
 - Proposals to be resolved:**
 - Proposal No. 1:** Appropriations of Surplus
 - Proposal No. 2:** Election of Eight Directors
 - Proposal No. 3:** Election of One Audit and Supervisory Board Member
 - Proposal No. 4:** Election of One Substitute Audit and Supervisory Board Member

- If the Business Report, the Consolidated Financial Statements, the Non-Consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders are amended, the amended items will be disclosed on our website (<http://www.sanken-ele.co.jp/>).
- We provide our shareholders with the CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS, NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, the NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS, and NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS by disclosing them on our website stated above in accordance with laws and regulations and the provisions of the Articles of Incorporation of the Company. Please note that the documents disclosed on our website formed part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit and Supervisory Board Members and Accounting Auditor during the preparation of the Audit Reports.

Method for Exercising Your Voting Rights

Voting rights for the General Meeting of Shareholders are valuable rights for the shareholders. Please review the Reference Documents for the General Meeting of Shareholders (Pages 27 to 33) and exercise your voting rights.



- *In case you attend the meeting in person:*

Please present the enclosed Voting Rights Exercise Form to the receptionist.

Please note that proxies who are not shareholders, persons accompanying shareholders, and any other persons with no voting rights are not allowed to enter the place of the General Meeting of Shareholders. For the purpose of resource saving, you are also requested to bring this Notice as a meeting material when you attend the meeting.



- *In case you vote in writing by postal mail:*

Please return the Voting Rights Exercise Form with your vote by postal mail. The completed form must reach us by the deadline as below:

Deadline: 5:00 p.m., Thursday, June 22, 2017



- *In case you vote via the Internet:*

Please access our website (<http://www.web54.net>) from your PC or smart phone, enter the code for the exercise of voting rights and the temporary password on the Voting Rights Exercise Form, and register your approval or disapproval for each proposal by following the instructions on the screen.

Deadline: 5:00 p.m., Thursday, June 22, 2017

(Please refer to “A Guide for the Exercise of Your Voting Rights via the Internet” on page 34.)

If you exercise your voting rights by two different methods, that is, via the Internet as well as by postal mail, the votes via the Internet shall be deemed to be valid. If you exercise your voting rights via the Internet more than once, your final votes shall be deemed to be valid.

For Institutional Investors:

The Electronic Voting Platform for Institutional Investors operated by Investor Communications Japan Inc. is available for Institutional Investors that have applied to use such platform in advance.

BUSINESS REPORT

(from April 1, 2016 to March 31, 2017)

1. Current Status of the Company

(1) Review of Operations

Economic conditions remained on a moderate recovery trend as a whole during the current consolidated fiscal year. The US economy continued to recover, Europe saw an increase in consumption, and the Chinese economy also recovered. The Japanese economy continued on a moderate recovery track, as well, backed by increased overseas demand. In the electronics market the Company mainly services with its products, the market expanded globally and sales remained brisk as a whole. These trends were driven by growing demand for energy-saving white goods with built-in inverters in China and other Asian countries, recovery in the automotive markets in Europe, and support from the extended subsidy policy in China, factors that together outweighed the decreased sales of audio and other AV related products and sluggish sales in the market for office equipment, including printers. Under these circumstances, the Company established a basic policy stressing activities to “Focus on growing markets” and “Enhance financial performance” and concentrated its efforts on the development of new products with a focus on strategic markets related to the environment, energy saving, and green energy. Through these efforts, we strove to expand sales and enhance profitability while focusing on measures to reduce inventory and reduce interest-bearing debt.

For the business results of the consolidated fiscal year, consolidated net sales were ¥158,772 million, an increase of ¥2,852 million (1.8%) compared to the previous fiscal year. These results were a consequence of favorable sales of products for white goods and automotive products mainly in overseas markets in the semiconductor devices segment. For income, we recorded consolidated operating income of ¥5,930 million, a decrease of ¥873 million (12.8%) compared to the previous fiscal year due to the exchange rate influenced by a stronger yen. However, we recorded consolidated ordinary income of ¥5,026 million, an increase of ¥1,234 million (32.6%) compared to the previous fiscal year, because non-operating income and expenses improved and extraordinary losses decreased as compared to the previous fiscal year. Profit attributable to owners of parent was ¥1,739 million, an increase of ¥1,567 million (914.0%) compared to the previous fiscal year.

Overview of the Business Segments

Semiconductor Device Business

In this segment, sales of products for white goods such as air conditioners and washing machines and automotive products increased favorably, while sales of AV-related products and products for printers and other office equipment fell. As a result, consolidated net sales for this segment were ¥129,322 million, an increase of ¥4,205 million (3.4%) as compared to the previous fiscal year. For income, consolidated operating income remained ¥9,251 million, almost unchanged from the previous year due to the exchange rate influenced by a stronger yen.

Power Modules

In this segment, sales of automotive products increased. As a result, consolidated net sales for this segment were ¥16,153 million, an increase of ¥230 million (1.5%) as compared to the previous fiscal year. For income, however, we recorded consolidated operating loss of ¥384 million (consolidated operating loss of ¥973 million in the same period in the previous year), mainly because the Company’s structural reform, which centers on conversion of product portfolios and reducing fixed expenses, was still in progress.

Power Systems

Sales in this segment declined, chiefly due to sluggish sales of products in the new energy market, in addition to ongoing declines in the sales of products in the telecommunication market. As a result, consolidated net sales were ¥13,296 million, a decrease of ¥1,583 million (10.6%) as compared to the previous fiscal year. For income, consolidated operating loss was ¥180 million (consolidated operating income of ¥973 million in the previous fiscal year), stemming from decreased net sales.

Consolidated Sales by Segment

Category	99th Term (Year ended March 31, 2016)	Percentage of total	100th Term (Year ended March 31, 2017)	Percentage of total
Semiconductor Device Business	(millions of yen) 125,117	% 80.3	(millions of yen) 129,322	% 81.4
PM Business	15,922	10.2	16,153	10.2
PS Business	14,879	9.5	13,296	8.4
Total	155,919	100.0	158,772	100.0

(2) Capital Investment

Capital investment of the current consolidated fiscal year amounted to 9,071 million yen. This mainly consisted of investment for the purpose of expanding the semiconductor device production capacity and others of domestic and overseas subsidiaries such as Allegro MicroSystems, LLC, Ishikawa Sanken Co., Ltd., and Polar Semiconductor, LLC.

(3) Financing

In order to appropriate funds for some portion of the redemption of commercial paper, the Company procured 10,000 million yen during the fiscal term under review by issuing the 11th Unsecured Bond.

(4) TASKS TO BE ADDRESSED

Looking into the future of the global economy in general, we expect steady recovery in personal consumption in the US and Europe, while growing uncertainty over future events is expected to remain. Stable economic recovery is projected in China, though uncertainty has been expressed over the peril that financial risk will spread throughout the total economy. The economic recovery is expected to continue in Japan, but we must say that the outlook remains uncertain due to many unstable factors overseas. In the markets the Company mainly services with its products, however, demand is expanding for automotive products aiming at fuel-efficiency solutions, lower exhaust gas emission, and strengthened safety. The number of semiconductors used per vehicle has increased as a result, which supports the expectation that the global demand for automotive products will remain stable. In addition, as the growing adoption of inverters is expected to drive rising demand for products for white goods in the emerging economies, demand for relevant electronic products is forecasted to increase steadily as well.

Under these circumstances, the Company established an improved organizational base effective on April 1, 2017 with the aim of (1) enhancing development capabilities, manufacturing capabilities and sales capabilities and (2) strengthening its quality assurance system, in order to achieve the plan for the current fiscal year and accomplish growth strategy for the future, in the last year of the “2015 Mid-term Business Plan.” First, in the semiconductor devices business sector, we will reinforce our technology development resources and concurrently strive to make our technology development more efficient and shorten lead times by narrowing down development activities for new products to strategic markets and products. We have also developed functions to promote cost-reduction activities and production reform activities, in order to strengthen our capacity to generate profits for production. For quality assurance, we have carried out organizational realignments for functions applicable to product quality and manufacturing quality, in order to further strengthen our quality assurance system. Next, in the power systems business sector, we will eliminate redundant functions by integrating the power module department and power systems department. We have been implementing organizational realignments and other additional changes with a view to concentrating our development resources into strategic products and strengthening the marketing functions for each market, in order to convert to an optimal business structure by taking advantage of each department’s strengths, such as the cost-reduction capabilities of the power module department and quality-enhancement capabilities of the power systems department. For marketing and sales, we will conduct organizational rearrangements with a view to strengthening and expanding sales channels and improve our management system for customers and orders. Through these efforts, we will aim to increase sales in the strategic markets.

Under this new organizational structure, we will promote structural reforms for expanding profits and operational reforms with an aim to reduce time-to-market. In the markets on which we should strategically focus, mainly the emerging markets related to the environment and energy saving, and global markets for automotive products, white goods, and industrial machinery, we will concentrate our efforts on urgent issues such as: (1) accomplishing sales expansion for new products, (2) ensuring profits through cost reduction activities, and (3) strengthening financial conditions by curtailing inventories and interest-bearing debt. Through these efforts, the Company Group will band together and move ahead to achieve the plan for the current fiscal year.

(5) Business Results and Summary of Assets

Category		Fiscal term ended March 31, 2014 (97th Term)	Fiscal term ended March 31, 2015 (98th Term)	Fiscal term ended March 31, 2016 (99th Term)	Fiscal term ended March 31, 2017 (100th Term)
Net sales	(millions of yen)	144,467	160,724	155,919	158,772
Ordinary income	(millions of yen)	7,573	10,334	3,791	5,026
Profit attributable to owners of parent	(millions of yen)	5,029	7,942	171	1,739
Net income per share	(yen)	41.47	65.50	1.41	14.35
Total assets	(millions of yen)	164,762	193,267	184,711	182,700
Net assets	(millions of yen)	49,108	63,021	53,959	54,736

Note: Net income per share is calculated based on the average number of shares outstanding in each fiscal term. The average number of shares outstanding excludes treasury stock.

(6) Principal Business of the Company

The Company mainly engages in the development, manufacture and sale of electric equipment and devices.

Segment	Products
Semiconductors	Power ICs, Control ICs, Hall-effect ICs, Bipolar transistors, MOSFETs, IGBTs, Thyristors, Rectifier Diodes, Light Emitting Diodes (LEDs)
PMs	Switching mode power supplies, Transformers
PSs	Uninterruptible power supplies (UPSs), Inverters, DC power supplies, High-intensity airway beacon system, General Purpose Power Supplies

(7) Principal Offices and Plants**(i) The Company**

Offices	Location
Head Office	Niiza-shi, Saitama Prefecture
Kawagoe Plant	Kawagoe-shi, Saitama Prefecture
Tokyo Office	Toshima-ku, Tokyo
Osaka Branch	Osaka-shi, Osaka
Sapporo Sales Office	Sapporo-shi, Hokkaido
Sendai Sales Office	Sendai-shi, Miyagi Prefecture
Nagoya Sales Office	Nagoya-shi, Aichi Prefecture
Kanazawa Sales Office	Kanazawa-shi, Ishikawa Prefecture
Hiroshima Sales Office	Hiroshima-shi, Hiroshima Prefecture
Kyushu Sales Office	Fukuoka-shi, Fukuoka Prefecture

(ii) Subsidiaries

Name	Offices	Location
Ishikawa Sanken Co., Ltd.	Head Office, Horimatsu Plant	Shika-machi, Hakui-gun, Ishikawa Prefecture
	Shika Plant	Shika-machi, Hakui-gun, Ishikawa Prefecture
	Machino Plant	Wajima-shi, Ishikawa Prefecture
	Uchiura Plant	Noto-machi, Housu-gun, Ishikawa Prefecture
Yamagata Sanken Co., Ltd.	Head Office	Higashine-shi, Yamagata Prefecture
Kashima Sanken Co., Ltd.	Head Office	Kamisu-shi, Ibaraki Prefecture
Fukushima Sanken Co., Ltd.	Head Office	Nihonmatsu-shi, Fukushima Prefecture
Sanken Optoproducts Co., Ltd.	Head Office	Shika-machi, Hakui-gun, Ishikawa Prefecture
Dalian Sanken Electric Co., Ltd.	Head Office	Liaoning, China
Sanken North America, Inc.	Head Office	Massachusetts, U.S.A.
Allegro MicroSystems, LLC	Head Office	Massachusetts, U.S.A.
Polar Semiconductor, LLC	Head Office	Minnesota, U.S.A.
Sanken Power Systems (UK) Limited	Head Office	Bridgend, U.K.
P.T. Sanken Indonesia	Head Office	West Java, Indonesia
Korea Sanken Co., Ltd.	Head Office	Changwon City, Korea
Sanken L.D. Electric (Jiangyin) Co., Ltd.	Head Office	Jiangsu, China

(8) Status of Principal Subsidiaries

Name	Common stock	Percentage of equity participation	Principal business
Ishikawa Sanken Co., Ltd.	95 million yen	100.0%	Manufacture of semiconductors
Yamagata Sanken Co., Ltd.	100 million yen	100.0%	Manufacture of semiconductors
Kashima Sanken Co., Ltd.	75 million yen	100.0%	Manufacture of semiconductors
Fukushima Sanken Co., Ltd.	50 million yen	100.0%	Manufacture and sale of semiconductors
Sanken Optoproducts Co., Ltd.	90 million yen	100.0%	Manufacture of semiconductors and PSs
Dalian Sanken Electric Co., Ltd.	66 million yuan	100.0%	Manufacture of semiconductors; manufacture and sale of PMs
Sanken North America, Inc.	10 million US dollars	100.0%	Development, manufacture, and sale of semiconductors
Allegro MicroSystems, LLC	63 million US dollars	* 100.0%	Development, manufacture, and sale of semiconductors
Polar Semiconductor, LLC	100 million US dollars	* 100.0%	Manufacture of semiconductors
Sanken Power Systems (UK) Limited	5 million Stg. pounds	100.0%	Sale of semiconductors and PMs
P.T. Sanken Indonesia	21 million US dollars	100.0%	Manufacture and sale of PMs
Korea Sanken Co., Ltd.	759 million won	100.0%	Manufacture and sale of semiconductors
Sanken L.D. Electric (Jiangyin) Co., Ltd.	36 million yuan	60.0%	Manufacture and sale of PSs

Notes: 1. Allegro MicroSystems, LLC and Polar Semiconductor, LLC are both wholly owned subsidiaries of Sanken North America, Inc., a wholly owned subsidiary of the Company.

2. Asterisks (*) indicate indirect ownership through Sanken North America, Inc.

3. No specific wholly owned subsidiary exists as of the end of the current consolidated fiscal year.

(9) Employees

Number of employees	Year-on-year
9,770	-274

Note: The number of employees of the Company (non-consolidated) is 1,225. This is a decrease of 14 employees from the previous year.

(10) Major Creditors

Creditors	Loan Outstanding
Resona Bank, Limited.	8,724 million yen
Development Bank of Japan Inc	5,000 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,865 million yen
Mizuho Bank, Ltd.	4,754 million yen
The Hachijuni Bank, Ltd.	3,975 million yen
Saitama Resona Bank, Limited	3,300 million yen

2. Shares of the Company

(1) Total number of shares authorized to be issued 257,000,000

(2) Total number of shares issued 125,490,302
(The number includes 4,293,460 shares of treasury stock)

(3) Number of shareholders 12,196

(4) Major shareholders

Name	Capital contribution	
	Number of shares (thousands)	Percentage of Ownership
Japan Trustee Services Bank, Limited (Trust Account)	8,316	6.86%
The Master Trust Bank of Japan, Limited (Trust Account)	7,469	6.16%
Saitama Resona Bank, Limited	6,011	4.96%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	3,105	2.56%
Evergreen	2,693	2.22%
Japan Trustee Services Bank, Limited (Trust Account 5)	2,148	1.77%
STATE STREET BANK AND TRUST COMPANY 505325	1,730	1.42%
Japan Trustee Services Bank, Limited (Trust Account 2)	1,558	1.28%
The Hachijuni Bank, Ltd	1,556	1.28%
Japan Trustee Services Bank, Limited (Trust Account 1)	1,528	1.26%

Notes: 1. The Company holds 4,293,460 shares of treasury shares that are excluded from the major shareholders listed above.

2. Percentage of ownership is calculated after deducting the number of shares held as treasury shares from the total number of shares issued, and digits below the third decimal place are omitted.

3. Officers of the Company

(1) Directors and Audit and Supervisory Board Members

Position	Name	Assignment or significant concurrent office
Director, President	Takashi Wada	
Director	Masao Hoshino	Executive Vice President, Engineering Headquarters
Director	Yoshihiro Suzuki	Senior Vice President and General Manager, Global Business Strategy Office Director, President and CEO, Sanken North America, Inc.
Director	Kazunori Suzuki	Senior Vice President, Sales Headquarters
Director	Takeshi Soroji	Senior Corporate Officer, Production Headquarters
Director	Hideo Takani	Senior Corporate Officer, Corporate Administration Headquarters
Director	Richard R. Lury	Attorney-at-law; Outside Director, Hitachi Zosen Corporation
Director	Noriharu Fujita	Certified Public Accountant; Representative, Fujita Noriharu Accounting Firm; Independent Non-Executive Director, CITIC Limited
Standing Audit and Supervisory Board Member (Full-time)	Akira Ota	
Audit and Supervisory Board Member (Full-time)	Noboru Suzuki	
Audit and Supervisory Board Member	Mikihiko Wada	
Audit and Supervisory Board Member	Jin Takeda	Attorney-at-law; Partner, the Marunouchi Sogo Law Office Outside Corporate Auditor, Dowa Holdings Co., Ltd.

- Notes: 1. Messrs. Hideo Takani and Noriharu Fujita, Directors, were newly elected at the 99th Ordinary General Meeting of Shareholders held on June 24, 2016 and assumed their respective offices.
2. Mr. Akira Ota, Audit and Supervisory Board Member, retired from office as a Director upon expiration of his term of office at the conclusion of the 99th Ordinary General Meeting of Shareholders held on June 24, 2016. At the same General Meeting of Shareholders. He was newly elected as an Audit and Supervisory Board Member and assumed his office.
3. Messrs. Richard R. Lury and Noriharu Fujita are Outside Directors, and Messrs. Mikihiko Wada and Jin Takeda are Outside Audit and Supervisory Board Members. The Company has appointed each of them as an independent officer unlikely to have conflicts of interest with general shareholders and has filed a notification to that effect with the Tokyo Stock Exchange.
4. Mr. Akira Ota, Audit and Supervisory Board Member, has long experience working at accounting and financial divisions of the Company and Mr. Mikihiko Wada, Audit and Supervisory Board Member, has long experience working at a financial institution. Accordingly, they have extensive knowledge in finance and accounting.
5. Mr. Tatsuo Okino retired from office as an Audit and Supervisory Board Member upon resignation at the conclusion of the 99th Ordinary General Meeting of Shareholders held on June 24, 2016.

6. Corporate Officers of the Company who do not double as Directors as of March 31, 2017:

Position	Name	Assignment
Senior Corporate Officer	Hiroyuki Ouchi	Head, Power System Headquarters
Corporate Officer	Masahiro Sasaki	General Manager, Development Division, Engineering Headquarters
Corporate Officer	Yukiyasu Taniyama	General Manager, LED Division, Production Headquarters
Corporate Officer	Kiyoshi Murakami	Deputy Head, Corporate Administration Headquarters and General Manager, General Affairs and Human Resources Division, Corporate Administration Headquarters
Corporate Officer	Shigeru Ito	General Manager, Power Marketing Division, Power System Headquarters
Corporate Officer	Kiyonori Orito	Deputy Head, Sales Headquarters and General Manager, Nagoya Sales Division
Corporate Officer	Hideki Nakamichi	Deputy Head, Engineering Headquarters and General Manager, Device Marketing Division
Corporate Officer	Masaki Kanazawa	General Manager, AMBD Division, Engineering Headquarters
Corporate Officer	Makoto Iwata	General Manager, Device Production Division, Production Headquarters
Corporate Officer	Myungjun Lee	Deputy Head, Engineering Headquarters
Corporate Officer	Yasunobu Murano	General Manager, Finance and Investor Relations Division, Corporate Administration Headquarters
Corporate Officer	Tetsuo Bannai	General Manager, Manufacturing Technology Division, Production Headquarters and General Manager, Assembly Development Division

(2) Outline of liability limitation agreement

The Company has entered into an agreement with Outside Directors and Outside Audit and Supervisory Board Members to limit their liability for damages arising from negligence of duties pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum liability amount under the agreement is as set forth by laws and regulations.

(3) Compensation paid to Directors and Audit and Supervisory Board Members

Category	Number of persons paid	Amount of compensation
Director	9	177 million yen
Audit and Supervisory Board Member	5	48 million yen
Total	14	225 million yen
(of which Outside Director and Outside Audit and Supervisory Board Member)	(4)	(21 million yen)

Notes: 1. The number of Directors paid and the amount of compensation paid to Directors include those for one Director who retired during the period under review. The number of Audit and Supervisory Board Members paid and the amount of compensation paid to Audit and Supervisory Board Members include those for one Audit and Supervisory Board Member who retired during the period under review.

2. Separately from the above, the amount of compensation to the outside officers paid by the consolidated subsidiaries of the Company as their officers is 20 million yen.

(4) Outside Officers

(i) Relationship between the Company and other companies of which significant offices are concurrently held

Name	Significant concurrent office and the relationship with the Company
Outside Director Richard R. Lury	Mr. Richard R. Lury concurrently serves as an Outside Director of Hitachi Zosen Corporation. There is no relationship requiring disclosure between the Company and Hitachi Zosen Corporation.
Outside Director Noriharu Fujita	Mr. Noriharu Fujita concurrently serves as an Independent Non-Executive Director, CITIC Limited. There is no relationship requiring disclosure between the Company and CITIC Limited. In addition, Mr. Noriharu Fujita serves as a representative of Fujita Noriharu Accounting Firm. There are no relationship requiring disclosure between the Company and the firm.
Outside Audit and Supervisory Board Member Jin Takeda	Mr. Jin Takeda concurrently serves as an Outside Audit and Supervisory Board Member of Dowa Holdings Co., Ltd. There is no relationship requiring disclosure between the Company and Dowa Holdings Co., Ltd. In addition, Jin Takeda is a lawyer who serves as a partner at the Marunouchi Sogo Law Office, a firm with which the Company has executed a legal advisory agreement. However, Jin Takeda is in no way involved in any matters covered under the agreement, and the transactions between the Company and the firm do not reach significant amounts annually for either the Company or the firm.

(ii) Major activities

Name	Major activities
Outside Director Richard R. Lury	Mr. Richard R. Lury attended all 10 meetings of the Board of Directors held during the period under review. He contributed to these meetings with comments based mainly on his experience and knowledge in international corporate legal affairs.
Outside Director Noriharu Fujita	Mr. Noriharu Fujita attended all 8 meetings of the Board of Directors held during the period under review after he was newly elected as a Director at the 99th Ordinary General Meeting of Shareholders held on June 24, 2016. He contributed to these meetings with comments based mainly on his long years of experience in international auditing practice.
Outside Audit and Supervisory Board Member Mikihiko Wada	Mr. Mikihiko Wada attended all 10 meetings of the Board of Directors held during the period under review. He contributed to these meetings with comments based mainly on the extensive knowledge and experience he has accumulated over his many years as a corporate executive. He also attended 17 out of 18 meetings of the Audit and Supervisory Board held during the period under review. He contributed to these meetings chiefly with exchanges of views on audit findings and with consultations on important matters regarding audits.
Outside Audit and Supervisory Board Member Jin Takeda	Mr. Jin Takeda attended 9 out of 10 meetings of the Board of Directors held during the period under review. He contributed to these meetings with comments based mainly on his professional perspective as a lawyer. He also attended 15 out of 18 meetings of the Audit and Supervisory Board held during the period under review. He contributed to these meetings chiefly with exchanges of views on audit findings and with consultations on important matters regarding audits.

4. Accounting Auditors

(1) **Name of Accounting Auditor** Ernst & Young ShinNihon LLC

(2) **Compensation paid to Accounting Auditor for the year under review**

Classification	Amount paid
(i) Compensation paid or payable to the Accounting Auditor concerning the audit services for the year under review	70 million yen
(ii) The total amount of money and property interests paid or payable to the Accounting Auditor for the Company and subsidiaries	71 million yen

Notes: 1. The Audit contract between the Company and the Accounting Auditor does not separate the compensation concerning the Audit for the Companies Act from the compensation concerning the Audit described by the Financial Instruments and Exchange Act. Accordingly, the amount described in (i) represents the total amount of these compensations.

2. Some subsidiaries of the Company employ certified public accountants or audit corporations (or persons with equivalent qualifications in foreign countries concerned) for auditing.

3. Reasons for the agreement by the Audit and Supervisory Board on compensation paid to the Accounting Auditor
The Audit and Supervisory Board conducted a required examination to determine whether or not the contents of the Accounting Auditor's auditing plans, status of the performance of duties of the accounting audit, basis for calculating the estimated compensation, etc. were appropriate, and thereupon decided to agree on compensation, etc. as set forth in Article 399, Paragraph 1 of the Companies Act, in accordance with the "Practical Guidance for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association.

(3) **Non-Auditing Services**

During the period under review, the Company entrusted the Accounting Auditor with the following services other than the auditing & attestation engagement prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act: the preparation of a comfort letter related to the 9th Unsecured Bond and 10th Unsecured Bond, and advices on the development, implementation, evaluation, etc. of internal control related to financial reporting in line with implementation of the next generation system.

(4) **Policy for determining the dismissal or non-reappointment of Accounting Auditor**

If the Audit and Supervisory Board has judged that it will be necessary to dismiss or forego reappointment of an Accounting Auditor, such as in cases when the execution of duties by an Accounting Auditor is adversely affected, the Audit and Supervisory Board shall determine the details of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders, and thereupon the Board of Directors shall submit the proposal to the General Meeting of Shareholders.

If an Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, such Accounting Auditor shall be dismissed subject to the unanimous approval at the Audit and Supervisory Board. In this case, one of the Audit and Supervisory Board members designated by the Audit and Supervisory Board shall report the dismissal of the Accounting Auditor and the reason for the dismissal to the first shareholders' meeting to be convened after the dismissal.

(5) **Business suspension order issued against an Accounting Auditor in the past two years**

Overview of the disciplinary action announced by the Financial Services Agency effective on December 22, 2015

(i) Entity subject to the disciplinary action: Ernst & Young ShinNihon LLC

(ii) Details of the disciplinary action

* Suspension of business related to the conclusion of new contracts
Three months (From January 1, 2016 to March 31, 2016)

* Business improvement order (for improvement of business management structure)

(iii) Reasons for the disciplinary action

* When auditing the financial documents of TOSHIBA CORPORATION for the fiscal year ended March 31, 2010, March 31, 2012, and March 31, 2013, certified public accountants of Ernst & Young ShinNihon LLC failed to pay reasonable attention, erroneously certified that financial documents containing material misstatements were free of material misstatements.

* The management of Ernst & Young ShinNihon LLC was determined to be extremely improper.

5. System for Ensuring Appropriate Conduct of Operations and Outline of the Status of Implementation of the System

(I) System for Ensuring Appropriate Conduct of Operations

The Company's Board of Directors adopted a series of resolutions on the system to ensure proper operation, as follows:

(1) System for ensuring that the directors and employees perform their duties in accordance with laws, regulations, and the Article of Incorporation.

- 1) The Board of Directors deliberates material business execution, supervises the execution of duties by each director, and checks legality, in accordance with "Regulations of the Board of Directors."
- 2) The Company establishes and implements a "Management Philosophy," "Code of Conduct," and "Sanken Conduct Guideline." The Company also ensures that the executives and employees comply with laws, regulations and the Articles of Incorporation, by familiarizing them with the compliance mindset and the importance of compliance and by implementing ongoing educational training activities, both arranged by Representative Directors.
- 3) The internal audit department audits the performance of duties in the Company and each of the group companies and ensures the effectiveness of the compliance system by making the most of a whistle-blowing protocol.
- 4) To appropriately respond to the internal control report system (hereinafter referred to as "J-SOX") under the Financial Instruments and Exchange Act, the Company has established a person in charge of J-SOX at its internal audit department and secures the reliability of financial information by undertaking a company-wide review of the control systems and measures to improve the systems on an ongoing basis.
- 5) The Company has no relationship with antisocial forces. The Company usually endeavors to establish close relationships and cooperation systems with external organizations such as police agencies and lawyers. Should the Company be subject to an undue claim, it will adopt a resolute stand and decisively refuse it.

(2) System for the storage and management of information with regard to the execution of duties by directors

The Minutes of the Board of Directors and other documents and records on important meetings, as well as the results of decision-making and other records on business execution, shall be appropriately stored and managed in accordance with laws, regulations, and various internal rules.

(3) Rules and other aspects of the system for managing risks of loss

- 1) Risks associated with key investments or new businesses are discussed from various viewpoints and determined deliberatively at the Board of Directors, Management Committee, and other important meetings.
- 2) The internal audit department recognizes and analyzes risks in the course of business for the Company and group companies through internal audits. The Crisis Management Committee implements unified, cross-sectional, and group-wide risk management.

(4) System for ensuring that the duties of the directors are efficiently performed

- 1) The Board of Directors formulates the mid-term management plan and annual budget, and checks the progress of business execution based on the report on the progress of achievement, while the Management Committee is responsible for monthly performance management.
- 2) The Management Committee discusses basic and material matters among the items on the agenda to be resolved at the Board of Directors and the business operations to be executed by the Representative Directors. It also performs business promptly and flexibly using the corporate officer system.
- 3) The Company develops "the Fundamental Standards for Organization and Authorities," "the Regulations on the Division of Duties," etc. to clarify the responsibilities and authorities of each department. The Company also conducts efficient decision-making and business execution through efforts for the appropriate division of duties and cooperation among organizations.

(5) System for ensuring appropriate business operations within the Company and within each group company

- 1) When necessary, the Company sends its officers and employees to Group companies as incoming directors to follow up on the Company's management policy, determine material business-related issues, and promote efficient management.
- 2) The scope of duties, authorities and responsibilities between the Company and each group company, as well as the matters to be reported to the Company, are clarified in accordance with “the Administration Standards for Subsidiaries and Affiliates” and “the Management Guidelines.”
- 3) An organization in charge of each group company is established at the Company to bear responsibility for the guidance of management and enhancement of managerial performance through close information sharing.

(6) Matters regarding employees appointed for the support of Audit and Supervisory Board members when so requested by Audit and Supervisory Board members

- 1) Staff of the General Affairs Division will assist the deskwork of the Secretariat's Office of Audit and Supervisory Board.
- 2) When the Audit and Supervisory Board members so request, the appointment and other personnel affairs of exclusive staff for the support of the Audit and Supervisory Board members shall be determined through consultation among the directors and Audit and Supervisory Board members.
- 3) Such exclusive staff shall comply with instructions from each Audit and Supervisory Board member to ensure their independence from directors and the effectiveness of the instructions from the Audit and Supervisory Board members.

(7) System for reporting to Audit and Supervisory Board members

- 1) Standing Audit and Supervisory Board members attend the Management Committee meetings, inspect and receive principal documents, thereby obtain information on the businesses of the Company and group companies, and report the contents of such information to the Audit and Supervisory Board.
- 2) Each of the directors, internal audit department, and the Accounting Auditor meet with the Audit and Supervisory Board members regularly to report the management situations of the Company and group companies and audit results.
- 3) If officers or employees find any fact or event which is likely to cause material damage to the Company or any of the group companies or discover any illegal actions in the course of business operations, such officers or employees must report the matter to the Audit and Supervisory Board members.
- 4) The internal audit department reports the results of internal audits, the status of implementation of the whistle-blowing protocol, and the contents of whistle-blowing to the Audit and Supervisory Board members.
- 5) Regulations on the whistle-blowing protocol are stipulated to ensure that a whistle-blower will not be subjected to any disadvantageous treatment because of the said whistle-blowing.

(8) Policy for handling expenses and liabilities incurred from the execution of duties by Audit and Supervisory Board members

If, with respect to any expenses to be incurred when Audit and Supervisory Board members perform their duties, the Audit and Supervisory Board members request the Company to pay them in advance, repay them, or otherwise, the Company shall promptly process the expenses unless they are judged to be unnecessary.

(9) Other system for ensuring effective auditing by the Audit and Supervisory Board members

The Audit and Supervisory Board draws up the auditing standards, audit plans, and audit policies. Each Audit and Supervisory Board member conducts audits properly based on his own expertise and experience. An efficient and highly effective audit system is realized through these efforts.

(II) Outline of the Status of Implementation of the System for Ensuring Appropriate Conduct of Operations

(1) Status of efforts for compliance

The internal audit department decides themes and conducts internal audits of the Company. Group companies regularly implement internal audits of overall administration systems as well. The planning, progress, and results of these internal audits are regularly reported to the Audit and Supervisory Board members. With respect to the internal control report system (hereinafter referred to as “J-SOX”) under the Financial Instruments and Exchange Act, a person in charge of J-SOX at the internal audit department continuously implements company-wide reviews and improvements in efforts to ensure the reliability of financial information. The Company regularly implements educational training activities on the contents of the “Sanken Conduct Guideline,” the Company’s basic manual for compliance, and strives to thoroughly spread the compliance mindset. Further, the Company has developed and manages a whistle-blowing protocol, and the implementation status and contents of whistle-blowing are regularly reported to the Audit and Supervisory Board members. The officers and employees always pay due attention with respect to the Company’s responses to antisocial forces, while the Company continuously exchanges related information with external organizations such as police agencies and relevant bodies to develop ongoing cooperation systems.

(2) Status of efforts for managing risks of loss

The Company has established the Crisis Management Committee as an organization to supervise risk. The Crisis Management Committee meetings were held twice for the year under review to endeavor to realize, analyze, and respond to risk, while the Company implemented training for a disaster.

If any fact or event which is likely to cause material damage to the Company or any of the group companies is found or any illegal actions in the course of business operations is discovered through the implementation of internal audits and the whistle-blowing protocol, the contents of whistle-blowing are reported to the Audit and Supervisory Board members each time, and advice and corrections are decided on a case-by-case basis.

(3) Status of efforts for ensuring the appropriateness and efficiency of the execution of duties

The Board of Directors consists of eight directors, including two outside director. Four Audit and Supervisory Board members, including two outside Audit and Supervisory Board members, also attend the Board of Directors meetings. The Board of Directors meetings were held ten times during the year under review to deliberate proposals, supervise the status of business execution, and actively exchange opinions. We therefore believe that the effectiveness of decision-making and supervision is ensured.

(4) Status of efforts for the appropriateness of business within the group

The Company sends its officers and employees to group companies to follow up on the Company's management policy, determine material business-related issues, and promote efficient management. The Company stipulates and implements matters to be discussed in advance between each group company and a department in charge at the Company.

(5) Status of efforts for ensuring the effectiveness of audits by the Audit and Supervisory Board members

The Audit and Supervisory Board comprises four Audit and Supervisory Board members, including two outside Audit and Supervisory Board members. Audit and Supervisory Board meetings were held eighteen times during the year under review to carry out discussions and adopt resolutions after reports on important matters related to audits were received. Further, the Audit and Supervisory Board members regularly meet the President and internal audit department, as well as the Accounting Auditor, to exchange opinions mainly on the development and implementation status of compliance and internal control.

6. Basic Policy on Control of the Company

(1) Basic Policy on Composition of Persons to Control Decision-Making over Financial and Business Policies of the Company

As a listed Company, the stock of the Company may be traded freely by shareholders and investors, and the Board of Directors believes that the composition of persons to control decision-making over the financial and business policies of the Company should ultimately be decided by the will of the shareholders, and that the final judgment as to whether to sell the shares of the Company in response to a mass acquisition of the shares of the Company should ultimately be decided based on the will of the shareholders holding the shares.

However, the management of the Company and the Company Group requires a wide range of know-how and ample experience in technical subjects, including proprietary manufacturing technologies for wafer fabrication and semiconductor device assembly, as well as the integration of power supply systems with optical devices based on leading-edge circuit technologies. Further, a full understanding of the relationships that the Company has developed with stakeholders such as customers, suppliers, and employees is indispensable to management. Persons to control decision-making over financial and business policies of the Company require this understanding in order to appropriately judge the shareholder value to be realized in the future, and could potentially significantly damage the Company's corporate value and the common interests of the shareholders without it.

In addition, there is a possibility that some Large Purchases, such as to persons related to the Company conducting transactions at high prices, could substantially impair the common interests of the shareholders. In such cases, in order for the Company to appropriately receive the judgment of the shareholders regarding the relative merits and demerits of a given large-scale purchase, the Company will both request the supply of required information from the entity attempting to engage in the large-scale purchase and will also strive to ensure there is an appropriate amount of time for the disclosure of such information and deliberation on it by shareholders. Regarding the extents that are permitted by laws and regulations such as the Financial Instruments and Exchange Act, we believe that appropriate measures should be taken (Hereinafter referred to as the "Basic Policy").

(2) Measures Taken to Realize the Basic Policy and Increase Corporate Value

The Company has acted in accordance with its Management Philosophy, which states that the Company should endeavor to create and innovate technologies in its core business of semiconductors, expand global business based on proprietary technologies, and ensure a firm management base in order to maximize corporate value through timely response to social expectations for the company and long-lasting harmony with the environment. Furthermore, as a medium- to long-term management strategy, the Company has developed a medium-term management plan covering a three-year period that the entire Group has worked toward.

Also, the Company is involved in efforts to gain an appropriate evaluation of its corporate value by deepening understanding through closer dialogues with various stakeholders regarding its position as a proprietary power semiconductor manufacturer as well as its management policies and plans meant to maximize use of this position.

In order to strengthen corporate governance, the company has strengthened the supervisory function of the Board of Directors by electing independent Outside Directors and by developing a flexible system for operational execution and enhanced management functions by adopting a Corporate Officer system. In addition, in order to realize a management system able to promptly respond to changes in the management environment, and to clarify the management responsibility of the Directors for the corresponding fiscal year, the Company's term of office for Directors is one year.

The Board of Directors believes that these measures improve the Company's corporate value and decrease the likelihood that a Large Purchase will significantly harm the common interests of the shareholders. Accordingly, these efforts are deemed to be in compliance with the Basic Policy, and are in the common interests of the shareholders.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2017)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
Current assets	112,415	112,204
Cash and deposits	22,548	17,924
Notes and accounts receivable — trade	33,867	33,999
Merchandise and finished goods	18,227	17,971
Work in process	24,019	24,778
Raw materials and supplies	8,918	9,839
Deferred tax assets	2,080	2,095
Other	3,051	5,606
Allowance for doubtful receivables	(299)	(10)
Non-current assets	70,284	72,507
Total property, plant and equipment	60,204	62,015
Buildings and structures	21,643	22,837
Machinery, equipment and vehicles, net	27,341	26,788
Tools, furniture and fixtures, net	1,024	1,105
Land	5,004	5,039
Lease assets, net	447	1,323
Construction in progress	4,743	4,921
Intangible assets	5,355	5,671
Software	3,298	3,717
Other	2,057	1,954
Investments and other assets	4,725	4,820
Investment securities	1,457	1,204
Deferred tax assets	204	204
Other	3,304	3,656
Allowance for doubtful receivables	(242)	(244)
Total Assets	182,700	184,711

Note: Figures less than one million are rounded down to the nearest million.

Account item	Current fiscal year	(For reference) Previous fiscal year
(Liabilities)	(millions of yen)	(millions of yen)
Current liabilities	75,967	79,499
Notes and accounts payable - trade	18,391	16,120
Short-term loans payable	23,151	20,635
Current portion of long-term loans payable	7,500	–
Current portion of bonds	–	25,900
Commercial paper	15,000	4,000
Lease obligations	220	924
Accrued expenses	9,441	9,490
Income taxes payable	492	423
Other	1,770	2,004
Non-current liabilities	51,995	51,252
Bonds payable	40,000	30,000
Long-term loans payable	5,000	12,500
Lease obligations	156	329
Deferred tax liabilities	2,178	2,668
Net defined benefit liability	2,627	4,104
Provision for Directors' retirement benefits	25	17
Other	2,009	1,633
Total Liabilities	127,963	130,751
(Net Assets)		
Shareholders' equity	56,371	54,641
Capital stock	20,896	20,896
Capital surplus	10,301	10,301
Retained earnings	29,176	27,437
Treasury shares	(4,003)	(3,994)
Accumulated other comprehensive income	(1,970)	(1,068)
Valuation difference on available-for-sale securities	425	249
Foreign currency translation adjustment	754	1,689
Remeasurements of defined benefit plans	(3,150)	(3,007)
Non-controlling interests	335	387
Total Net Assets	54,736	53,959
Total Liabilities and Net Assets	182,700	184,711

Note: Figures less than one million are rounded down to the nearest million.

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2016 to March 31, 2017)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
Net sales	158,772	155,919
Cost of sales	117,869	115,113
Gross profit	40,902	40,806
Selling, general and administrative expenses	34,972	34,003
Operating income	5,930	6,803
Non-operating income	698	483
Interest income	26	11
Dividends income	36	41
Gain on insurance adjustment	–	110
Subsidy income	162	–
Gains on sale of waste	84	94
Miscellaneous income	387	226
Non-operating expenses	1,601	3,495
Interest expenses	716	843
Foreign exchange losses	14	1,058
Product compensation expenses	83	646
Miscellaneous loss	787	946
Ordinary income	5,026	3,791
Extraordinary income	0	–
Gains on sale of non-current assets	0	–
Extraordinary losses	444	1,723
Loss on sales of non-current assets	4	24
Loss on disposition of non-current assets	440	39
Loss on valuation of investment securities	–	4
Business restructuring expenses	–	621
Loss on countermeasures against abnormal properties of chemicals	–	1,032
Income before income taxes and non-controlling interests	4,582	2,068
Income taxes - current	4,062	1,886
Income taxes - deferred	(1,196)	13
Profit	1,716	168
Profit (loss) attributable to non-controlling interests	(22)	(3)
Profit attributable to owners of parent	1,739	171

Note: Figures less than one million are rounded down to the nearest million.

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2017)

Account item	Current fiscal year	(For reference) Previous fiscal year
(Assets)	(millions of yen)	(millions of yen)
Current assets	88,815	85,922
Cash and deposits	4,552	5,222
Notes receivable	2,129	2,108
Accounts receivable — trade	28,509	26,784
Lease investment assets	90	775
Merchandise and finished goods	12,405	13,129
Work in process	2,144	1,978
Raw materials and supplies	5,131	4,545
Prepaid expenses	376	345
Deferred tax assets	687	404
Short-term loans receivable	15,914	16,470
Accounts receivable — other	20,631	16,861
Other	22	706
Allowance for doubtful receivables	(3,780)	(3,408)
Fixed assets	50,800	51,212
Tangible fixed assets	4,737	4,916
Buildings	2,669	2,785
Structures	123	130
Machinery and equipment	837	795
Autos and trucks	0	0
Tools, furniture and fixtures	218	258
Land	721	721
Lease assets	78	173
Construction in progress	89	51
Intangible assets	3,243	3,638
Software	3,199	3,587
Lease assets	6	2
Other	38	48
Investments and other assets	42,818	42,657
Investment securities	1,438	1,188
Investments in subsidiaries and affiliates	25,988	25,988
Long-term loans receivable	13,795	14,201
Prepaid pension cost	2,256	1,328
Lease investment assets	1	91
Other	1,099	1,155
Allowance for doubtful receivables	(1,761)	(1,296)
Total Assets	139,616	137,134

Note: Figures less than one million are rounded down to the nearest million.

Account item	Current fiscal year	(For reference) Previous fiscal year
(Liabilities)	(millions of yen)	(millions of yen)
Current liabilities	62,804	67,660
Notes payable	2,180	2,201
Accounts payable — trade	15,027	12,023
Short-term bank loans	26,096	18,867
Current portion of bonds	—	25,900
Commercial paper	15,000	4,000
Lease obligations	144	850
Accounts payable — other	824	804
Accrued expenses	2,760	2,844
Accrued income taxes	136	76
Advances received	68	18
Deposits received	67	66
Other	497	7
Long-term liabilities	46,676	42,027
Bonds payable	40,000	30,000
Long-term bank loans	5,000	10,000
Lease obligations	32	168
Deferred tax liabilities	889	531
Other	753	1,327
Total Liabilities	109,480	109,687
(Net Assets)		
Shareholders' equity	29,713	27,198
Common stock	20,896	20,896
Capital surplus	10,207	10,207
Capital reserve	5,225	5,225
Other capital surplus	4,982	4,982
Retained earnings	2,612	88
Other retained earnings	2,612	88
Reserve for advanced depreciation of fixed assets	39	41
Retained earnings carried forward	2,572	46
Treasury stock	(4,003)	(3,994)
Valuation and translation adjustments	422	248
Unrealized gain on securities	422	248
Total Net Assets	30,136	27,447
Total Liabilities and Net Assets	139,616	137,134

Note: Figures less than one million are rounded down to the nearest million.

NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2016 to March 31, 2017)

Account item	Current fiscal year	(For reference) Previous fiscal year
	(millions of yen)	(millions of yen)
Net sales	102,824	99,241
Cost of sales	94,597	89,629
Gross profit	8,226	9,612
Selling, general and administrative expenses	10,674	9,956
Operating loss	2,448	344
Other income	7,017	2,786
Interest income	182	269
Dividends income	6,669	2,348
Miscellaneous income	165	167
Other expenses	1,963	3,485
Interest expenses	655	765
Foreign currency translation losses	367	333
Product compensation expenses	83	646
Provision of allowance for doubtful accounts for subsidiaries and affiliates	569	1,343
Miscellaneous losses	286	395
Ordinary income (loss)	2,606	(1,043)
Extraordinary loss	76	27
Loss on sales of non-current assets	-	22
Loss on disposition of fixed assets	76	0
Loss on valuation of investment securities	-	4
Income (loss) before income taxes	2,530	(1,071)
Income taxes	6	109
Deferred income taxes	(0)	(1)
Net income (loss)	2,524	(1,178)

Note: Figures less than one million are rounded down to the nearest million.

INDEPENDENT AUDITORS' REPORT

May 19, 2017

The Board of Directors
Sanken Electric Co., Ltd.

Ernst & Young ShinNihon LLC

Hidehito Uchida, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Masaya Kiyomoto, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Pursuant to Article 444, Paragraph 4 of Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements of the Company for the 100th fiscal term from April 1, 2016 to March 31, 2017.

Responsibility of the Company's management regarding the consolidated financial statements

The responsibility of the Company's management is to prepare and properly present the consolidated financial statements in accordance with the accounting standards generally accepted in Japan. This includes the development and implementation of internal controls that the Company's management considers necessary for the preparation and proper presentation of consolidated financial statements that contain no material misstatements due to fraud or error.

Responsibility of the Auditor

Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those standards require that we prepare an audit plan and conduct an audit based on the plan in order to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatements.

When auditing, we perform audit procedures to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. We decide to select and apply audit procedures based on our assessment of the risks of material misstatements in the consolidated financial statements resulting from fraud or errors. Though the audit does not aim to express an opinion on the effectiveness of internal control, we, when assessing risks, examine internal control associated with the preparation and fair presentation of the consolidated financial statements, in order to plan appropriate audit procedures according to the situations at hand. Our audit includes assessments of the accounting policies used and significant estimates made by management, as well as an evaluation of the overall presentation of the consolidated financial statements.

We believe that we have obtained sufficient and appropriate audit evidence constituting a basis for expressing our opinion.

Audit opinion

In our opinion, the above consolidated financial statements fairly present, in every material aspect, the financial position and results of operations of the consolidated group consisting of the Company and its consolidated subsidiaries for the relevant term of the consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Conflict of interest

Our firm and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

INDEPENDENT AUDITORS' REPORT

May 19, 2017

The Board of Directors
Sanken Electric Co., Ltd.

Ernst & Young ShinNihon LLC

Hidehito Uchida, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Masaya Kiyomoto, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements, and the supplementary schedules of the Company for the 100th fiscal term from April 1, 2016 to March 31, 2017.

Responsibility of the Company's management regarding the consolidated financial statements

The responsibility of the Company's management is to prepare and properly present the non-consolidated financial statements and the supplementary schedules in accordance with the accounting standards generally accepted in Japan. This includes the development and implementation of internal controls that the Company's management considers necessary for the preparation and proper presentation of non-consolidated financial statements and supplementary schedules that contain no material misstatements due to fraud or error.

Responsibility of the Auditor

Our responsibility is to independently express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those standards require that we prepare an audit plan and conduct the audit based on the plan in order to obtain reasonable assurance as to whether the non-consolidated financial statements and the supplementary schedules are free of material misstatements.

When auditing, we perform audit procedures to obtain audit evidence supporting the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. We decide to select and apply audit procedures based on our assessment of the risks of material misstatements in the non-consolidated financial statements and the supplementary schedules resulting from fraud or errors. Though the audit does not aim to express an opinion on the effectiveness of internal control, we, when assessing risks, examine internal control associated with the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules, in order to plan appropriate audit procedures according to the situations at hand. Our audit includes assessments of the accounting policies used and significant estimates made by management, as well as an evaluation of the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that we have obtained sufficient and appropriate audit evidence constituting a basis for expressing our opinion.

Audit opinion

In our opinion, the above non-consolidated financial statements and supplementary schedules fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the non-consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Conflict of interest

Our firm and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

AUDIT REPORT

The Audit and Supervisory Board, following review and deliberations on the reports made by each Audit and Supervisory Board Member concerning the methods and results of the audit of execution of duties by Directors of the Board for the 100th fiscal term from April 1, 2016 to March 31, 2017, prepared this Audit Report and hereby submits it as follows:

1. Summary of Auditing Methods by Audit and Supervisory Board Members and Audit and Supervisory Board
 - (1) The Audit and Supervisory Board established the auditing policies and division of duties, received reports and explanations regarding the status of audits and the results thereof from each Audit and Supervisory Board Member, as well as reports and explanations regarding the status of the execution of duties from the Directors and Accounting Auditor, and requested explanation as necessary.
 - (2) In accordance with the auditing standards for Audit and Supervisory Board Members determined by the Audit and Supervisory Board and the auditing policies and division of duties, each Audit and Supervisory Board Member made efforts to collect information and established auditing circumstances through communication with internal audit staff and other employees, and conducted audit in accordance with the following procedures.
 - (i) Each Audit and Supervisory Board Member attended the Board of Directors' meeting and other important meetings to receive reports regarding execution of duties from directors and employees and requested explanations as necessary. Each Audit and Supervisory Board Member also inspected the approved documents and examined the status of operations and conditions of assets at its head office and each office. In addition, each Audit and Supervisory Board Member received from subsidiaries their business reports and conducted on-site examinations as necessary through communication and information sharing with their Directors and others.
 - (ii) With respect to the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the Directors' duties are performed in conformity of laws, regulations and the Articles of Incorporation of the Company as specified in the business reports and the establishment of the system necessary to ensure proper business operations of the company group, which consists of joint stock company and its consolidated subsidiaries, as set forth in Items 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act, as well as the systems (Internal Control System) established in accordance with the resolution of the Board of Directors, each Audit and Supervisory Board Member regularly received reports from directors and employees on the status of the establishment and operations thereof, requested explanations as necessary, and expressed his opinions.
 - (iii) Based on discussion of the Board of Directors, the Audit and Supervisory Board Members reviewed the details of the Basic Policy on the Composition of Persons to Control Decision-Making over Financial and Business Policies of the Company specified in the business reports.
 - (iv) Each Audit and Supervisory Board Member monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Audit and Supervisory Board Member also received reports of the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements), the supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements) for the year ended on March 31, 2017.

2. Results of Audit

(1) Results of audit of business report

- (i) The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
- (ii) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, nor the Articles of Incorporation of the Company;
- (iii) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding the content of business reports description on such internal control and the execution of duties by Directors; and
- (iv) There are no matters requiring additional mention regarding the Basic Policy on the Composition of Persons to Control Decision-Making over Financial and Business Policies of the Company specified in the business reports.

(2) Results of audit of non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC., are fair and reasonable.

(3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC., are fair and reasonable.

May 30, 2017

The Audit and Supervisory Board of Sanken Electric Co., Ltd.

Akira Ota (Seal)
Standing Audit and Supervisory Board Member
(Full-time)

Noboru Suzuki (Seal)
Audit and Supervisory Board Member (Full-time)

Mikihiko Wada (Seal)
Outside Audit and Supervisory Board Member

Jin Takeda (Seal)
Outside Audit and Supervisory Board Member

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and references

Proposal No. 1:

Appropriations of Surplus

Recognizing that returning earnings to shareholders represents one of the highest management priorities, we have continued working to distribute stable and steady dividends through the enhanced revenue while securing sufficient internal reserves necessary for reinforcement of management bases by advancing business development for the future and improving financial conditions.

In the previous fiscal year, in comprehensive consideration of the financial results, the status of net assets on a non-consolidated basis that would constitute the source of dividends, internal reserves necessary for future growth, and other factors, we were forced to announce, with regret, that the Company had decided not to pay dividend. This announcement caused some concern among shareholders. However, we have judged that we can resume dividends, in light of the status of net assets on a non-consolidated basis at the end of the fiscal year under review, the outlook on the management environment in the future and other factors, while securing internal reserves as before.

As a result, we propose to resume the year-end dividend for the fiscal year under review and set an ordinary dividend of 3.0 yen per share, plus a 70th anniversary commemorative dividend of 0.5 yen per share to mark the 70th anniversary of our foundation celebrated last September, and to thereby pay a total year-end dividend of 3.5 yen per share.

Year-end dividend

(1)	Allotment of property dividend to shareholders and the total amount	3.50 yen per share of common stock Total amount: 424,188,947 yen
(2)	Effective date of distribution of surplus	June 26, 2017

Proposal No. 2: Election of Eight Directors

All eight directors will complete their respective terms of office at the conclusion of this meeting. Accordingly, we shall propose the election of eight directors.

The table below lists the nominees for those positions.

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
1	Takashi Wada (September 3, 1954)	April 1979: Entered the Company April 2007: General Manager, Production Division, Production Headquarters June 2007: Corporate Officer April 2009: Head, Production Headquarters June 2009: Director and Senior Vice President June 2012: Director and Executive Vice President April 2015: President and Representative Director (to the present)	38,000
	- Reasons for the appointment as a candidate for Director Mr. Takashi Wada has played the role of an engine for the production division of the Company for a long period and has concentrated on the structural reform of the production subsidiaries. He has played a leading role in various phases of the planning and execution of management strategy of the Company, such as the formulation of the “Mid-term Management Plan 2012” and “Mid-term Management Plan 2015.” He has been engaged in the management of the Company since assuming the office of Director in June 2009. Since becoming President in April 2015, he has promoted the shift to business areas that have potential for growth and made efforts to reform the business structure and improve the financial position of the Group. We therefore anticipate that his abundant experience and deep insight in corporate management will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.		
2	Masao Hoshino (January 23, 1959)	April 1981: Entered the Company April 2002: General Manager, Integrated Circuit Development Division, Semiconductor Headquarters April 2006: General Manager, Advanced Technology Development Division, Engineering Headquarters June 2007: Corporate Officer April 2009: Head, Engineering Headquarters (to the present) June 2009: Director and Senior Corporate Officer June 2012: Director and Senior Vice President June 2016: Director and Executive Vice President (to the present)	12,000
	- Reasons for the appointment as a candidate for Director Mr. Masao Hoshino has been engaged in the development of semiconductor devices for a long period and has made significant contributions to the Company in the development of products. He has assumed an important responsibility as the head of the technology development division since 2009 and administered the Company’s technology development operations for a long time. We therefore anticipate that his experience and knowledge will continuously be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.		

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
3	Yoshihiro Suzuki (October 10, 1958)	<p>April 1982: Entered the Company</p> <p>October 1998: Allegro Group Leader, Production Division, Semiconductor Headquarters</p> <p>May 2001: Vice President and Director, Allegro Microsystems, Inc.</p> <p>April 2005: General Manager, Management Planning Division, Administration Headquarters</p> <p>April 2006: General Manager, Global Business Strategy Office (to the present)</p> <p>June 2006: Corporate Officer</p> <p>June 2011: Senior Corporate Officer</p> <p>March 2013: Director and CEO, Sanken North America, Inc. (to the present)</p> <p>June 2013: Director and Senior Corporate Officer</p> <p>June 2015: Director and Senior Vice President (to the present)</p>	47,000
<p>- Reasons for the appointment as a candidate for Director</p> <p>Mr. Yoshihiro Suzuki has played a leading role in the overseas business of the Company for a long period and has been engaged in the management of Allegro Microsystems Inc. In 2013 he assumed the office of CEO of Sanken North America Inc., a U.S. Headquarters subsidiary, and has since made efforts to improve its profitability. He has promoted U.S. business, an important segment for the Group companies. We therefore anticipate that his experience and knowledge will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.</p>			
4	Kazunori Suzuki (September 17, 1957)	<p>April 1981: Entered the Company</p> <p>August 1996: First Sales Section Manager, First Sales Department, First Semiconductor Sales Division, Semiconductor Headquarters</p> <p>May 2002: President and Director of Sanken Power Systems (UK) Limited</p> <p>April 2007: General Manager, Overseas Sales Division, Sales Headquarters</p> <p>June 2008: Corporate Officer</p> <p>April 2012: Head, Sales Headquarters (to the present)</p> <p>June 2012: Director and Senior Corporate Officer</p> <p>June 2016: Director and Senior Vice President (to the present)</p>	14,000
<p>- Reasons for the appointment as a candidate for Director</p> <p>Mr. Kazunori Suzuki has been engaged in the sales of semiconductor devices for a long period and has made significant contributions to the Company in the promotion of sales strategy. Since becoming Head of the Sales Headquarters 2012, he has administered the Company's global sales strategy and achieved successful results, especially in the expansion of sales overseas. We therefore anticipate that his experience and knowledge will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.</p>			

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
5	Takeshi Soroji (June 5, 1955)	<p>April 1981: Entered the Company</p> <p>April 2007: Manager, Production Administration Department, Production Division, Production Headquarters</p> <p>April 2009: General Manager, Device BU, Production Headquarters</p> <p>June 2010: Corporate Officer</p> <p>April 2015: Head, Production Headquarters (to the present)</p> <p>June 2015: Director and Senior Corporate Officer (to the present)</p>	5,000
<p>- Reasons for the appointment as a candidate for Director</p> <p>Mr. Takeshi Soroji has been engaged in the production division for a long period. As the current Head of the Production Headquarters, he bears the important responsibility of managing all production by the Company. He has promoted the improvement of profitability by improving lean manufacturing and production innovation and has shown laudable performance in the steps the Company has taken to globalize production, such as establishment of overseas production bases. We therefore anticipate that the performance and knowledge he has demonstrated as a leader of production strategy for the Group will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.</p>			
6	Hideo Takani (September 27, 1958)	<p>April 1982: Entered the Company</p> <p>April 2007: General Manager, Intellectual Property and Legal Affairs Division, Administration Headquarters</p> <p>April 2010: General Manager, IR Office and General Manager, Intellectual Property and Legal Affairs Office, Administration Headquarters</p> <p>October 2011: General Manager, Management Planning Office and General Manager, Intellectual Property and Legal Affairs Office, Administration Headquarters</p> <p>June 2014: Corporate Officer</p> <p>April 2016: Head, Administration Headquarters (to the present)</p> <p>June 2016: Director and Senior Corporate Officer (to the present)</p>	8,000
<p>- Reasons for the appointment as a candidate for Director</p> <p>Mr. Hideo Takani has been engaged in the administration division for a long period and is experienced in wide-ranging fields of operation, including legal affairs, intellectual property, IR, administration of overseas offices, and management planning. In April 2016 he assumed office as the Head of Administration Headquarters. We therefore anticipate that his abundant experience and deep knowledge in business administration of the Group will continue to be indispensable for the management of the Company. Thus, the Company selected him as a candidate for Director.</p>			

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and significant office(s) concurrently held	No. of the Company shares held
7	<p>Richard R. Lury (January 21, 1948) <Outside Director> <Independent Officer></p> <p>Term of office as an Outside Director: Three years as of the closing of this meeting</p>	<p>May 1974: Admitted to the bar of the State of New York September 1989: Partner, Kelley Drye & Warren LLP (retired from the entity in January 2015)</p> <p>June 2003: Admitted to the bar of the State of New Jersey March 2013: Outside Director, Sanken North America, Inc. (to the present)</p> <p>June 2014: Outside Director of the Company (to the present) June 2016: Outside Director, Hitachi Zosen Corporation (to the present)</p>	-
<p>- Reasons for the appointment as a candidate for Outside Director</p> <p>Mr. Richard R. Lury has served as a partner of a law firm in the United States for a long period and has experience and expertise in international corporate legal affairs. We anticipate that he will give valuable advice and opinions from the viewpoint of promoting global management. As he is also expected to supervise management from an objective perspective as an attorney-at-law, we believe that he will help to significantly strengthen the supervisory function of the Board of Directors of the Company. In addition, he is expected to make similar contributions to the management of the corporate group, as he has formerly held and currently holds offices as an Outside Director of principal subsidiaries of the Company. We therefore anticipate that he will appropriately perform his duties as an Outside Director. Thus, the Company selected him as a candidate for Director.</p>			
8	<p>Noriharu Fujita (September 26, 1950) <Outside Director> <Independent Officer></p> <p>Term of office as an Outside Director: One year as of the closing of this meeting</p>	<p>September 1975: Entered Ito Accounting Firm May 1980: Obtained MBA from The University of Illinois at Urbana-Champaign July 1980: Entered ICI Japan Ltd. January 1989: Senior Manager, Ernst & Young, LLP Chicago Office October 1997: Partner, Ernst & Young, LLP New York Office (retired from the entity in June 2007) September 2008: Executive Partner, Ernst & Young ShinNihon LLC October 2008: JBS Global Services Leader, Ernst & Young ShinNihon LLC (retired from the entity in June 2013) July 2013: Representative, Fujita Noriharu Accounting Firm (to the present) August 2015: Independent Non-Executive Director, CITIC Limited (to the present) June 2016: Outside Director of the Company (to the present)</p>	-
<p>- Reasons for the appointment as a candidate for Outside Director</p> <p>Mr. Noriharu Fujita is qualified as a CPA in Japan and the U.S. and has acquired deep knowledge about finance and accounting through his many years of experience in audit practice. In view of his abundant international experiences as a partner in a U.S. auditing firm and other positions, we anticipate that he will give valuable advice and opinions from the viewpoint of promoting global management. We also expect him to supervise management from an objective perspective as a certified public accountant who remains independent from the management, and thereby help to significantly strengthen the supervisory function of the Board of Directors of the Company. We therefore anticipate that he will appropriately perform his duties as an Outside Director. Thus, the Company selected him as a candidate for Director.</p>			

Notes: 1. No conflicts of interest exist between the Company and any of the above candidates.

2. Matters concerning a candidate for Outside Director:

- The Company has filed with the Tokyo Stock Exchange a notification that the Company has appointed Messrs. Richard R. Lury and Noriharu Fujita as independent officers of the Company. If their re-election is approved, the Company plans to continue to appoint them as independent officers.
- The Company has entered into agreements with Messrs. Richard R. Lury and Noriharu Fujita to limit their liabilities for damages arising from negligence of duties to an amount set forth by laws and regulations pursuant to Article 427, Paragraph 1 of the Companies Act. If this Proposal is approved as proposed, the Company plans to continue the same agreements with Messrs. Richard R. Lury and Noriharu Fujita.

Proposal No. 3:

Election of One Audit and Supervisory Board Member

Mr. Jin Takeda, Audit and Supervisory Board Member, will complete his term of office at the conclusion of this meeting. Accordingly, we shall propose the election of one Audit and Supervisory Board Member.

The Audit and Supervisory Board has approved the submission of this proposal.

The candidate for Audit and Supervisory Board Member is as follows:

Name (Date of Birth)	Brief personal history, position of the Company, and significant office(s) concurrently held	No. of the Company shares held
Atsushi Minami (March 13, 1958) <Newly appointed> <Outside Audit and Supervisory Board Member> Term of office as an Outside Audit and Supervisory Board Member: -	April 1993: Registered as an attorney-at-law Entered Yamada, Kawasaki, & Kato Law Office (currently KIOIZAKA THEMIS LAW & PATENT OFFICES) October 2001: Partner, Minami Patent & Law Office (to the present)	-

- Reasons for the appointment as a candidate for Outside Audit and Supervisory Board Member

Mr. Atsushi Minami has professional knowledge and experience as an attorney-at-law and patent attorney. The Company believes that if he assumes office as an Outside Audit and Supervisory Board Member, he will appropriately perform his duties of Outside Audit and Supervisory Board Member, including his duty to ensure the validity of auditing, from an objective perspective as a legal professional. Thus, the Company selected him as a candidate for Outside Audit and Supervisory Board Member.

Notes: 1. No conflicts of interest exist between the Company and Mr. Atsushi Minami.

2. Matters concerning a candidate for Outside Audit and Supervisory Board Member:

- Mr. Atsushi Minami satisfies the requirements for independent officer set forth in the regulations of the Tokyo Stock Exchange. If his election is approved, the Company will appoint him as an independent officer.
- If this Proposal is approved as proposed, the Company plans to enter into an agreement with Mr. Atsushi Minami to limit his liability for damages arising from negligence of duties to an amount set forth by laws and regulations pursuant to Article 427, Paragraph 1 of the Companies Act.

Proposal No. 4:

Election of One Substitute Audit and Supervisory Board Member

We shall propose the election of one substitute Audit and Supervisory Board Member in preparation for the contingency that the number of Audit and Supervisory Board Members falls below the required number set forth by laws and regulations.

The Audit and Supervisory Board has approved the submission of this proposal.

The candidate for substitute Audit and Supervisory Board Member is as follows:

Name (Date of Birth)	Brief personal history, position of the Company, and significant office(s) concurrently held	No. of the Company shares held
Hirohisa Ryu (August 4, 1964) <Newly appointed> <Substitute Outside Audit and Supervisory Board Member>	April 1988: Entered The Tokio Marine & Fire Insurance Co., Ltd. (Retired from the same company in May 1990) April 1994: Registered as an attorney-at-law Entered Sakano, Seo & Hashimoto Law Office (currently Tokyo Hatchobori Law Office) April 2001: Deputy Director, Financial Crisis Response Office, Supervisory Coordination Division, Supervisory Bureau, Financial Services Agency (Served as an employee with a fixed term) April 2003: Returned to Tokyo Hatchobori Law Office April 2004: Partner, Tokyo Hatchobori Law Office (to the present) June 2013: Outside Corporate Auditor, eGuarantee, Inc. (to the present) May 2017: Outside Corporate Auditor, RENOWN INCORPORATED (to the present)	-

- Reasons for the appointment as a candidate for substitute Outside Audit and Supervisory Board Member

Mr. Hirohisa Ryu has professional knowledge and experience mainly in corporate legal affairs as an attorney-at-law. The Company believes that if he assumes office as an Outside Audit and Supervisory Board Member he will appropriately perform his duties as Outside Audit and Supervisory Board Member, including his duty to ensure the validity of auditing, from an objective perspective as a legal professional. Thus, the Company selected him as a candidate for substitute Audit and Supervisory Board Member.

Notes: 1. No conflicts of interest exist between the Company and Mr. Hirohisa Ryu.

2. Matters concerning a candidate for substitute Outside Audit and Supervisory Board Member:

- Mr. Hirohisa Ryu satisfies the requirements for independent officer set forth in the regulations of the Tokyo Stock Exchange. If his election is approved, the Company will appoint him as an independent officer.
- If Mr. Hirohisa Ryu assumes office as an Outside Audit and Supervisory Board Member, the Company plans to enter into an agreement with Mr. Hirohisa Ryu to limit his liability for damages arising from negligence of duties to an amount set forth by laws and regulations pursuant to Article 427, Paragraph 1 of the Companies Act.
- The effectiveness of the resolution for election of a substitute Audit and Supervisory Board Member shall expire at the beginning of the ordinary general meeting of shareholders to be held after the elapse of four years, pursuant to Article 34, Paragraph 4 of the Articles of Incorporation of the Company.
- The effectiveness of the resolution for election of a substitute Audit and Supervisory Board Member may be revoked by a resolution of the Board of Directors, with approval of the Audit and Supervisory Board, only before the elected substitute assumes office as the Outside Audit and Supervisory Board Member.

■ A GUIDE FOR THE EXERCISE OF YOUR VOTING RIGHTS VIA THE INTERNET

When exercising your voting rights via the Internet, please review the following points. Votes via the Internet are accepted until 5:00 p.m. of the day before the date of the Ordinary General Meeting of Shareholders. Please submit your votes well in advance before this time.

1. Matters to note concerning the website for the exercise of voting rights

- (1) Exercise of voting rights via the Internet is only possible by accessing the website designated by the Company for the purpose of exercising voting rights.

Website for the exercise of voting rights: <http://www.web54.net>

- (2) When exercising your voting rights via the Internet, please enter the code for the exercise of voting rights and the temporary password on the Voting Rights Exercise Form, and register your approval or disapproval for each proposal by following the instructions on the screen.
- (3) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing, the votes via the Internet shall be deemed to be valid. If you exercise your voting rights via the Internet more than once, your final votes shall be deemed to be valid.
- (4) Any fees payable to Internet providers and telecommunication carriers (including access charges) incurred through access to the website for the exercise of voting rights will be borne by the shareholders.

2. Matters to note concerning exercise of the temporary password and the code for the exercise of voting rights

- (1) The code for the exercise of voting rights on the Voting Rights Exercise Form is effective only for this Ordinary General Meeting of Shareholders.
- (2) A temporary password is sensitive information and means to verify if the person voting is a genuine shareholder. Please maintain this password as strictly confidential in the same manner as a registered seal or a personal identification number.
- (3) If you enter your temporary password erroneously more than a certain number times, our system will disable your access rights with the temporary password. Please follow the instructions on the screen if you wish to have a temporary password reissued.

3. Help desk for guidance on operating your personal computer and others

In case you need instructions on how to operate your personal computer for exercising your voting rights on this website, please contact the following support desk:

- Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited.
Phone: 0120-652-031 (9:00 a.m. ~ 9:00 p.m.)
- For other inquiries, please contact the following:
 - i) Shareholders who have accounts at securities companies
Please contact your securities companies.
 - ii) Shareholders who have no accounts at securities companies (who have shares at special accounts)
Transfer Agent Business Center, Sumitomo Mitsui Trust Bank, Limited.
Phone: 0120-782-031 (9:00 a.m. ~ 5:00 p.m., weekdays)

LOCATION OF ORDINARY GENERAL MEETING OF SHAREHOLDERS

Place: Sanken Electric Co., Ltd., Head Office
6-3, Kitano 3-chome, Niiza-shi, Saitama Prefecture
Phone: +81-48-472-1111
Access: 15-minute walk from Shiki Station (South Exit), Tobu-Tojo Line

