

**To Those Shareholders with Voting Rights**

Sadatoshi Iijima  
President  
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6-3, Kitano 3-chome, Niiza-shi,  
Saitama Prefecture

**NOTICE OF CONVOCATION OF THE 92ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 92nd 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 either of the following methods. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m., Thursday, June 25, 2009.**

**[Voting by mail]**

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

**[Voting via the Internet]**

Please access our website (<http://www.web54.net>), 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. You will find the instructions for voting via the Internet in “A Guide for the Exercise of Your Voting Rights via the Internet” on page 44.

If we receive your vote both by mail and via the Internet, the Internet vote will be counted as valid and the vote received by mail will be discarded.

**Notice**

- 1. Date and Time** 10:00 a.m., Friday, June 26, 2009
- 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 Board of Statutory Auditors for the 92nd Fiscal Term (from April 1, 2008 to March 31, 2009)
    2. The Non-Consolidated Financial Statements for the 92nd Fiscal Term (from April 1, 2008 to March 31, 2009)
  - Proposals to be resolved:**
    - Proposal No. 1:** Appropriations of Surplus
    - Proposal No. 2:** Partial Amendments to the Articles of Incorporation

**Proposal No. 3:** Election of Six Directors

**Proposal No. 4:** Election of One Statutory Auditor

**When attending the meeting in person, please submit the enclosed Voting Rights Exercise Form to the receptionist.**

**If the Attached Documents 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/>).**

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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

**BUSINESS REPORT**  
(from April 1, 2008 to March 31, 2009)

**1. Current Status of the Company Group**

**(1) Review of Operations**

The world economy advanced steadily in the first half of the period under review, with underlying support from the fast-growing economies of developing countries. In the second half of the period, however, the rapid spread of the financial crisis from U.S. across the global real economy led to a monumental downturn in the world economy, a global recession. The Japanese economy also plunged into a deep recession, with substantially deteriorated corporate earnings, particularly in export industries, due to two factors: weakening demand, principally in Europe and the U.S., and the appreciation of the yen. In electronics, the industry in which the Company Group operates, the environment surrounding the Company Group has worsened faster and on a larger scale than expected: manufacturers in automotive and digital electric appliances markets, the main sales destinations for the Company have carried out large-scale inventory adjustments and other measures.

Under these circumstances, the Company Group has aimed from the beginning of the period to achieve a “V-shaped recovery in financial performance” by actively applying its ability to provide comprehensive solutions encompassing power supplies and the CCFLs in order to meet the consumer demand for “ecology and flat products.” In the semiconductor device and PM businesses, we have endeavored to increase our global market share by bringing new products with small dimensions, flat panels, and high efficiency into the flat-panel TV market. In the CCFL business, we have worked to develop and expand sales of a new generation products with high-intensity and low-price. In addition, we have taken proactive steps to develop products in new areas such as power-saving technology and LED lighting in close consideration of the environment. To adjust to the sharp declines in orders within the rapid changing environment since the second half of the period, the Company Group has made strenuous efforts to strengthen *monozukuri* (“excellence in manufacturing”) by implementing emergency measures for improved yield ratios and reduced costs at production sites, from November 2008 onward. At the same time, we have striven to rationalize overall management by reviewing our human resources structure, carrying out a broad range of production adjustments, and reviewing investment and fixed costs overall.

Overall, however, these efforts could not offset the sharp drop-offs in sales. Impairment losses on facilities for business use and a reversal of deferred tax assets have also given an adverse effect on the consolidated performance. Net sales of the Group for the period under review stood at 147,003 million yen, down by 37,306 million yen (20.2%) from the previous period. In terms of income, we were forced to record huge losses: consolidated operating loss of 4,891 million yen, consolidated ordinary loss of 7,716 million yen, and consolidated net loss of 15,773 million yen.

## Overview of the Business Segments

### Semiconductors

Consolidated net sales in this segment amounted to 110,544 million yen, down by 31,544 million yen (22.2%) from the previous period.

For semiconductor devices in the semiconductor business, sales of automotive products steadily increased during the first half of the period. In spite of this, we were affected by severe production adjustments in the automotive and digital electric appliances markets from the second half of the period onward, which in turn decreased incoming orders sharply. In addition, demand in OA, industrial machinery, and large household appliances (white goods) markets tapered down. As a result, we faced tougher conditions than ever. For CCFLs, we recorded higher sales during the first half of the period compared to the same period in the previous year. Net sales, however, declined year-on-year, as orders sharply dropped due to heavier inventory adjustments than expected for LCD panels from last fall onward.

### Power Modules

Consolidated sales in this segment stood at 21,667 million yen, down by 5,917 million yen (21.5%) compared with the previous period.

In the PM business, we have focused on structural reforms to streamline business operations with a shift towards concentrated production in P.T. Sanken Indonesia and to achieve a low-cost and stable procurement system by reinforcing supply chain management through various measures, including the localization and diversification of component suppliers. These efforts have elicited signs of recovery in the market for flat-panel TV products, including design-ins to new programs. Sales of flat-panel TV products decreased year-on-year, however, due to sluggish growth in the flat-panel TV market overall and inventory adjustments from the second half of the period.

### Power Supplies

Consolidated sales in this segment were 14,791 million yen, up by 156 million yen (1.1%) compared with the previous period.

Sales of VVVF inverters decreased during the second half of the period due to a downturn in capital investment in China. Domestic sales, on the other hand, generally remained firm, with steady sales of products for mobile phone base stations and public offices. As a result, sales for the segment as a whole were comparable to that of the previous year.

### Consolidated Sales by Segment

	91st Term (Year ended March 31, 2008)	Percentage of total	92nd Term (Year ended March 31, 2009)	Percentage of total
Semiconductors	(millions of yen) 142,089	% 77.1	(millions of yen) 110,544	% 75.2
PMs	27,585	15.0	21,667	14.7
PSs	14,635	7.9	14,791	10.1
Total	184,309	100.0	147,003	100.0

## (2) Capital Investment

Capital investment during the fiscal term under review amounted to 12,283 million yen. This mainly consisted of investment to expand, rationalize, and save labor in the semiconductor device production lines of Yamagata Sanken Co., Ltd., and Allegro MicroSystems, Inc.

### (3) Financing

The Company Group raised 20 billion yen by issuing a 4th series of unsecured bonds with payment due September 18, 2008, in order to redeem earlier bond issues and commercial paper.

### (4) Issues to be Addressed

Conditions in the world economy are expected to remain severe. Though concrete moves toward recovery, including large-scale economic stimulus plans in the U.S., Europe, and China, are taking place, there are ongoing causes for concern and signs of delay in economic recovery in emerging nations, including some in Asia and Eastern Europe. In electronics, the industry in which the Company Group operates, some markets, mainly the digital appliances market, have shown signs of demand recovery, as global inventory adjustments since last fall have run their course. Yet production levels over the near term are likely to remain sluggish, as the recovery is expected to require a reasonable amount of time to spread across all electronic component segments.

Under these circumstances, the Company will be pursuing activities to expand sales and promote business structural reforms in both existing and new markets. In anticipation of demand recovery in some existing markets, we will endeavor as a top-priority to take advantage of emerging opportunities ahead of competition, in order to ensure recovery in business performance. In new markets, we will be penetrating into consumer product segments we have yet to enter, as well as “Ecology and Energy Saving” product categories expected to rapidly grow, such as hybrid vehicles, LED lights, and photovoltaic generation. In overseas markets, we will also be pursuing sales activities more aggressively than ever before. Through these efforts, we will make innovative changes to achieve a business structure that will allow us to expand sales even within the difficult environment of these days. To prepare, we carried out a major set of reorganization measures as of April 1, 2009, including the establishment of an organization to promote business structural reforms, the reinforcement of our marketing organization as a strategic function, and the addition of a cross-sectional function for the development division in order to demonstrate the Company's unique properties of offering comprehensive solutions.

Furthermore, the Company Group will work to lower its break-even point in order to survive the difficult environment by streamlining human resources and facilities to an appropriate level, while reviewing costs with a flexible mindset free from fixed ideas. We will also be implementing a speedy management system capable of effectively handling digital markets, and will work together as a Group toward a recovery in financial performance and future development across the Group.

We will be grateful for the ongoing support of our shareholders.

### (5) Business Results and Summary of Assets

		Fiscal term ended March 31, 2006 (89th Term)	Fiscal term ended March 31, 2007 (90th Term)	Fiscal term ended March 31, 2008 (91st Term)	Fiscal term ended March 31, 2009 (92nd Term)
Net sales	(millions of yen)	173,527	203,815	184,309	147,003
Ordinary income (loss)	(millions of yen)	11,515	12,745	4,481	(7,716)
Net income (loss)	(millions of yen)	7,035	7,499	1,776	(15,773)
Net income (loss) per share	(yen)	57.41	61.69	14.62	(129.85)
Total assets	(millions of yen)	172,327	193,787	173,529	147,768
Net assets	(millions of yen)	76,329	83,086	78,081	57,818

Notes: 1. Net income (loss) 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.

2. From the 90th fiscal term, the “Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance” (Accounting Standards Board of Japan (ASBJ) Statement No. 5,) and “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8,) were adopted.

## (6) 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 of semiconductors
Sanken Optoproducts Co., Ltd.	90 million yen	100.0%	Manufacture of semiconductors
Sanken Transformer Co., Ltd.	350 million yen	100.0%	Manufacture and sale of transformers
Allegro MicroSystems, Inc.	0.25 million US dollars	100.0%	Manufacture and sale of semiconductors
Polar Semiconductor, Inc.	10 million US dollars	100.0%	Manufacture and sale of semiconductors
P.T. Sanken Indonesia	21 million US dollars	100.0%	Manufacture and sale of PM
Korea Sanken Co., Ltd.	759 million won	100.0%	Manufacture of semiconductors
Sanken Power Systems (UK) Limited	11.985 million Stg. pounds	100.0%	Development and sale of semiconductors and PM
Sanken L.D. Electric (Jiangyin) Co., Ltd.	28.973 million yuan	60.0%	Manufacture and sale of PS

## (7) Principal Business of the Company

The Company Group mainly engages in the 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), Cold Cathode Fluorescent Lamps (CCFLs),
PMs	Switching mode power supplies, Transformers
PSs	Uninterruptible power supplies (UPSs), DC power supplies, Inverters, High-intensity airway beacon system, General Purpose Power Supplies

## (8) Principal Offices and Plants

### (i) The Company

Offices	Location
Head Office	Niiza-shi, Saitama Prefecture
Kawagoe Plant	Kawagoe-shi, Saitama Prefecture
Niiza Plant	Niiza-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
	Monzen Plant	Wajima-shi, 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
Sanken Transformer Co., Ltd.	Head Office	Kawagoe-shi, Saitama Prefecture
Allegro MicroSystems, Inc.	Head Office	Massachusetts, U.S.A.
Polar Semiconductor, Inc.	Head Office	Minnesota, U.S.A.
P.T. Sanken Indonesia	Head Office	West Java, Indonesia
Korea Sanken Co., Ltd.	Head Office	Masan City, Korea
Sanken Power Systems (UK) Limited	Head Office	Bridgend, U.K.
Sanken L.D. Electric (Jiangyin) Co., Ltd.	Head Office	Jiangsu, China

**(9) Employees**

Number of employees	Year-on-year
10,063	-316

Note: The number of employees of the Company (non-consolidated) is 1,326. This is an increase of 35 employees from the previous year.

**(10) Major Creditors**

Creditors	Loan Outstanding
Resona Bank, Limited.	8,630 million yen
The Hachijuni Bank, Ltd.	4,246 million yen
Saitama Resona Bank, Limited	3,600 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,946 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 4,033,630 shares of treasury stock)

(3) Number of shareholders 18,380

### (4) Major shareholders

Name	Capital contribution	
	Number of shares (thousands)	Percentage of equity participation
Japan Trustee Services Bank, Limited (Trust Account)	9,150	7.29%
Japan Trustee Services Bank, Limited (Trust Account 4G)	7,160	5.70%
Saitama Resona Bank, Limited	6,011	4.79%
The Master Trust Bank of Japan, Limited (Trust Account)	5,561	4.43%
International Rectifier Corporation	2,500	1.99%
NIPPONKOA Insurance Company, Limited	2,061	1.64%
Mellon Bank, N.A. as Agent for Its Client Mellon Omnibus US Pension	2,006	1.59%
Mizuho Corporate Bank, Ltd.	2,000	1.59%
Japan Trustee Services Bank, Limited (Trust Account 4)	1,928	1.53%
The Hachijuni Bank, Ltd	1,556	1.24%

Notes: 1. The number of shares held by each trust bank includes the number of shares held in trust.  
2. The Company holds 4,033,630 shares of treasury stock that are excluded from the major shareholders listed above.

### 3. Officers of the Company

#### (1) Directors and Statutory Auditors

Position	Name	Assignment or representation of other companies
Director, President	Sadatoshi Iijima	
Director	Hirohito Sekine	Executive Vice President, Sales Headquarters
Director	Kiyoshi Imaizumi	Executive Vice President, Engineering Headquarters
Director	Teruo Esumi	Director, President, Ishikawa Sanken Co., Ltd.
Director	Hidejiro Akiyama	Senior Vice President, Corporate Administration Headquarters
Director	Dennis H. Fitzgerald	Director, President and CEO, Allegro MicroSystems, Inc.
Director	Shigemichi Ieki	Senior Vice President, Production Headquarters
Standing Statutory Auditor (Full-time)	Mitsumasa Sugiyama	
Statutory Auditor (Full-time)	Takaaki Mikami	
Statutory Auditor	Hiroshi Ishibashi	Attorney at law, Partner, Marunouchi Law Office
Statutory Auditor	Masanobu Kurihara	

Notes: 1. Messrs. Hiroshi Ishibashi and Masanobu Kurihara are External Statutory Auditors.

2. Corporate Officers of the Company who do not double as Directors as of March 31, 2009:

Position	Name	Assignment
Corporate Officer	Kinji Kudo	General Manager, AMD Division, Engineering Headquarters
Corporate Officer	Mitsuo Ueki	Deputy Head, Production Headquarters and General Manager, Quality Control Division
Corporate Officer	Akira Ota	General Manager, Planning and Finance Division, Corporate Administration Headquarters and General Manager of IR Office
Corporate Officer	Tatsuo Okino	General Manager, General Affairs and Personnel Division, Corporate Administration Headquarters
Corporate Officer	Yoshihiro Suzuki	General Manager, Overseas Business Strategy Office, Corporate Administration Headquarters
Corporate Officer	Nobuhiro Katou	Deputy Head, Sales Headquarters and General Manager, Tokyo Sales Division
Corporate Officer	Takashi Wada	Deputy Head, Production Headquarters and General Manager, Production Division, and General Manager, LED Division
Corporate Officer	Masahiro Sasaki	General Manager, PPD Division, Engineering Headquarters
Corporate Officer	Masao Hoshino	Deputy Head, Engineering Headquarters, and General Manager, Advanced Technology Development Division, and General Manager, PDD Division,
Corporate Officer	Kouichi Shimura	In charge of Telecommunication Sales, Sales Headquarters
Corporate Officer	Youkou Suzuki	Deputy Head, Engineering Headquarters and General Manager, PM Division
Corporate Officer	Kazunori Suzuki	Deputy Head, Sales Headquarters and General Manager, Overseas Sales Division
Corporate Officer	Yukiyasu Taniyama	Deputy General Manager, CCFL Division, Production Headquarters

## (2) Compensation paid to Directors and Statutory Auditors

Seven Directors 159 million yen  
Four Statutory Auditors 45 million yen (of which 7 million yen is for two External Statutory Auditors)

Notes: 1. The amount of compensation for directors does not include the employee salaries of directors who serve concurrently as employees.

2. In accordance with the resolutions made at the 89th Ordinary General Meeting of Shareholders held on June 23, 2006, the amounts of compensation to be paid to directors and statutory auditors of the Company are no more than 25 million yen and no more than 5 million yen per month, respectively.

## (3) External Statutory Auditors

(i) Offices concurrently held by External Statutory Auditors

Hiroshi Ishibashi concurrently serves as an External Statutory Auditor of Matsuya Co., Ltd. and NIPPON PISTON RING Co., LTD.

(ii) Major activities of External Statutory Auditors

Name	Major activities
Hiroshi Ishibashi	Attended 8 of the 9 meetings of the Board of Directors held during the period under review. Contributed to these meetings with comments based mainly on his professional perspective as a lawyer. Attended all 12 meetings of the Board of Statutory Auditors. Contributed to these meetings with exchanges of views on audit findings and with consultations on important matters regarding audits.
Masanobu Kurihara	Attended all 9 meetings of the Board of Directors held during the period under review. Contributed to these meetings with comments based mainly on his rich experience and knowledge as a corporate manager. Attended all 12 meetings of the Board of Statutory Auditors. Contributed to these meetings 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

	Amount paid
(i) Compensation paid or payable to the Accounting Auditor concerning the audit services for the year under review	75 million yen
(ii) The total amount of money and property interests paid or payable to the Accounting Auditor for the Company and subsidiaries	77 million yen

Notes: 1. The Audit contract between the Company and the Accounting Auditor does not separate the compensation concerning the Audit for the Corporate Law 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) Non-Auditing Services

During the period under review, the Company entrusted the accounting auditor with the preparation of comfort letters in connection with issuance of the 4th series of unsecured bonds. This activity entrusted to the accounting auditor is not prescribed in Paragraph 1 of Article 2 of the Certified Public Accountants Law.

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

If the Board of Directors 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 Board of Directors may propose the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders, with the approval of the Board of Statutory Auditors or based on a request from the Board of Statutory Auditors.

If an Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Corporate Law, such Accounting Auditor shall be dismissed subject to the unanimous approval at the Board of Statutory Auditors. In this case, one of the statutory auditors designated by the Board of Statutory Auditors 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. Further, the Board of Statutory Auditors shall determine whether to reappoint an Accounting Auditor, based on consideration and assessment of the performance of duties by the Accounting Auditor.

#### **5. System for Ensuring Appropriate Conduct of Operations**

The Company's Board of Directors adopted a resolution 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.**

- (i) 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."
- (ii) 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. The Operational Audit Office, an internal audit department, audits the performance of duties in the Company and each group company and ensures the effectiveness of the compliance system by making the most of a whistle-blowing protocol.
- (iii) The Company clarifies the scope of duties and authorities based on "the Fundamental Standards for Organization and Authorities", "the Regulations on the Division of Duties", "the Standards for Common Administrative Authorities", and "the Regulations on the *Ringi* (requests for authorization)", and it records the results and processes of decision-making using the *Ringi*.
- (iv) The Company establishes a system to secure the reliability of financial information by undertaking a company-wide review of control systems pertaining to financial information and the processes for preparing and reporting financial information on an ongoing basis.

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

Storage and management of the Minutes of the Board of Directors and other documents and records on important meetings and business execution shall be governed by laws, regulations, and various internal rules.

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

- (i) 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.
- (ii) Risks in the ordinary course of business are evaluated and addressed by each department in charge. 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**

- (i) 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.
- (ii) 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.

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

- (i) 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.
- (ii) The scope of duties and authorities between the Company and each group company is clarified in accordance with “the Administration Standards for Subsidiaries and Affiliates” or “the Management Guidelines.”
- (iii) 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 statutory auditors when so requested by statutory auditors, and matters regarding the independence of employees so appointed**

Staff of the General Affairs and Personnel Division will assist the deskwork of the Secretariat's Office of the Board of Statutory Auditors. Exclusive auditing staff shall be assigned to support the operations of the statutory auditors, as necessary. The appointment of such exclusive auditing staff shall be determined through consultation among the directors and statutory auditors.

**(7) System for reporting to statutory auditors by directors and employees, and other systems for reporting to statutory auditors**

- (i) Standing statutory auditors attend the Management Committee meetings, inspect and receive principal documents, and report the contents of principal documents to the Board of Statutory Auditors.
- (ii) Each of the directors, the Operational Audit Manager, and each of the Accounting Auditors meet with statutory auditors regularly to report the situations of the Company and the audits. If officers or employees discover any fact or event which is likely to cause material damage to the Company or any illegal actions in the course of business operations, such officers or employees must report the matter to the statutory auditors.

**(8) Other system for ensuring effective auditing by the statutory auditors**

The Board of Statutory Auditors draws up the auditing standards, audit plans, and audit policies. Each statutory auditor conducts audits properly based on its own expertise and experience. An efficient and highly effective audit system is realized through these efforts.

## **(9) Basic concept and structure towards the exclusion of antisocial forces**

- (i) We have no relationship with antisocial forces, and we consistently refuse requests from antisocial forces.
- (ii) As a code of conduct for employees, we have formulated the “Sanken Conduct Guideline” and familiarize our employees with the guideline. We also usually endeavor to establish close relationships with external organizations such as police agencies. Should we be subject to an undue claim, we have a system in place to have a related department consult with our corporate lawyer and to handle the case appropriately.

## **6. Basic Policy on Control of the Company**

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

Because the shares of the Company, a listed company, may be traded freely by shareholders and investors, 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 an offer of a large purchase of the shares of the Company should ultimately be decided based on the free will of the shareholders holding the shares.

However, the management of the Company and the Company Group needs a wide range of know-how and affluent experience in technical subjects, including manufacturing technologies for proprietary wafer processes and semiconductor devices, as well as the integration of power supply systems with optical devices based on cutting-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 the management. Without this understanding, the management would be unable to appropriately judge the shareholder value to be realized in the future.

The Company has engaged in investor relations (IR) activities aimed at ensuring that shareholders and investors will have an appropriate understanding of the value of the Company’s shares. In the case of a sudden large purchase of the Company’s shares, however, we believe that the shareholders must receive necessary and sufficient information from both the relevant purchaser and the Company’s Board of Directors, in order to quickly judge whether or not the acquisition cost offered by the relevant purchaser is appropriate. In addition, it is especially important that shareholders contemplating long-term investment in the Company receive information on the expected effects of the relevant purchase on the Company, on the intentions of the large purchase purchaser with regard to participation in the Company’s management and the shaping of specific management policies and business plans, and on the opinions of the Board of Directors on the relevant prospective purchase.

Upon considering these factors, we believe that a purchaser intending a large purchase should provide the Board of Directors in advance with necessary and sufficient information on the relevant purchase to allow the shareholders to form judgments, in accordance with a certain reasonable rule to be established and disclosed by the Company beforehand, and start the relevant purchase only after a certain evaluation period.

In addition, there is a possibility that some large purchases will substantially impair the common interests of the shareholders by inflicting irrevocable losses to the Company in various forms. We believe that it will be necessary for the Board of Directors to take appropriate measures in accordance with a certain and reasonable rule to be established and disclosed by the Company in advance, in order to secure the common interests of the shareholders (the policy on the composition of persons to control decision-making over the financial and business policies of the Company is hereinafter referred to as the “Basic Policy”).

### **(2) Specific Efforts to Contribute to the Effective Use of Assets, the Formation of an Appropriate Company Group, and the Realization of the Basic Policy**

The Company has engaged in the following efforts to safeguard the common interests of the shareholders and to enable many investors to invest in the Company’s shares on a long-term and continuing basis.

- (i) Basic Policy for Company’s Management

In order to define the direction in which the Company should proceed, the Company established its Management Philosophy in April 2003. Under this philosophy, the Company has endeavored to create and innovative technologies in its core business of semiconductors, to expand global business based on proprietary technologies, and to ensure a firm management base in an effort to maximize corporate value through steady response to social request for the company and harmony with the environment.

(ii) Strengthening Corporate Governance

The Company has strengthened the speedy and appropriate management-decision-making and supervisory functions of the Board of Directors over the business operations in order to streamline management, improve transparency, and maintain its corporate well being. The Company, meanwhile, has developed a flexible operational scheme and enhanced management functions by adopting a Corporate Officer system. We have also been strengthening our corporate governance scheme via the establishment of a Compliance Office and an Investor Relation (IR) Office. In addition, in order to realize a management scheme promptly responsive to changes in the management environment and to clarify the management responsibilities of the Directors for the relevant fiscal year, a resolution calling for an amendment of the Articles on Incorporation of the Company to shorten the term of office of Directors from two years to one year was adopted at the 91st Ordinary General Meeting of Shareholders held on June 27, 2008.

**(3) Opinions of the Board of Directors regarding Efforts to Contribute to the Realization of the Basic Policy**

The Board of Directors believes that the efforts mentioned in 6. (2) above 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 details of the Plan, and in no way harmful to the common interests of the shareholders. In addition, we believe that these efforts are not undertaken with the intention to maintain the status of the Officers of the Company, as we define the basic policy for management, strategy, and enforcement of the scheme, and clarify the relevant management responsibilities of Directors.

**(4) Efforts to Keep the Control over Decision-Making on Financial and Business Policies out of the Hands of Persons who are Inappropriate in Light of the Basic Policy (Policy for Handling Large Purchases of Shares (Anti-Takeover Measures))**

We decided, by resolution of the Board of Directors meeting held on May 9, 2008, subject to approval at the 91st Ordinary General Meeting of Shareholders, then to be held on June 27, 2008, to establish a Large Purchase Rule to be applied towards any proposed purchase of the Company's shares undertaken for the purpose of acquiring 20% or more of the voting rights by a specific shareholders group or any proposed purchase by which the voting rights percentage held by a specific shareholders group will become 20% or more (regardless of whether the purchase is executed by a market trade, tender offer, or other method; it shall be provided, however, that a purchase approved beforehand by the Board of Directors shall be excluded from the target of the Handling Policy), and to adopt a policy for handling cases when a Large Purchaser conforms to the Large Purchase Rule or when a Large Purchaser does not conform to the Large Purchase Rule (the "Handling Policy"). The effective period of the Handling Policy shall expire at the closing of the 94th Ordinary General Meeting of Shareholders to be held by June 30, 2011. We published a press release, "Notice on the Basic Policy for the Control of the Company and Policy for the Handling of Large Purchases of Company Shares (Anti-Takeover Measures)" (<http://www.sanken-ele.co.jp/>), on May 9, 2008. You are requested to refer to the press release for details on the Handling Policy.

**(5) The Statement that the Handling Policy Conforms to the Basic Policy, is in No Way Harmful to the Common Interests of Shareholders, and is Not Implemented as a Means of Maintaining the Status of the Officers of the Company, and the Grounds for the Statement**

(i) Handling Policy Conforms to Basic Policy

The Handling Policy stipulates the details of the Large Purchase Rule, the handling policy when the Large Purchase is conducted, the establishment of the Independent Panel, the effect that shareholders and investors may incur, and the like. The Handling Policy also stipulates that the Large Purchaser shall present the Board of Directors with necessary and sufficient information on the Large Purchase in advance and commence the Large Purchase only after a specified appraisal period passes, and that the Board of Directors may exercise the countermeasures if the Large Purchaser does not comply with such request. In addition, the Handling Policy stipulates that if the Board of Directors judges that the Large Purchase by the Large Purchaser may significantly

harm the common interest of shareholders, the Board of Directors may exercise the appropriate countermeasures against the Large Purchaser in order to protect the common interests of the shareholders. Accordingly, the Handling Policy has been developed according to the idea of the Basic Policy.

(ii) The Handling Policy is in No Way Harmful to the Common Interests of Shareholders

As stated in 6. (1) above, the Basic Policy sets as a precondition that it will honor the common interests of the shareholders. The Handling Policy has been drawn up based on the ideas of the Basic Policy. The purposes of the Handling Policy are to ensure the provision of necessary information to enable shareholders to judge whether they should accept the Large Purchase, the provision of opinions of the Board of Directors, and the provision of opportunities to present alternatives. Because the Handling Policy enables shareholders and investors to make appropriate investment decisions, we believe that the Handling Policy will not harm the common interests of the shareholders. Additionally, because the approval by the shareholders is a precondition for the effectiveness and extension of the Handling Policy, and because the Handling Policy may be abolished if shareholders so desire, we believe that the Handling Policy will not harm the common interests of the shareholders.

(iii) Handling Policy is Not Implemented as a Means of Maintaining the Status of the Officers of the Company

Based on the premise that the final judgment as to whether or not shareholders accept the Large Purchase, in principle, rests with the shareholders, the Handling Policy calls for requests for the conformance with the Large Purchase Rule and the exercise of countermeasures to the extent necessary to protect the common interests of the shareholders. Through the Handling Policy, the Company accurately and precisely discloses in advance when and how the Board of Directors will initiate the countermeasures; and the countermeasures by the Board of Directors shall be exercised in accordance with the provisions of the Handling Policy. The Board of Directors itself may not solely effect or extend the countermeasures, and will need approval of shareholders for such effectuation or extension. In addition, if the Board of Directors makes a significant judgment relating to the Handling Policy, including a resolution to exercise the countermeasures against the Large Purchase, the Board of Directors shall receive advice from outside experts, etc. as necessary, and shall consult with the Independent Panel composed of members independent of the management operating the Company, and shall honor the recommendation of the Independent Panel to the fullest degree. In this way, the Handling Policy includes procedures that secure appropriate handling by the Board of Directors. Consequently, we believe that the Handling Policy is not implemented with the intention of maintaining the status of the Company's Officers.

**CONSOLIDATED BALANCE SHEET**

(as of March 31, 2009)

Account item	Amount
(Assets)	(millions of yen)
<b>Current assets</b>	<b>82,900</b>
Cash and deposits	13,069
Notes and accounts receivable — trade	23,111
Merchandise and finished goods	15,085
Work in process	16,522
Raw materials and supplies	11,227
Deferred tax assets	226
Other	3,890
Allowance for doubtful receivables	(233)
<b>Fixed assets</b>	<b>64,868</b>
<b>Tangible fixed assets</b>	<b>58,501</b>
Buildings and structures	19,077
Machinery, Autos and Trucks	29,590
Tools, furniture and fixtures	1,377
Land	4,502
Lease assets	87
Construction in progress	3,864
<b>Intangible assets</b>	<b>990</b>
Software	289
Other	700
<b>Investments and other assets</b>	<b>5,376</b>
Investment securities	2,010
Deferred tax assets	126
Other	3,490
Allowance for doubtful receivables	(250)
<b>Total Assets</b>	<b>147,768</b>

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

Account item	Amount
(Liabilities)	(millions of yen)
<b>Current liabilities</b>	<b>61,078</b>
Notes and accounts payable — trade	16,240
Short-term bank loans	19,590
Commercial paper	16,000
Accrued expenses	7,100
Accrued income taxes	398
Deferred tax liabilities	19
Allowance for business structural reforms	492
Other	1,237
<b>Long-term liabilities</b>	<b>28,871</b>
Bonds payable	20,000
Long-term bank loans	4,212
Deferred tax liabilities	1,123
Accrued retirement benefits	2,798
Accrued retirement benefits for directors and statutory auditors	156
Other	580
<b>Total Liabilities</b>	<b>89,950</b>
(Net Assets)	
<b>Shareholders' equity</b>	<b>62,960</b>
Common stock	20,896
Capital surplus	21,249
Retained earnings	24,699
Treasury stock	(3,885)
<b>Valuation and translation adjustments</b>	<b>(5,635)</b>
Unrealized gain on securities	19
Translation adjustments	(5,655)
<b>Stock acquisition rights</b>	<b>253</b>
<b>Minority interests</b>	<b>239</b>
<b>Total Net Assets</b>	<b>57,818</b>
<b>Total Liabilities and Net Assets</b>	<b>147,768</b>

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

**CONSOLIDATED STATEMENT OF INCOME**

(from April 1, 2008 to March 31, 2009)

Account item	Amount	
	(millions of yen)	(millions of yen)
<b>Net sales</b>		<b>147,003</b>
<b>Cost of sales</b>		<b>127,107</b>
<b>Gross profit</b>		<b>19,895</b>
<b>Selling, general and administrative expenses</b>		<b>24,787</b>
<b>Operating loss</b>		<b>4,891</b>
<b>Other income</b>		
Interest income	86	
Dividends income	30	
Miscellaneous income	547	664
<b>Other expenses</b>		
Interest expenses	714	
Foreign currency translation losses	917	
Warranty expenses	756	
Miscellaneous losses	1,101	3,489
<b>Ordinary loss</b>		<b>7,716</b>
<b>Extraordinary gains</b>		
Gains on sale of investment securities	0	
Gains on sale of fixed assets	12	
Compensation income for expropriation	19	32
<b>Extraordinary loss</b>		
Loss on disposition of fixed assets	177	
Loss on sales of fixed assets	6	
Impairment loss	1,762	
Loss on disaster	60	
Special retirement expenses	314	
Provision of allowance for business structural reforms	599	
Other extraordinary losses	5	2,927
<b>Loss before income taxes and minority interests</b>		<b>10,611</b>
Income taxes	1,048	
Deferred income taxes	4,093	5,141
Minority interest		20
<b>Net loss</b>		<b>15,773</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from April 1, 2008 to March 31, 2009)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	20,896	21,261	42,239	(3,878)	80,518
Decrease resulting from changes in accounting policies applied to foreign subsidiaries			(142)		(142)
Change during the consolidated fiscal year					
Distribution of surplus			(1,700)		(1,700)
Net loss			(15,773)		(15,773)
Acquisition of treasury stock				(26)	(26)
Disposition of treasury stock		(11)		19	7
Increase in surplus due to increased consolidated subsidiaries			76		76
Net change in items other than shareholders' equity during the consolidated fiscal year					—
Total of changes during the consolidated fiscal year	—	(11)	(17,397)	(7)	(17,416)
Balance as of March 31, 2009	20,896	21,249	24,699	(3,885)	62,960

	Valuation and translation adjustments			Stock acquisition right	Minority interests	Net assets
	Unrealized gain on securities	Translation adjustment	Total of valuation and translation adjustments			
Balance as of March 31, 2008	526	(3,444)	(2,917)	189	291	78,081
Decrease resulting from changes in accounting policies applied to foreign subsidiaries			—			(142)
Change during the consolidated fiscal year						
Distribution of surplus			—			(1,700)
Net loss			—			(15,773)
Acquisition of treasury stock			—			(26)
Disposition of treasury stock			—			7
Increase in surplus due to increased consolidated subsidiaries			—			76
Net change in items other than shareholders' equity during the consolidated fiscal year	(507)	(2,210)	(2,717)	64	(52)	(2,705)
Total of changes during the consolidated fiscal year	(507)	(2,210)	(2,717)	64	(52)	(20,121)
Balance as of March 31, 2009	19	(5,655)	(5,635)	253	239	57,818

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### **Notes to Going Concern Assumption**

Not applicable

### **Notes to Significant Fundamental Matters in Preparing the Consolidated Financial Statements**

#### **1. Scope of Consolidation**

- (1) Number of consolidated majority-owned subsidiaries and other subsidiaries: 28  
Ishikawa Sanken Co., Ltd., Yamagata Sanken Co., Ltd., Kashima Sanken Co., Ltd., Fukushima Sanken Co., Ltd., Sanken Optoproducts Co., Ltd., Sanken Transformer Co., Ltd., Sanken Densetsu Co., Ltd., Allegro MicroSystems, Inc., Polar Semiconductor, Inc., Korea Sanken Co., Ltd. Sanken Power Systems (UK) Limited, P.T. Sanken Indonesia, Sanken Electric Singapore Pte. Ltd., Sanken L.D. Electric (Jiang Yin) Co., Ltd., Sanken Electric Hong Kong Co., Ltd., Sanken Electric Korea Co., Ltd., Taiwan Sanken Electric Co., Ltd. Sanken Electric (Shanghai) Co., Ltd.

Notes: Beginning with the fiscal year under review, Sanken Logistics Co., Ltd. was included in the scope of consolidation as its importance increased. Allegro MicroSystems Philippine Carmona, Inc. and Dalian Sanken Trade Co., Ltd. were included in the scope of consolidation as they were newly established. P.T. Sanken Transformer (Singapore) Pte. Ltd. was liquidated and therefore excluded from the scope of consolidation.

- (2) Names of principal non-consolidated subsidiaries:

Sanken Business Service Co., Ltd.

Reason for exclusion from the scope of consolidation:

Total assets, net sales, net income (loss) (calculated according to our equity interest) and retained earnings (calculated according to our equity interest) were not substantial as a whole, and do not have a material impact on the consolidated financial statements.

#### **2. Application of equity method**

- (1) Name of non-consolidated subsidiaries and affiliates which adopt the equity method: Not applicable
- (2) Name of principal non-consolidated subsidiaries and affiliates which do not adopt the equity method: Not applicable

#### **3. Fiscal term of consolidated majority-owned subsidiaries**

The fiscal year ends on December 31 for the following consolidated subsidiaries:

Dalian Sanken Transformer Co., Ltd.

Sanken L. D. Electric (Jiangyin) Co., Ltd.

Taiwan Sanken Electric Co., Ltd.

Sanken Electric (Shanghai) Co., Ltd.

Dalian Sanken Trade Co., Ltd.

#### **4. Significant accounting policies**

- (1) Standards and methods of valuing the significant assets
- (i) Securities
- Other securities
- Securities with market value
- Market value method based on the market price as of the end of the consolidated fiscal term. (Differences in valuation are included directly in net assets and costs of sold securities are calculated using the moving-average method.)
- Securities without market value
- Stated at cost using the moving-average method
- (ii) Inventories
- Finished goods and work in process
- Stated at cost using the first-in, first-out method

(The carrying amounts in the accompanying consolidated balance sheets are stated after reducing the book value according to the decreased profitability.)

Raw materials and supplies

Stated at cost using the last-purchase-price method

(iii) Derivative transactions

Market value method

(2) Depreciation methods for fixed assets

(i) Tangible fixed assets (excluding lease assets)

The Company and the consolidated majority-owned domestic subsidiaries use the declining-balance method, and the consolidated majority-owned overseas subsidiaries mainly use the straight-line method. However, buildings (excluding improvements) acquired by the Company and the consolidated majority-owned domestic subsidiaries on or after April 1, 1998 are depreciated using the straight-line method.

Useful lives of main asset are as follows:

Buildings and structures	10 to 60 years
Machinery and transportation equipment	3 to 12 years

(ii) Intangible assets

Straight-line method

As for software (for in-house use), the straight-line method is used with a useful life of 5 years.

(iii) Lease assets

Lease assets arising from finance lease transactions in which ownership is not transferred. Depreciation shall be computed based on the assumption that the useful life equals the lease term and the residual value equals zero.

Finance lease transactions in which ownership has not been transferred before the start of the first year of adoption of the revised accounting standards for lease transactions are accounted for by the accounting method used for ordinary lease transactions.

(3) Deferred assets

Stock issue expenses

Charged to income when incurred.

(4) Standards of accounting for allowances and accruals

(i) Allowance for doubtful receivables

Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.

(ii) Accrued retirement benefits

Accrued employees' retirement benefits are calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the consolidated fiscal term.

Accrual of benefits for Corporate Officers is based on Company's internal rules for Corporate Officers at the end of fiscal term.

Prior service cost is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over various periods (10 years through 18 years) which do not exceed the average remaining service period of employees. Net unrecognized actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over various periods (11 years through 25 years).

(iii) Accrued retirement benefits for directors and statutory auditors

Accrued retirement benefits for directors and statutory auditors at the end of fiscal term are calculated based on Company and consolidated majority-owned domestic subsidiaries' internal rules.

It was resolved at the 89th ordinary general meeting of shareholders held on June 23, 2006 that the system of providing a bonus to retiring directors and statutory auditors would be abolished and accrued balance then outstanding was settled for future payment.

(iv) Allowance for business structural reforms

In accordance with the business structural reform of its consolidated subsidiaries, the necessary amounts were recorded to prepare for special retirement benefits, etc. which are expected to occur in the future.

(5) Foreign currency translation

All monetary assets and liabilities in denominated in foreign currencies are converted into Japanese yen at the exchange rates prevailing as of the consolidated fiscal term end, and the resulting gain or loss is credited or charged to income.

The Majority-owned overseas consolidated subsidiaries' assets and liabilities are translated into Japanese yen at the exchange rate prevailing as of the end of the consolidated fiscal term. Revenues and expenses are translated into Japanese yen at the average exchange rate during the consolidated fiscal term, and translation differences are included in the translation adjustment account and minority interests account of net assets.

(6) Accounting method for consumption tax

The tax exclusion method is adopted for consumption tax and local consumption tax.

(7) Valuation of assets and liabilities of consolidated majority-owned subsidiaries and other subsidiaries

Valuation of assets and liabilities of consolidated majority-owned subsidiaries and other subsidiaries is determined based on the full-assessment market value method.

## **Changes in significant matters essential for the preparation of the consolidated financial statements**

### **1. Changes in the accounting policies**

#### Application of the Accounting Standard for Measurement of Inventories

The “Accounting Standard for Measurement of Inventories” (ASBJ, July 5, 2006, Statement No. 9) has been applied from the fiscal year under review, and the valuation standards have been changed from the lower-of-cost-or-market method to the cost method (method of reducing the book value according to the decreased profitability).

This change has no effect on income.

#### Application of Accounting Standards concerning Lease Transactions

The “Accounting Standard for Lease Transactions” (ASBJ, June 17, 1993, final amendment, March 30, 2007, Statement No.13) and “Guidance on the Accounting Standard for Lease Transactions” (ASBJ, January 18, 1994, final amendment, March 30, 2007, Guidance No.16) have been applied from the fiscal year under review. For finance lease transactions in which ownership has not been transferred, the accounting was changed from the method similar to that pertaining to ordinary lease transactions to the method similar to that pertaining to ordinary sales transactions.

This change has no effect on income.

#### Application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ, May 17, 2006, PITF No. 18) has been applied from the fiscal year under review, and adjustments necessary for the consolidated closing of accounts have been made.

The effect on income is insignificant.

#### Application of Accounting Standards concerning Accrued Retirement Benefits

One consolidated subsidiary had previously adopted the compendium method for the calculation of retirement benefit obligations, but it shifted to the principle method from the fiscal year under review. The subsidiary made this shift because the environment to calculate retirement benefit obligations by the principle method is now put into place.

The effect on income is insignificant.

### **2. Changes in the indication method**

#### Consolidated Balance Sheet

The accounts which were stated as “Inventories” for the previous fiscal year are stated separately as “Merchandise

and finished goods,” “Work in process,” and “Raw materials and supplies” for the fiscal year under review. “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies,” the items included in “Inventories,” were 13,517 million yen, 14,369 million yen, and 12,719 million yen, respectively, in the previous fiscal year.

**Notes to the Consolidated Balance Sheet**

(1) Accumulated depreciation of tangible fixed assets 121,376 million yen

## (2) Contingent liabilities

Contingent liabilities outstanding

(Counterparty) (Details) (Amount)

Employees Loan guarantees from financial institutions 0 million yen

**Notes to the Consolidated Statement of Changes in the Net Assets**

## (1) Shares issued and outstanding (shares)

Type of share	Balance at end of last consolidated year	Increase	Decrease	Balance at end of current consolidated year
Common stock	125,490,302	—	—	125,490,302

## (2) Treasury Stock (shares)

Type of share	Balance at end of last consolidated year	Increase	Decrease	Balance at end of current consolidated year
Common stock	3,998,156	55,150	19,676	4,033,630

## (Summery of Reason for change)

Increase and decrease in treasury stock of common stock were due to purchase and disposal of less-than-a full-unit shares.

## (3) Stock Acquisition Rights

Name of company	Break down	Class of shares to which Stock Acquisition Rights apply	Number of which Stock Acquisition Rights apply (shares)				Balance at end of current consolidated year (million yen)
			At end of last consolidated year	Increase	Decrease	At end of current consolidated year	
Consolidated subsidiaries	—	—	—	—	—	—	253
Total			—	—	—	—	253

## (4) Dividends

## (i) Amount to be paid

Resolution	Class of share	Total amount (million yen)	Dividend per share (yen)	Record date	Effective date
Shareholders' Meeting held on June 27, 2008	Common stock	850	7	March 31, 2008	June 30, 2008
Board of Directors held on November 7, 2008	Common stock	850	7	September 30, 2008	December 5, 2008

(ii) Among dividend of which record date falls in the current consolidated year, dividend of which effective date comes after the end of current consolidated year

Resolution	Class of share	Total dividend (million yen)	Resource of dividends	Dividend per share (yen)	Record date	Effective date
Shareholders' Meeting held on June 26, 2009	Common stock	364	Retained earnings	3	March 31, 2009	June 29, 2009

**Notes to per share information**

(1) Net asset per share 471.98 yen  
(2) Net income per share 129.85 yen

**Important Subsequent Events**

None requiring disclosure

**NON-CONSOLIDATED BALANCE SHEET**

(as of March 31, 2009)

Account item	Amount
(Assets)	(Millions of yen)
<b>Current assets</b>	<b>76,206</b>
Cash and deposits	7,744
Notes receivable	938
Accounts receivable — trade	19,651
Merchandise and finished goods	11,272
Work in process	2,062
Raw materials and supplies	3,682
Prepared expenses	122
Short-term loans receivable	15,133
Accounts receivable — other	15,576
Other	22
<b>Fixed assets</b>	<b>55,672</b>
<b>Tangible fixed assets</b>	<b>8,873</b>
Buildings	3,938
Structures	257
Machinery and equipment	3,109
Autos and trucks	1
Tools, furniture and fixtures	440
Land	1,000
Lease assets	80
Construction in progress	43
<b>Intangible assets</b>	<b>286</b>
Software	240
Lease assets	19
Other	26
<b>Investments and other assets</b>	<b>46,512</b>
Investment securities	1,921
Investments in subsidiaries and affiliates	26,379
Long-term loans receivable	15,909
Lease deposits	698
Prepaid pension expenses	1,358
Other	495
Allowance for doubtful receivables	(250)
<b>Total Assets</b>	<b>131,878</b>

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

Account item	Amount
(Liabilities)	(Millions of yen)
<b>Current liabilities</b>	<b>50,501</b>
Notes payable	3,083
Accounts payable — trade	9,803
Short-term bank loans	18,228
Commercial paper	16,000
Lease obligations	24
Accounts payable — other	207
Accrued expenses	2,631
Accrued income taxes	47
Advances received	58
Deposits received	53
Deferred tax liabilities	8
Other	354
<b>Long-term liabilities</b>	<b>22,547</b>
Bonds payable	20,000
Long-term bank loans	1,600
Lease obligations	88
Deferred tax liabilities	592
Accrued retirement benefits for directors and statutory auditors	90
Guarantee deposits received	145
Other	29
<b>Total Liabilities</b>	<b>73,049</b>
(Net Assets)	
<b>Shareholders' equity</b>	<b>58,814</b>
<b>Common stock</b>	<b>20,896</b>
<b>Capital surplus</b>	<b>21,156</b>
Capital reserve	21,119
Other capital surplus	37
<b>Retained earnings</b>	<b>20,646</b>
Legal profit reserve	1,847
Other retained earnings	18,798
Reserve for advanced depreciation of fixed assets	49
General reserve	28,300
Retained earnings carried forward	(9,550)
<b>Treasury stock</b>	<b>(3,885)</b>
<b>Valuation and translation adjustments</b>	<b>14</b>
<b>Unrealized gain on securities</b>	<b>14</b>
<b>Total Net Assets</b>	<b>58,829</b>
<b>Total Liabilities and Net Assets</b>	<b>131,878</b>

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

**NON-CONSOLIDATED STATEMENT OF INCOME**

(from April 1, 2008 to March 31, 2009)

Account item	Amount	
	(millions of yen)	(millions of yen)
<b>Net sales</b>		<b>110,553</b>
<b>Cost of sales</b>		<b>102,806</b>
<b>Gross profit</b>		<b>7,747</b>
<b>Selling, general and administrative expenses</b>		<b>12,478</b>
<b>Operating loss</b>		<b>4,730</b>
<b>Other income</b>		
Interest income	551	
Dividends income	263	
Miscellaneous income	907	1,722
<b>Other expenses</b>		
Interest expenses	690	
Foreign currency translation losses	301	
Warranty expense	756	
Miscellaneous losses	991	2,739
<b>Ordinary loss</b>		<b>5,747</b>
<b>Extraordinary gains</b>		
Gains on sale of fixed assets	1	
Gains on sale of investment securities	0	
Compensation income for expropriation	19	21
<b>Extraordinary loss</b>		
Loss on sales of fixed assets	6	
Loss on disposition of fixed assets	57	
Loss on revaluation of securities of subsidiaries and affiliates	988	
Impairment loss	120	
Loss on disaster	32	1,204
<b>Loss before income taxes</b>		<b>6,931</b>
Income taxes	132	
Deferred income taxes	2,422	2,554
<b>Net loss</b>		<b>9,485</b>

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

## NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from April 1, 2008 to March 31, 2009)

(millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal profit reserve	Retained earnings		
		Capital reserve	Other capital surplus		Other retained earnings		
					Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward
Balance as of March 31, 2008	20,896	21,119	48	1,847	52	28,300	1,632
Change during the fiscal year							
Distribution of surplus							(1,700)
Net loss							(9,485)
Acquisition of treasury stock							
Disposition of treasury stock			(11)				
Reversal of reserve for advanced depreciation of fixed assets					(3)		3
Appropriation of general reserve							
Net change in items other than shareholders' equity during the fiscal year							
Total change during the fiscal year	-	-	(11)	-	(3)	-	(11,183)
Balance as of March 31, 2009	20,896	21,119	37	1,847	49	28,300	(9,550)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on securities	
Balance as of March 31, 2008	(3,878)	70,019	520	70,539
Change during the fiscal year				
Dividends from surplus		(1,700)		(1,700)
Net loss		(9,485)		(9,485)
Acquisition of treasury stock	(26)	(26)		(26)
Disposition of treasury stock	19	7		7
Reversal of reserve for advanced depreciation of fixed assets		-		-
Appropriation of general reserve		-		-
Net change in items other than shareholders' equity during the fiscal year		-	(505)	(505)
Total change during the fiscal year	(7)	(11,204)	(505)	(11,709)
Balance as of March 31, 2009	(3,885)	58,814	14	58,829

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

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

### Notes to Going Concern Assumption

Not applicable

### Notes to significant accounting policies

#### 1. Standards and methods of valuing the assets

##### (1) Securities

Stocks of subsidiaries and affiliates..... Stated at cost using the moving-average method

Other securities

Securities with market value..... Market value method based on the closing market price as of the end of the fiscal term

Differences in valuation are included directly in net assets and costs of sold securities are calculated using the moving-average method.

Securities without market value..... Stated at cost using the moving-average method

##### (2) Inventories

Finished goods and work in process

Semiconductor sector ..... Stated at cost by the first-in, first-out method (The carrying amounts in the accompanying consolidated balance sheets are stated after reducing the book value according to the decreased profitability.)

PM sector, PS sector ..... Stated at cost using the specific identification method (The carrying amounts in the accompanying consolidated balance sheets are stated after reducing the book value according to the decreased profitability.)

Raw materials and supplies ..... Stated at cost using the last-purchase-price method

##### (3) Derivative transactions

Market value method

#### 2. Depreciation methods for fixed assets

##### (1) Tangible assets

(excluding lease assets) ..... Declining-balance method

However, buildings (excluding improvements) acquired on or after April 1, 1998 are depreciated using the straight-line method.

##### (2) Intangible assets

(excluding lease assets) ..... Straight-line method

As for software (for in-house use), the straight-line method is used with a useful life of 5 years.

(3) Lease assets ..... Lease assets arising from finance lease transactions in which ownership is not transferred

Depreciation shall be computed based on the assumption that the useful life equals the lease term and the residual value equals zero.

Finance lease transactions in which ownership is not transferred before the start of the first year of adoption of the revised accounting standards for lease transactions are accounted for by the accounting method used for ordinary lease transactions.

### 3. Allowances and accruals standards

#### (1) Allowance for doubtful receivables

Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.

#### (2) Accrued retirement benefits

Accrued employees' retirement benefits are calculated based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal term. Accrual of benefits for Corporate Officers is based on Company's internal rules for Corporate Officers at the end of fiscal term. Prior service cost is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over 14 years which is not more than the average remaining service term of employees.

Net unrecognized actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the declining-balance method over 14 years which is not more than the average remaining service term of employees.

However, because prepaid pension expenses are accrued at the end of the fiscal term, accrued retirement benefits are not accounted for.

#### (3) Accrued retirement benefits for directors and statutory auditors

Accrued retirement benefits for directors and statutory auditors at the end of the fiscal term are calculated based on Company internal rules.

Payment of Retirement Benefits for Directors and Statutory Auditors due to the Abolition of the Retirement Benefit Program were resolved and approved at the 89th Ordinary General Meeting of Shareholders on June 23, 2006.

### 4. Accounting for consumption taxes

The tax exclusion method is adopted for consumption tax and local consumption tax.

### **Changes in the accounting policies**

#### 1. Application of the Accounting Standard for Measurement of Inventories

The "Accounting Standard for Measurement of Inventories" (ASBJ, July 5, 2006, Statement No. 9) has been applied from the fiscal year under review and the valuation standards have been changed from the lower-of-cost-or-market method to the cost method (method of reducing the book value according to decreased profitability).

This change has no effect on income.

#### 2. Application of Accounting Standards concerning Lease Transactions

The "Accounting Standard for Lease Transactions" (ASBJ, June 17, 1993, final amendment, March 30, 2007, Statement No.13) and "Guidance on the Accounting Standard for Lease Transactions" (ASBJ, January 18, 1994, final amendment, March 30, 2007, Guidance No.16) have been applied from the fiscal year under review. For finance lease transactions in which ownership has not been transferred, the accounting was changed from the method similar to that pertaining to ordinary lease transactions to the method similar to that pertaining to ordinary sales transactions.

This change has no effect on income.

### **Notes to balance sheet**

#### 1. Receivables from, and payables to subsidiaries and affiliates:

(1)Short-term receivables	31,365 million yen
(2)Short-term payables	5,010 million yen
(3)Long-term receivables	15,909 million yen

## 2. Contingent liabilities

The Company guarantees bank loans of the other company and others.

Sanken Power Systems (UK) Limited	9 million yen
P.T. Sanken Indonesia	982 million yen
Polar Semiconductor, Inc.	<u>812 million yen</u>
Total	1,804 million yen

3. Accumulated depreciation of tangible fixed assets 33,042 million yen

### **Notes to statement of income**

#### 1. Operating transactions with subsidiaries and affiliates

(1) Net sales	11,671 million yen
(2) Purchases	107,468 million yen
(3) Raw materials, etc. provided	57,719 million yen
(4) Other operating transactions	4,806 million yen

2. Transactions with subsidiaries and affiliates other than operating transactions 1,216 million yen

### **Notes to statement of changes in net assets**

Number of treasury stock as of the end of the fiscal term common stock 4,033,630

### **Notes to accounting for income taxes**

#### Details of recognition of deferred tax assets and liabilities by principal causes

Deferred tax assets:	Loss on revaluation of securities of subsidiaries and affiliates	1,591 million yen
	Loss on revaluation of inventories	1,339 million yen
	Accrued bonuses	433 million yen
	Loss on impairment of fixes assets	146 million yen
	Tax loss carry forwards	2,593 million yen
	Others	380 million yen
	Sub-total of deferred tax assets	<u>6,485 million yen</u>
	Provision for revaluation	<u>(6,485) million yen</u>
	Total of differed tax assets	— million yen
Deferred tax assets:	Unrealized gain on securities	(10) million yen
	Prepaid pension expenses	(549) million yen
	Others	(42) million yen
	Total of differed tax liabilities	<u>(601) million yen</u>
	Net of differed tax assets (liabilities)	<u>(601) million yen</u>

### **Notes to fixed assets used under leases**

1. The amount equal to acquisition cost for the leased property as of the end of the fiscal term	1,115 million yen
2. The amount equal to accumulated depreciation for the leased property as of the end of the fiscal term	608 million yen

3. The amount equal to cumulated impairment losses for the leased property as of the end of the fiscal term	29 million yen
4. The amount equal to prepaid lease for the leased property as of the end of the fiscal term	477 million yen

## Notes to transactions with affiliated parties

### Subsidiaries, etc.

Type	Name of Company, etc.	Location	Common stock or investments (millions of yen)	Field of business or occupation	Ownership of voting rights, etc. (Ownership percentage)	Details of relationship		Details of transaction	Amount of transaction (millions of yen)	Account	Balance as of the end of the fiscal term (millions of yen)
						Concurrently serving directors or statutory auditors, etc.	Factual relationship				
Subsidiary	Ishikawa Sanken Co., Ltd.	Shika-machi, Hakui-gun, Ishikawa Prefecture	95	Semiconductors	Direct ownership 100%	Number of concurrently serving directors or statutory auditors: 4	Manufacture of our products	Purchase of semiconductor products Onerous provision of raw materials	34,998 22,538	Accounts payable-trade Accounts receivable - other	— 3,311
	Yamagata Sanken Co., Ltd.	Higashine-shi, Yamagata Prefecture	100	Semiconductors	Direct ownership 100%	Number of concurrently serving directors or statutory auditors: 4	Manufacture of our products	Purchase of semiconductor products Onerous provision of raw materials	16,116 10,380	Accounts payable-trade Accounts receivable - other	— 5,764
	Fukushima Sanken Co., Ltd.	Nihonmatsu-shi, Fukushima Prefecture	50	Semiconductors	Direct ownership 100%	Number of concurrently serving directors or statutory auditors: 4	Manufacture of our products	Purchase of semiconductor products Onerous provision of raw materials	13,054 8,096	Accounts payable-trade Accounts receivable - other	— 1,408
	Korea Sanken Co., Ltd.	Masan City, Korea	759,000 thousand won	Semiconductors	Direct ownership 100%	Number of concurrently serving directors or statutory auditors: 1	Manufacture of our products	Lease of manufacturing equipment	473	Accounts receivable - other	71
	Sanken Business Service Co., Ltd.	Niiza-shi, Saitama Prefecture	90	Business transaction services	Direct ownership 100%	—	Factoring transactions	Factoring transactions	24,207	Accounts payable-trade Accounts payable - other	3,841 102

- Notes: 1. The amount of factoring transactions include consumption tax.  
2. Concurrently serving directors or statutory auditors are presented as of March 31, 2009.

### Conditions of transactions and decision policies thereof

- The purchase prices of our products are determined based on the market value as a reference.
- The onerous provision prices of raw materials are determined on the basis of the Company's estimated cost.
- The lease rents of manufacturing equipment are decided on the basis of interest rates in consideration of depreciation costs and market interest rates.
- As for the trade accounts payable and other accounts payable to Sanken Business Service Co., Ltd., basic agreement is entered into among the Company, supplier of the Company, and Sanken Business Service Co., Ltd., and the accounts are settled by way of factoring transactions.

### Notes to per share data

- Net assets per share 484.37 yen
- Net income per share 78.09 yen

### Notes to the company adopting the dividend regulations on a consolidated basis

The Company adopted the dividend regulations on a consolidated basis.

### Notes to subsequent events

Not applicable.

**INDEPENDENT AUDITORS' REPORT**

May 19, 2009

The Board of Directors  
Sanken Electric Co., Ltd.

**Ernst & Young ShinNihon LLC**

Junichi Iwahara, CPA (Seal)  
Designated Limited Liability Partner,  
Engagement Partner

Akira Chiba, CPA (Seal)  
Designated Partner,  
Engagement Partner

Rikio Watanabe, CPA (Seal)  
Designated Partner,  
Engagement Partner

Pursuant to Article 444, Paragraph 4, of Corporate Law, 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 92nd fiscal term from April 1, 2008 to March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our 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.

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

**INDEPENDENT AUDITORS' REPORT**

May 19, 2009

The Board of Directors  
Sanken Electric Co., Ltd.

**Ernst & Young ShinNihon LLC**

Junichi Iwahara, CPA (Seal)  
Designated Limited Liability Partner,  
Engagement Partner

Akira Chiba, CPA (Seal)  
Designated Partner,  
Engagement Partner

Rikio Watanabe, CPA (Seal)  
Designated Partner,  
Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporate Law, 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 92nd fiscal term from April 1, 2008 to March 31, 2009. These non-consolidated financial statements and the supplementary schedules are the responsibility of the Company's management. 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 auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements and supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements and supplementary schedules, assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements. We believe that our audit provides a reasonable basis for our 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.

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

## AUDIT REPORT

The Board of Statutory Auditors, following review and deliberations on the reports made by each Statutory Auditor concerning the methods and results of the audit of execution of duties by Directors of the Board for the 92nd fiscal term from April 1, 2008 to March 31, 2009, prepared this Audit Report and hereby submit it as follows:

### 1. Summary of Auditing Methods by Statutory Auditors and Board of Statutory Auditors

The Board of Statutory Auditors established the auditing policies and division of duties, received reports and explanations regarding the status of audits and the results thereof from each Statutory Auditor, 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.

In accordance with the auditing standards for Statutory Auditors determined by the Board of Statutory Auditors and the auditing policies and division of duties, each Statutory Auditor made efforts to collect information and established auditing circumstances through communication with internal audit staff and other employees, and 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 Statutory Auditor also inspected the approved documents and examined the status of operations and conditions of assets at its head office and principal offices.

Each Statutory Auditor monitored and verified 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, and the establishment of the system necessary to ensure proper business operations of the company set forth in Items 1 and 3 of Article 100 of Enforcement Regulations of the Company Law, and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors. Based on discussion of the Board of Directors, the statutory auditors reviewed the details of the Basic Policy set forth in Item 1 and each engagement set forth in Item 2 of Article 127 of the Ordinance for Enforcement of the Corporate Law, as specified in the business reports. Statutory Auditors received from subsidiaries their business reports as necessary through communication and information sharing with their directors and statutory auditors. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on March 31, 2009.

Further, Statutory Auditors monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor 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 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, 2009.

### 2. Results of Audit

#### (1) Results of audit of business report

1. 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;
2. 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;
3. Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding such internal control and the execution of duties by

Directors; and

4. There are no matters requiring additional mention regarding the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of the Company specified in the business reports. Each engagement stipulated in Article 127, Item 2 of the Ordinance for Enforcement of the Corporate Law conforms to the Basic Policy, is in no way harmful to the common interests of shareholders, and is not undertaken for the purpose of maintaining the status of our officers.

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

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

(3) Results of audit of consolidated financial statements

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

May 22, 2009

The Board of Statutory Auditors of Sanken Electric Co., Ltd.

Mitsumasa Sugiyama (Seal)  
Standing Statutory Auditor (Full-time)

Takaaki Mikami (Seal)  
Statutory Auditor (Full-time)

Hiroshi Ishibashi (Seal)  
External Statutory Auditor

Masanobu Kurihara (Seal)  
External Statutory Auditor

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and references

#### Proposal No. 1: Appropriations of Surplus

Recognizing that returning earnings to the shareholders represent one of the highest management priorities, we have continued working to distribute stable and steady dividends while setting aside sufficient internal reserves necessary for business expansion in the future and reinforcement of management bases.

Since we recorded huge losses for consolidated and nonconsolidated financial results, we propose the payment of the year-end dividend as follows. Also, we propose a reversal of general reserve as follows to resolve a deficit of retained earnings carried forward.

##### 1. Year-end dividend

###### (1) Allotment of property dividend to shareholders and the total amount

3 yen per share of common stock	Total amount	364,370,016 yen
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Since an interim dividend of 7 yen per share was paid, the total annual dividend will be 10 yen per share.

###### (2) Effective date of distribution of surplus

June 29, 2009

##### 2. Other appropriations of surplus

###### (1) Decreasing surplus and the amount

General reserve	Total amount	11,000,000,000 yen
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###### (2) Increasing surplus and the amount

Retained earnings carried forward	Total amount	11,000,000,000 yen
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#### Proposal No. 2: Partial Amendments to the Articles of Incorporation

##### 1. Reasons for the Amendments

In accordance with the enforcement of the “Law for Partial Amendments to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Stocks and Other Securities” (Law No. 88 of 2004) (hereinafter referred to as the “Stock Settlement Streamlining Law”) on January 5, 2009, the following amendments are proposed.

(1) Pursuant to the provision of Article 6, Paragraph 1 of the Supplementary Regulations to the Stock Settlement Streamlining Law, the Company is deemed to have adopted the resolution to abolish the provision stipulating the issuance of share certificates of the Company in the current Articles of Incorporation as of the enforcement date of the said Law. Accordingly, the Board of Directors proposes the deletion of this provision. The Board of Directors also proposes the deletion of the provision concerning the share certificates representing less-than-a-full-unit shares and the provision concerning register of loss of share certificates (Article 7, Article 9 Paragraph 2, and Article 12 Paragraph 3 of the current Articles of Incorporation).

It is provided, however, that because the transfer agent will continue to handle any business with respect to the register of loss of share certificates for one year from the date following the date of enforcement of the Stock Settlement Streamlining Law, the Board of Directors proposes the establishment of the supplementary provisions to that effect as temporary measures.

(2) The “Law Concerning Central Depository and Book-entry Delivery for Share Certificates and Other Securities” (Law No. 30 of 1984) was abolished pursuant to the provision of Article 2 of the Supplementary Regulations to the Stock Settlement Streamlining Law. Accordingly, the Board of Directors proposes the deletion of the provisions concerning the “beneficial shareholders” and the “register of beneficial shareholders” (Article 10 and Article 12 Paragraph 3 of the current Articles of Incorporation).

(3) The Board of Directors also proposes changes to the numbering of the current Articles of Incorporation to adjust for the above amendments.

2. Contents of the Amendments

Details of the proposed amendments are as follows:

(Note: In case that change in original Japanese text does not effect a substantial change in the meaning, no change is made in English translation.)

(Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
<p style="text-align: center;"><b>CHAPTER II SHARES</b></p> <p><b><u>Article 7. (Issuance of Share Certificates)</u></b>  <u>The Company shall issue share certificates representing the Company's shares.</u></p> <p><b>Article 8. (Acquisition by the Company of its Shares)</b>            (Provisions intentionally omitted)</p> <p><b><u>Article 9. (Number of Shares Constituting One Unit and Non-Issuance of Share Certificates Representing Less-Than-A-Full-Unit Shares)</u></b>            The number of shares constituting one unit of the Company shall be one thousand (1,000).  <u>2. Notwithstanding the provisions of Article 7, the Company shall not issue share certificates representing less-than-a-full-unit shares, unless otherwise provided in the Share Handling Rules.</u></p> <p><b><u>Article 10. (Rights with Respect to Less-Than-A-Full-Unit Shares)</u></b>            A shareholder <u>(including a beneficial shareholder, the same applies hereinafter)</u> may not exercise rights with respect to less-than-a-full-unit shares other than those specified in the following:</p> <ol style="list-style-type: none"> <li>1) Right specified in each item of the Article 189, Paragraph 2 of the Corporate Law;</li> <li>2) Right to make requests to the Company pursuant to the Article 166, Paragraph 1 of the Corporate Law;</li> <li>3) Right to receive share subscription or to receive allotment of stock acquisition rights in accordance with the number of shares held by the shareholder; and</li> <li>4) Right to make a request to the Company pursuant to the following article.</li> </ol>	<p style="text-align: center;"><b>CHAPTER II SHARES</b></p> <p>(Deleted)</p> <p><b>Article 7. (Acquisition by the Company of its Shares)</b>            (Unchanged)</p> <p><b>Article 8. (Number of Shares Constituting One Unit)</b>            The number of shares constituting one unit of the Company shall be one thousand (1,000).            (Deleted)</p> <p><b><u>Article 9. (Rights with Respect to Less-Than-A-Full-Unit Shares)</u></b>            A shareholder may not exercise rights with respect to less-than-a-full-unit shares other than those specified in the following:</p> <ol style="list-style-type: none"> <li>1) Right specified in each item of the Article 189, Paragraph 2 of the Corporate Law;</li> <li>2) Right to make requests to the Company pursuant to the Article 166, Paragraph 1 of the Corporate Law;</li> <li>3) Right to receive share subscription or to receive allotment of stock acquisition rights in accordance with the number of shares held by the shareholder; and</li> <li>4) Right to make a request to the Company pursuant to the following article.</li> </ol>

Existing Articles of Incorporation	Proposed Amendments
<p><b>Article 11. (Request for Purchasing Less-Than-A-Full-Unit Shares)</b> (Provisions intentionally omitted)</p> <p><b>Article 12. (Transfer Agent)</b> The Company shall have a transfer agent. 2. The transfer agent and its handling place of business shall be appointed and designated by a resolution of the board of directors, and public notice thereof shall be given. 3. Preparation and retention of the register of shareholders <u>(including the register of beneficial shareholders, the same applies hereinafter)</u>, the ledger of stock acquisition rights <u>and the register of loss of share certificates</u> of the Company, as well as any other business with respect to the register of shareholders, ledger of stock acquisition rights <u>and the register of loss of share certificates</u> of the Company, shall be entrusted to the transfer agent and shall not be handled by the Company.</p> <p><b>Articles 13. - 43.</b> (Provisions intentionally omitted)</p> <p>(New)</p> <p>(New)</p>	<p><b>Article 10. (Request for Purchasing Less-Than-A-Full-Unit Shares)</b> (Unchanged)</p> <p><b>Article 11. (Transfer Agent)</b> The Company shall have a transfer agent. 2. The transfer agent and its handling place of business shall be appointed and designated by a resolution of the board of directors, and public notice thereof shall be given. 3. Preparation and retention of the register of shareholders <u>and</u> the ledger of stock acquisition rights of the Company, as well as any other business with respect to the register of shareholders <u>and</u> ledger of stock acquisition rights of the Company, shall be entrusted to the transfer agent and shall not be handled by the Company.</p> <p><b>Articles 12. - 42.</b> (Unchanged)</p> <p style="text-align: center;"><b><u>Supplementary Provisions</u></b></p> <p><b>Article 1.</b> <u>Preparation and retention of the register of loss of share certificates of the Company, as well as any other business with respect to the register of loss of share certificates of the Company, shall be entrusted to the transfer agent and shall not be handled by the Company.</u></p> <p><b>Article 2.</b> <u>The preceding article and this article shall remain in effect until January 5, 2010 and be deleted on January 6, 2010.</u></p>

**Proposal No. 3: Election of Six Directors**

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

The table below lists the nominees for those positions.

(Asterisk indicates a new director candidate)

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and representation of other companies	No. of the Company shares held
1	Sadatoshi Iijima (October 5, 1948)	April 1971: Entered the Company April 1993: Accounting Manager, Corporate Administration Headquarters October 2000: General Manager, Production Division, Semiconductor Headquarters October 2002: President and Representative Director of P.T. Sanken Indonesia June 2003: Corporate Officer April 2005: Deputy Head, Production Headquarters June 2005: Director and Senior Corporate Officer April 2006: President and Representative Director (to the present)	29,000
2	Hidejiro Akiyama (January 29, 1949)	April 1971: Entered Saitama Bank, Ltd April 1997: Manager, First Sales Division, Osaka Sales Department of The Asahi Bank, Ltd. April 2000: Entered the Company June 2000: Director April 2003: Deputy Head, Corporate Administration Headquarters June 2003: Executive Corporate Officer April 2005: Director, Corporate Administration Headquarters (to the present) June 2005: Director and Senior Corporate Officer June 2007: Director and Senior Vice President (to the present)	10,000
3	*Takashi Wada (September 3, 1954)	April 1979: Entered the Company April 2005: Deputy Division Manager, CCFL Division, Engineering Headquarters April 2007: General Manager, Production Division, Production Headquarters June 2007: Corporate Officer (to the present) April 2008: Deputy Head, Production Headquarters April 2009: Head, Production Headquarters (to the present)	7,000
4	*Nobuhiro Katou (September 15, 1949)	March 1974: Entered the Company June 2000: General Manager, Third Power Supply Sales Division, Power Supply Headquarters April 2005: General Manager, Second Sales Division, Sales Headquarters June 2007: Corporate Officer (to the present) October 2007: Deputy Head, Sales Headquarters April 2009: Head, Sales Headquarters (to the present)	6,000

No.	Name (Date of Birth)	Brief personal history, position and assignment of the Company, and representation of other companies	No. of the Company shares held
5	*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 April 2007: Deputy Head, Engineering Headquarters June 2007: Corporate Officer (to the present) April 2009: Head, Engineering Headquarters (to the present)	6,000
6	Dennis H. Fitzgerald (September 2, 1949)	January 1991: Entered Allegro Microsystems, Inc. July 1992: Vice President, Product Divisions June 1994: Director February 1996: Director, Vice President, Quality Control Divisions May 2000: President and Director, COO June 2004: President and Director, CEO (to the present) June 2006: Director of the Company (to the present)	0

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

**Proposal No. 4:** Election of One Statutory Auditor

One Statutory Auditor, Hiroshi Ishibashi, will complete his term of office at the conclusion of this meeting. Accordingly, we shall propose the election of one Statutory Auditor.

The Board of Statutory Auditors has approved the submission of this proposal.

The candidate for Statutory Auditor is as follows:

Name (Date of Birth)	Brief personal history, position and assignment of the Company, and representation of other companies	No. of the Company shares held
Hiroshi Ishibashi (July 10, 1948)	April 1974: Registered as a Lawyer Joined Marunouchi Law Office (to the present) May 1998: External Statutory Auditor of Matsuya Co., Ltd. (to the present) June 2004: External Statutory Auditor of NIPPON PISTON RING Co., LTD. (to the present) June 2005: Statutory Auditor (to the present)	0

Note: 1. No conflicts of interest exist between the Company and the above candidate.

2. Hiroshi Ishibashi is a candidate to become an External Statutory Auditor.

3. Notes to the candidate for External Statutory Auditor

(i) Reasons for election of the candidate for External Statutory Auditor

Hiroshi Ishibashi has never engaged in the company's management in a capacity other than as an External Statutory Auditor. He has exclusive knowledge and experience as a lawyer, and we anticipate that he will be able to properly execute his duties including to ensure validity of audit as an External Statutory Auditor from an objective standpoint as a specialist in law. Accordingly, we will continuously propose the election of Hiroshi Ishibashi as an External Statutory Auditor.

(ii) Number of years of service as an External Statutory Auditor

Hiroshi Ishibashi will have served as an External Statutory Auditor for four years at the end of this meeting.

## [A GUIDE FOR THE EXERCISE OF YOUR VOTING RIGHTS VIA THE INTERNET]

Exercise of voting rights via the Internet is only possible by accessing the website (<http://www.web54.net>) designated by the Company exclusively for the purpose of exercising voting rights.

When accessing the website, please review the following points.

### 1. System requirements

Before exercising your voting rights, please confirm that your computer system satisfies all of the following requirements for exercising voting rights via the Internet.

(1) A display monitor with resolution of more than 800 x 600 (SVGA).

(2) The following application software is installed.

A. Microsoft Internet Explorer, Version 5.01 SP2, or a more recent version

B. Adobe Acrobat Reader, Version 4.0 or a more recent version, or Adobe Reader Version 6.0 or a more recent version (for browsing the Reference Documents for the General Meeting of Shareholders, etc. on screen)

\* Microsoft and Internet Explore are registered trademarks or trademarks of Microsoft Corporation in the U.S.A. and/or other countries.

\* Adobe Acrobat Reader and Adobe Reader are registered trademarks or trademarks of Adobe Systems Incorporated in the U.S.A. and/or other countries.

\* You may download all of the above software without charge from the respective company websites.

(3) If a firewall or other configurations for Internet connection may restrict telecommunication via the Internet, please consult with your system administrator.

(4) Our website is displayed using pop-up windows. If you use automatic functions to block pop-up windows (e.g., pop-up blocking functions), please disable them or unlock them temporarily while you exercise your voting rights.

### 2. Matters to note concerning the exercise of your voting rights

- If you exercise your voting rights via the Internet more than once, your final votes shall be deemed to be valid.
- 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.
- Votes via the Internet are accepted until 5:00 p.m. of the day before the date of the Ordinary General Meeting of Shareholders.

### 3. Matters to note concerning your Password

\* A temporary password is our 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.

We are unable to respond to any telephone inquiries.

\* 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.

### 4. Help desk for guidance on operating your personal computer

\* 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, The Chuo Mitsui Trust and Banking Co., Ltd.

Phone: 0120-65-2031

(9:00 a.m. ~ 9:00 p.m., weekdays)

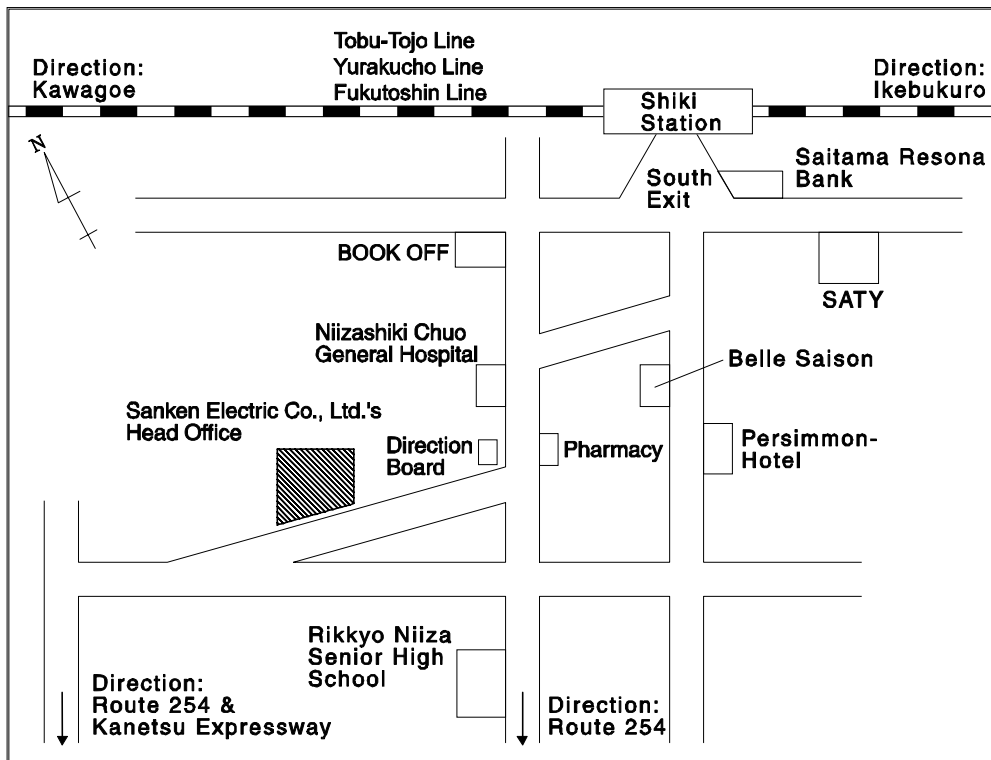
\* For other inquiries with regard to your registered address, number of shares held, etc., please contact the following center:

Transfer Agent Business Center, The Chuo Mitsui Trust and Banking Co., Ltd.

Phone: 0120-78-2031

(9:00 a.m. ~ 5:00 p.m., weekdays)

## Location of the Ordinary General Meeting of Shareholders



Place: 6-3, Kitano 3-chome, Niiza-shi, Saitama Prefecture

Sanken Electric Co., Ltd., Head Office

Phone: (048) 472-1111

Access: 15-minute walk from Shiki Station (South Exit), Tobu-Tojo Line