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To Whom It May Concern

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## **Announcement Regarding a Change in the Share Trading Unit, Reverse Stock Split, and Partial Changes of the Articles of Incorporation**

Sanken Electric Co., Ltd. (“the Company”) would like to announce that a change in the share trading unit and partial changes of the articles of incorporation have been determined by resolution of the Board of Directors’ meeting held today pursuant to the provisions of Article 195, Paragraph 1 of the Companies Act. Moreover, the Company has resolved to submit an agenda item on a reverse stock split at the 101st Ordinary General Meeting of Shareholders to be held on June 22, 2018. The details are as below:

### 1. Change of Share Trading Unit

#### (1) Reason for change

All domestic stock exchanges of Japan have announced the Action Plan for Consolidating Trading Units and aim to uniformly adopt the share trading unit of 100 shares with regard to the common stocks of all domestic listed companies. The Company also respects this intent as a listed company on the Tokyo Stock Exchange (TSE), and has decided to change its share trading unit from 1,000 shares to 100 shares.

#### (2) Details of change

The share trading unit will be changed from 1,000 shares to 100 shares.

#### (3) Scheduled date of change

October 1, 2018

(Reference) The scheduled date of the change of the share trading unit to 100 shares on the TSE shall be September 26, 2018 due to the administrative procedures for the transfer of shares after share trading.

#### (4) Conditions for change

Partial changes of the articles of incorporation related to this matter are determined by resolution of the Board of Directors pursuant to the provisions of the Companies Act. However, the partial changes of the articles of incorporation shall be subject to the approval of the agenda item “2. Reverse Stock Split” mentioned below as proposed at the General Meeting of Shareholders.

### 2. Reverse Stock Split

#### (1) Purpose of reverse stock split

As mentioned in “1. Change of Share Trading Unit” above, a reverse stock split (five shares to be consolidated into one share) shall be executed to adjust the number of investment units to an appropriate level in the change of the share trading unit from 1,000 shares to 100 shares.

#### (2) Details of reverse stock split

- Type of shares to be consolidated: common shares

- Consolidation method/ratio

As of October 1, 2018, the Company will implement the share consolidation of its common shares on a one for five basis based on the number of shares owned by shareholders who are registered in the shareholders' registry on September 30, 2018.

- Number of shares to be decreased by the reverse stock split

Total no. of outstanding shares before the reverse stock split (March 31, 2018)	125,490,302 shares
No. of shares to be decreased by the reverse stock split	100,392,242 shares
Total no. of outstanding shares after the reverse stock split	25,098,060 shares

(Note) "No. of shares to be decreased by the reverse stock split" and "Total no. of outstanding shares after the reverse stock split" are theoretical values calculated based on the total number of outstanding shares before the reverse stock split and the consolidation ratio.

(3) Number of shareholders to be decreased by the reverse stock split

	No. of shareholders (Ratio)	No. of owned shares (Ratio)
Total no. of shareholders	9,716 persons (100.0%)	125,490,302 shares (100.0%)
Less than 5 shares	156 persons (1.6%)	205 shares (0.0%)
At least 5 shares	9,560 persons (98.4%)	125,490,097 shares (100.0%)

(Note) When the reverse stock split is implemented on the assumption of the abovementioned shareholder composition, 156 shareholders whose number of owned shares is less than 5 shares (those who fall under "Less than 5 shares" in the above table) will lose their position as a shareholder after undertaking the procedures mentioned in (4) below. However, the procedures for the acquisition of shares to constitute one unit or the purchase of fractional shares are also available prior to the effective date of the reverse stock split. Please contact the securities firm with which you have an account or the shareholder registry administrator of the Company to make an inquiry.

(4) Handling of any fractions of less than 1 share

When fractions of less than 1 share are generated as a result of the reverse stock split, such fractions will be disposed of collectively, and the proceeds from the disposal will be distributed to the shareholder concerned in accordance with the ratio of fractions pursuant to Article 235 of the Companies Act.

(5) Total number of authorized shares on the effective date of the reverse stock split

51,400,000 shares (257,000,000 shares before the reverse stock split)

The provision stipulating the total number of authorized shares in the articles of incorporation is deemed to have been changed as stated above on the effective date of the reverse stock split (October 1, 2018) pursuant to Article 182, Paragraph 2 of the Companies Act.

(6) Condition for the reverse stock split

It shall be subject to the approval of the agenda item regarding the reverse stock split as proposed at the General Meeting of Shareholders.

3. Partial Changes of the Articles of Incorporation

Subject to the approval of the agenda item "2 Reverse Stock Split" mentioned above as proposed at the General Meeting of Shareholders, the articles of incorporation of the Company shall be changed as follows, effective October 1, 2018.

(The underlined parts indicate the changes.)

Before change	After change
Chapter 2 Stock (Total number of authorized shares) Article 6 The total number of authorized shares of the Company is <u>257,000,000</u> shares.	Chapter 2 Stock (Total number of authorized shares) Article 6 The total number of authorized shares of the Company is <u>51,400,000</u> shares.
(Share trading unit) Article 8 The share trading unit of the Company is <u>1,000</u> shares.	(Share trading unit) Article 8 The share trading unit of the Company is <u>100</u> shares.

4. Date

Date of resolution by the Board of Directors	May 8, 2018
Date of Ordinary General Meeting of Shareholders	June 22, 2018 (scheduled)
First trade date in trading unit of 100 shares	September 26, 2018(scheduled)
Effective date of change in the number of shares constituting one full unit of stock	October 1, 2018(scheduled)
Effective date of share consolidation	October 1, 2018(scheduled)
Effective date of amendment of the Articles of Incorporation	October 1, 2018(scheduled)