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To Whom It May Concern,

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**Notice of Introduction of Performance-Linked Stock Compensation Plan
for the Group's Corporate Officers, etc.**

Sanken Electric Co., Ltd. (the "Company") announces that at the Board of Directors' meeting held today, it decided, as shown below, to introduce a performance-linked stock compensation plan using a trust (hereafter referred to as the "Plan," and the trust agreement that the Company will conclude with Resona Bank, Ltd. is referred to as the "Trust Agreement," and the trust to be set up based on the Trust Agreement is referred to as the "Trust.") for the Corporate Officers who are not under a mandate agreement and management executives and the Group's officers (hereafter collectively referred to as the "Group's Corporate Officers, etc."). The Plan has already been introduced for the Company's Directors and Corporate Officers who are under a mandate agreement with the Company.

1. Introduction of the Plan

The compensation for the Group's Corporate Officers, etc. is currently monetary compensation that consists of basic compensation and bonuses. The Company has, however, reviewed all compensation and decided to introduce a performance-linked stock compensation plan for the Group's Corporate Officers, etc.

The Plan aims to have the Group's Corporate Officers, etc. contribute to the improvement of medium- to long-term performance and the increased corporate value of the Group, by further clarifying the link between the compensation for the Group's Corporate Officers, etc. and the Company's performance and stock value, and by having the Group's Corporate Officers, etc. share the gains and risks resulting from share price changes with the Company's shareholders.

Once the Plan has been introduced, the compensation for the Group's Corporate Officers, etc. will consist of basic compensation and performance-linked incentives. The latter will also consist of short-term incentives and long-term incentives. Stock compensation based on the Plan will be long-term incentives.

2. Outline of the Plan

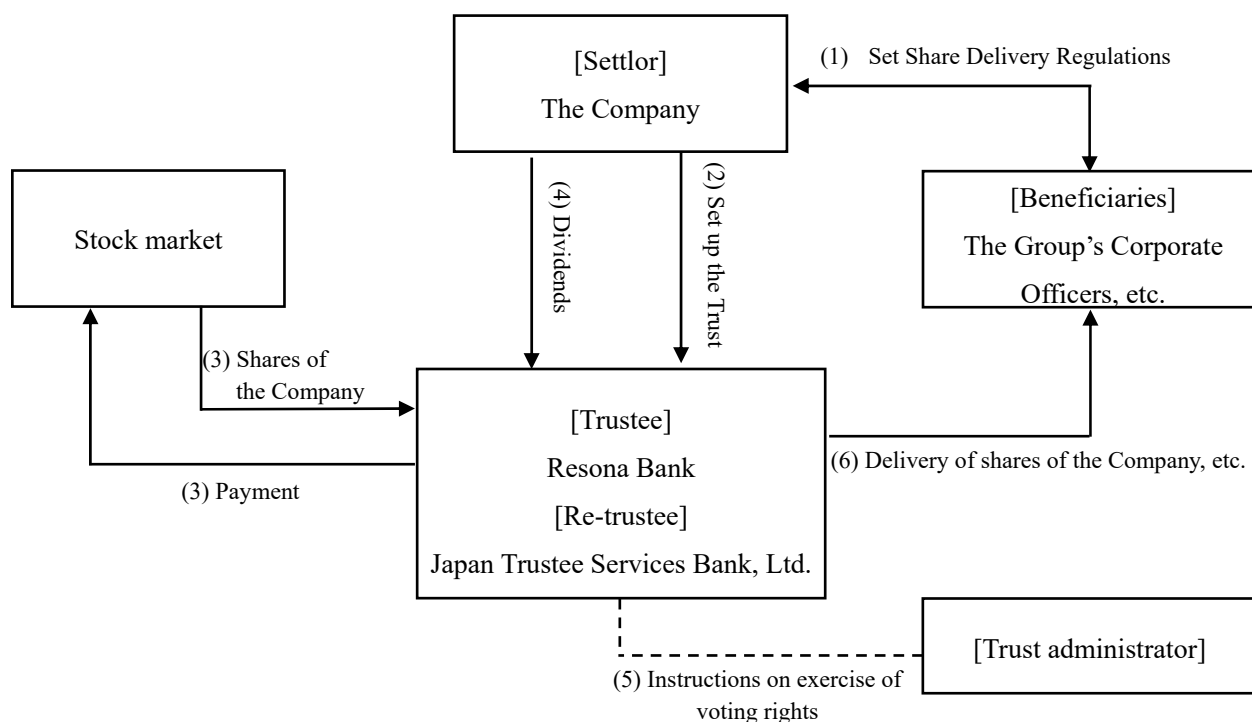
The Plan is a share compensation plan whereby a trust to be set up using funds contributed by the Company will acquire shares of the Company and those shares will be delivered, in accordance with the Regulations on Share Delivery (the “Share Delivery Regulations”) to be decided by the Company’s Board of Directors, to the Group’s Corporate Officers, etc. who have satisfied certain conditions.

Based on the Share Delivery Regulations, the Company will award points to the Group’s Corporate Officers, etc. If the Group’s Corporate Officers, etc. meet certain beneficiary requirements, the Company will issue the Company’s shares corresponding to the grant points and the money equivalent to the market value of the Company’s shares (the “Company’s shares, etc.”)

As the Company will contribute all of the money required to set up the Fund, the Group’s Corporate Officers, etc. will not bear any of the cost for the Fund.

We anticipate that the introduction of the Plan will encourage the Group’s Corporate Officers, etc. to be more aware of stock prices in the course of their duties and will lead to increased motivation, as they can receive financial benefits from an increase in the Company’s share price. Also, the intentions of the Group’s Corporate Officers, etc., potential beneficiaries, will be reflected in the execution of voting rights associated with the shares held by the Trust, so we anticipate greater participation in management by the Group’s Corporate Officers, etc.

3. Flow of the Plan



- (1) The Company will set “the Share Delivery Regulations” when introducing the Plan.
- (2) The Company will make monetary contributions and set up the Fund for the purpose of implementing the Plan.
- (3) The Fund will acquire shares of the Company from the market.
- (4) Dividends will be paid on the shares of the Company held by the Fund as paid on other shares of the Company.
- (5) The trust administrator will provide instructions to the trustee on matters including the exercise of voting rights associated with the shares of the Company held by the Fund, and the trustee will follow those instructions.
- (6) Based on the Share Delivery Regulations mentioned in (1) above, the Group’s Corporate Officers, etc. will be awarded points, depending on the degree to which the performance objectives have been achieved and other factors. Those who have satisfied certain beneficiary requirements stipulated by the Share Delivery Regulations will be awarded shares of the Company and the number of shares to be awarded corresponds to the number of points they have accumulated. Furthermore, if the Group’s Corporate Officers, etc. satisfy certain conditions stipulated by the Share Delivery Regulations, they will be provided monetary compensation equivalent to the market value of the shares of the Company for a certain percentage of the points they have, instead of the provision of shares.

*After the Trust has been established, the Company will contribute additional money to the Trust as funds for the acquisition of shares of the Company. If the Fund holds no shares of the Company after it has awarded shares to the Group’s Corporate Officers, etc. who have satisfied beneficiary requirements, the Company may make additional monetary contributions to the Fund as funds for the acquisition of shares of the Company.

(Reference)

1. Details of the Trust Agreement

- (1) Name of the Trust: Employee Stock Ownership Plan
- (2) Settlor: The Company
- (3) Trustee: Resona Bank, Ltd.
(Re-trustee: Japan Trustee Services Bank, Ltd.)
- (4) Beneficiaries: The Group’s Corporate Officers, etc. who satisfy the beneficiary requirements
- (5) Exercise of voting rights: The trustee will exercise voting rights throughout the trust period based on instructions of the trust administrator
- (6) Trust administrator: Selected from among the Company’s employees
- (7) Trust agreement date: March 2020 (planned)
- (8) Trust period: From March 2020 (planned) to the termination of the Trust
(No specific termination date will be set. The Trust will continue as long as the Plan remains in place.)

2. Details of Acquisition of Shares of the Company by the Fund

After details of the acquisition of shares of the Company by the Fund (cost, method, etc.) have been decided, they will be announced in a timely and appropriate manner.