



March 25, 2014

To those who may concern

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Notice on Posting of Extraordinary Loss due to Termination of CCFL Business

Sanken Electric Co., Ltd. (hereinafter “the Company”) announced today that the Company’s Board of Directors decided in its resolution that the Company should discontinue the operation of its CCFL business, and should record an extraordinary loss during the fiscal year ending March 2014. The details are as follows.

Note: CCFL (Cold Cathode Fluorescent Lamps) : Fluorescent lamps which are used in backlighting units of LCD television sets and displays, and in lighting fixtures.

1. Termination of CCFL Business

The Company started this business in 1997, and in earlier years was engaged in manufacturing and sales of CCFL products primarily used in backlighting units for laptop PCs. Later, the demand for the products expanded for use in backlighting units of LCD television sets, thereby the revenue and profits from this business steadily grew over the years. During this period, the Company, being the leader in the global CCFL industry, focused on research and development efforts to bring about the highest luminosity, the most efficient, the longest life, the highest reliability products, as well as to enlarge production capacity to meet growing demand, and to provide to the market, without any disruption, the highest quality and highest value-added products.

Technological innovation, however, advanced more quickly than originally projected, and adoption of LEDs accelerated as a light source for LCD television backlighting units, causing a radical change in the way the Company did the business and the profitability sharply shrank. Against this evolution of the business environment, the Company launched a series of turn-around projects, such as a write-off of all manufacturing assets in fiscal 2009, a downsizing of the system, the organization and the capacity of production, and a reduction of the number of staff and associates.

Under the circumstances where the size of the CCFL market plummeted, especially for LCD television backlighting units, the majority of the demand, the Company tried to lengthen the commercial life of the CCFL products by penetrating into new applications such as CCFL lighting fixtures and public information displays, with a lean manufacturing operation. The drop of demand, however, further accelerated during this fiscal year, and the revenue from this business in this fiscal year drastically dropped, prompting a revitalization of the business condition highly unlikely. Based on these outcomes of assessment, the Company reached a conclusion that its CCFL business is no longer viable, and decided to discontinue the business.

<Outline of the Discontinued Business>

- Trended Consolidated Sales for the Last 3 Years (Unit: Million Yen)

	Fiscal Year March 2012	Fiscal Year March 2013	3Q (Cumm.) for March 2014
Consolidated Sales (a)	131,803	126,386	103,726
CCFL Sales (b)	1,966	880	128
Ratio (b/a)	1.5%	0.7%	0.1%

Note: For March 2014, the figure shown is the actual results for the 3rd quarter (cumulative) for the fiscal year ending March 2014.

- Employees and Assets linked to the Business

Staff and Associates : Reassigned to new positions within the Company or its affiliated companies.

Production Equipment : Disposed when released from active manufacturing duty.

Finished Goods Inventory : Disposed, except for the portion set aside to meet demand from lighting fixture customers.

- Exit Plans

The Company expects to end production of the CCFL products at some time during the fiscal year 2014. Sale of the CCFL products is expected to last for the immediate future as there shall be continued demand from lighting fixture market. CCFL product sales will eventually be terminated some time during the fiscal year 2015.

2. Recording of an Extraordinary Loss

Due to the termination of the CCFL business, the Company expects to record 2 billion yen of an extraordinary loss from termination of business, in both consolidated and non-consolidated financial statements, for the fiscal year ending March 2014.

3. Financial Guidance

Due to the posting of the extraordinary loss stated above, there shall be a reduction of the amount of net income for the fiscal year ending March 2014. As of this point in time, however, the management of the Company does not revise the full year consolidated financial guidance, publicly announced on November 7, 2013, and will issue, without delay, any revision in the future when financial projections are reasonably established.

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