

Notice of the 86th Ordinary General Meeting of Shareholders

Dear Shareholders:

It is our pleasure to invite you to the 86th Ordinary General Meeting of Shareholders of Sanden Corporation (“Sanden” or the “Company”). The details of the meeting are provided below.

If you are unable to attend the Ordinary General Meeting of Shareholders in person, you may vote either by completing and mailing the enclosed Voting Rights Exercise Form or by the Internet. Please refer to the Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Thursday, June 21, 2012.

[Vote by completing and mailing the Voting Rights Exercise Form]

Please complete and return the enclosed Voting Rights Exercise Form. To be effective, your form must be received at the printed address by 5:00 p.m. on Thursday, June 21, 2012.

[Vote by the Internet]

Please vote online at <http://www.webdk.net> following the instruction on the screen. To be effective, your vote must be submitted by 5:00 p.m. on Thursday, June 21, 2012.

Sincerely,

Masayoshi Ushikubo
Representative Director and Chairman,
Sanden Corporation
20, Kotobuki-cho, Isesaki City,
Gunma Prefecture

Details of the Meeting

1. Date and time: Friday, June 22, 2012, 10:00 a.m.
2. Venue: Conference room, Sanden Communication Plaza
961, Numawada, Honjo City, Saitama Prefecture
3. Meeting agenda:
Items to be reported
 1. Business Report and Consolidated Financial Statements for the 86th Fiscal Year (from April 1, 2011 to March 31, 2012), and Reports of the Independent Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 86th Fiscal Year (from April 1, 2011 to March 31, 2012)

Agenda items to be resolved

- Item 1:** Proposal for Appropriation of Surplus
- Item 2:** Election of Seven (7) Directors
- Item 3:** Election of Four (4) Corporate Auditors

4. About your vote
 1. If you vote both by completing and mailing the Voting Rights Exercise Form and by the Internet, the vote submitted by the Internet will prevail.
 2. If you submit your vote multiple times by the Internet, only the last vote submitted will be effective.

Attending Shareholders are requested to present the enclosed Voting Rights Exercise Form at reception on the day of the Ordinary General Meeting of Shareholders.

We will post any revision to the Reference Materials for the Ordinary General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements or Consolidated Financial Statements on the Company's website (<http://www.sanden.co.jp>).

**This English translation is an abridged version of the original notice in Japanese. In the event of any discrepancy, the Japanese version shall prevail.*

Consolidated Balance Sheet

(As of March 31, 2012)

(In millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets:	125,842	Current liabilities:	125,100
Cash and deposits	14,851	Notes and accounts payable – trade	43,348
Notes and accounts receivable – trade	58,177	Short-term loans payable	39,807
Merchandise and finished goods	20,640	Current portion of long-term loans payable	22,197
Work in process	7,745	Accounts payable – other	6,258
Raw materials	8,510	Lease obligations	1,222
Other inventories	2,757	Income taxes payable	482
Deferred tax assets	2,199	Provision for bonuses	2,541
Accounts receivable – other	5,096	Provision for sales rebates	399
Consumption taxes receivable	3,256	Provision for product warranties	1,291
Other	3,299	Deferred tax liabilities	58
Allowance for doubtful accounts	(693)	Other	7,493
Noncurrent assets:	86,458	Noncurrent liabilities:	39,000
Property, plant and equipment	66,510	Long-term loans payable	30,294
Buildings and structures	19,171	Lease obligations	3,606
Machinery, equipment and vehicles	16,684	Deferred tax liabilities	827
Tools, furniture and fixtures	2,496	Provision for retirement benefits	2,894
Land	18,727	Provision for directors' retirement benefits	181
Lease assets	5,475	Provision for environmental measures	595
Construction in progress	3,955	Negative goodwill	179
Intangible assets	2,302	Other	422
Goodwill	89		
Lease assets	131		
Other	2,081		
Investments and other assets	17,644	Total Liabilities	164,101
Investment securities	15,447	[Net assets]	
Deferred tax assets	810	Shareholders' equity	52,861
Other	1,586	Capital stock	11,037
Allowance for doubtful accounts	(199)	Capital surplus	4,453
		Retained earnings	39,565
		Treasury stock	(2,195)
		Accumulated other comprehensive income	(7,740)
		Valuation difference on available-for-sale securities	718
		Deferred gains or losses on hedges	33
		Foreign currency translation adjustment	(8,492)
		Minority interests	3,078
		Total net assets	48,199
Total assets	212,300	Total liabilities and net assets	212,300

Consolidated Statement of Income
(From April 1, 2011 to March 31, 2012)

(In millions of yen)

Item	Amount
Net sales	214,282
Cost of sales	178,353
Gross profit	35,928
Selling, general and administrative expenses	35,215
Operating income	712
Non-operating income	2,491
Interest income	72
Dividends income	151
Equity in earnings of affiliates	990
Other	1,276
Non-operating expenses	2,903
Interest expenses	2,015
Foreign exchange losses	298
Other	589
Ordinary income	300
Extraordinary income	1,843
Gain on sales of noncurrent assets	69
Gain on sales of investment securities	43
Insurance income	1,124
Gain on reversal of impairment loss	605
Extraordinary loss	753
Loss on disposal of noncurrent assets	234
Loss on valuation of investment securities	365
Loss on disaster	112
Other	40
Income before income taxes and minority interests	1,390
Income taxes – current	867
Income taxes – deferred	(280)
Income before minority interests	803
Minority interests in loss	401
Net income	1,204

Consolidated Statements of Changes in Net Assets
(From April 1, 2011 to March 31, 2012)

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2011	11,037	4,453	39,381	(2,191)	52,681
Changes of items during the period					
Dividends from surplus			(1,021)		(1,021)
Net income			1,204		1,204
Purchase of treasury stock				(3)	(3)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	183	(3)	179
Balance as of March 31, 2012	11,037	4,453	39,565	(2,195)	52,861

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2011	112	(149)	(6,971)	(7,008)	3,655	49,329
Changes of items during the period						
Dividends from surplus						(1,021)
Net income						1,204
Purchase of treasury stock						(3)
Net changes of items other than shareholders' equity	606	183	(1,521)	(731)	(577)	(1,308)
Total changes of items during the period	606	183	(1,521)	(731)	(577)	(1,129)
Balance as of March 31, 2012	718	33	(8,492)	(7,740)	3,078	48,199

Non-Consolidated Balance Sheet

(As of March 31, 2012)

(In millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets:	65,316	Current liabilities:	76,876
Cash and deposits	7,822	Notes payable – trade	5,593
Notes receivable – trade	2,174	Accounts payable – trade	26,624
Accounts receivable – trade	34,467	Short-term loans payable	16,806
Merchandise	522	Current portion of long-term loans payable	18,822
Finished goods	7,107	Lease obligations	469
Semi-finished goods	44	Accounts payable – other	3,938
Work in process	4,162	Accrued expenses	889
Supplies	899	Provision for bonuses	1,487
Deferred tax assets	1,721	Provision for sales rebates	23
Accounts receivable – other	5,542	Provision for product warranties	766
Consumption taxes receivable	501	Other	1,454
Other	429		
Allowance for doubtful accounts	(78)		
Noncurrent assets:	66,411	Noncurrent liabilities:	30,623
Property, plant and equipment	36,242	Long-term loans payable	26,954
Buildings	10,978	Provision for retirement benefits	1,545
Structures	1,785	Provision for directors' retirement benefits	181
Machinery and equipment	4,309	Lease obligations	1,811
Vehicles	7	Guarantee deposits received	60
Tools, furniture and fixtures	1,198	Deferred tax liabilities	43
Land	15,059	Other	27
Lease assets	2,047		
Construction in progress	856	Total liabilities	107,499
Intangible assets	1,711	[Net assets]	
Patent right	30	Shareholders' equity	23,414
Leasehold right	104	Capital stock	11,037
Software	1,473	Capital surplus	4,453
Lease assets	80	Legal capital surplus	4,453
Other	22	Retained earnings	9,910
Investments and other assets	28,457	Legal retained earnings	-
Investment securities	6,053	Other retained earnings	9,910
Stocks of subsidiaries and affiliates	15,291	Retained earnings brought forward	9,910
Investments in capital of subsidiaries and affiliates	5,925	Treasury stock	(1,988)
Long-term loans receivable	495	Valuation and translation adjustments	814
Other	941	Valuation difference on available-for-sale securities	718
Allowance for doubtful accounts	(249)	Deferred gains or losses on hedges	95
		Total net assets	24,228
Total assets	131,727	Total liabilities and net assets	131,727

Non-Consolidated Statement of Income
(From April 1, 2011 to March 31, 2012)

(In millions of yen)

Item	Amount
Net sales	139,676
Cost of sales	120,502
Gross profit	19,174
Selling, general and administrative expenses	21,696
Operating loss	(2,522)
Non-operating income	4,306
Interest income	68
Dividends income	3,696
Rent income	130
Foreign exchange gains	142
Other	268
Non-operating expenses	1,579
Interest expenses	1,111
Interest on bonds	71
Taxes and dues	205
Commission for syndicate loan	54
Other	136
Ordinary income	204
Extraordinary income	1,174
Gain on sales of noncurrent assets	6
Gain on sales of investment securities	43
Insurance income	1,124
Extraordinary loss	769
Loss on disposal of noncurrent assets	211
Loss on valuation of investment securities	365
Loss on valuation of stocks of subsidiaries and affiliates	176
Loss on disaster	15
Income before income taxes	609
Income taxes – current	(295)
Income taxes – deferred	(792)
Net income	1,697

Statement of Changes in Net Assets
(From April 1, 2011 to March 31, 2012)

(In millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total share-holders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance as of April 1, 2011	11,037	4,453	4,453	-	9,238	9,238	(1,984)	22,745
Changes of items during the period								
Dividends from surplus					(1,025)	(1,025)		(1,025)
Net income					1,697	1,697		1,697
Purchase of treasury stock							(3)	(3)
Net changes of items other than share-holders' equity								
Total changes of items during the period	-	-	-	-	671	671	(3)	668
Balance as of March 31, 2012	11,037	4,453	4,453	-	9,910	9,910	(1,988)	23,414

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2011	112	(45)	67	22,812
Changes of items during the period				
Dividends from surplus				(1,025)
Net income				1,697
Purchase of treasury stock				(3)
Net changes of items other than share-holders' equity	605	141	747	747
Total changes of items during the period	605	141	747	1,415
Balance as of March 31, 2012	718	95	814	24,228

Item 1: Proposal for Appropriation of Surplus

We propose to appropriate surplus as follows:

Year-end dividends

In due consideration of our business results for the fiscal year and future business developments, we propose making year-end dividends for the 86th fiscal year as described below:

(1) Type of dividend property

Money

(2) Allotment and total amount of dividends

We propose making a dividend of ¥7.5 per share of common stock of the Company, with the total amount of dividends being ¥1,025,076,225.

(3) Effective date for dividends from surplus

We propose a relevant effective date of June 25, 2012.

Item 2: Election of Seven (7) Directors

All of the five (5) directors will complete their term of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we propose that the total of seven (7) directors be elected with the addition of two (2) directors for the purpose of strengthening our management structure.

The relevant candidates are as follows:

No.	Name (Date of birth)	Resume, with Positions and Areas of Responsibility in the Company and Major Concurrent Positions	No. of Sanden shares held
1	Masayoshi Ushikubo (January 16, 1935)	April 1968 Joined Sanden June 1989 Representative Director & President April 2001 Representative Director & Chairman (present)	1,026,002
2	Yoshimasa Hayakawa (January 25, 1943)	March 1982 Joined Sanden June 2001 Representative Director & President June 2010 Representative Director & Vice Chairman (present)	247,000
3	Mitsuya Yamamoto (June 1, 1950)	April 1975 Joined Sanden June 2007 Managing Director in charge of Global Affairs April 2011 Executive Corporate Officer; General Manager, Automotive Systems Business (present)	83,000
4	Mitsugi Takahashi (June 30, 1950)	April 1974 Joined Sanden June 2001 Director & Corporate Officer; General Manager, General Affairs Dept. July 2011 Senior Corporate Officer (present)	113,000
5	Katsuya Nishi (August 3, 1964)	April 1985 Joined Sanden July 2008 Head of Corporate Planning Office June 2009 Director & Corporate Officer; Head of Corporate Planning Office (present)	47,000
6	Isao Tada (July 5, 1945)	June 1999 Full-time Corporate Auditor, Daiwa Securities Co., Ltd. June 2005 Counselor, Daiwa Institute of Research Ltd.; Deputy Director, Strategic Management Laboratory June 2007 Director, Sanden (present)	5,000
7	Kazunori Kiuchi (April 18, 1945)	April 2005 President & CEO, NEC Infrontia Corporation June 2008 Corporate Auditor, Sanden June 2010 Representative Director & President (present)	64,000

Notes:

- 1: The Company does not have any special vested interests in any of the candidates for directors.
- 2: Isao Tada is a candidate for an outside director.

- 3: We are recommending Isao Tada as a candidate for an outside director in order to strengthen the supervisory function over the Company's management from objective and neutral viewpoints and receive advice from his professional viewpoint.
- 4: Isao Tada is currently an outside director of the Company and will have served as an outside director for five (5) years at the conclusion of this Ordinary General Meeting of Shareholders.
- 5: The Company has entered into an agreement for limited liabilities with Isao Tada to the effect that the liabilities for damages set forth in Article 423, Paragraph 1 of the Corporation Law shall be up to the amount as stipulated by laws and regulations, and the Company will renew the agreement provided that his re-election is approved.
- 6: The Company has designated Isao Tada as an independent director provided for by Tokyo Stock Exchange, Inc., and has notified it to that effect. His status as an independent director will be renewed provided that his re-election is approved.

Item 3: Election of Four (4) Corporate Auditors

All of the four (4) corporate auditors will complete their term of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we propose that four (4) corporate auditors be elected. We have obtained the consent of the Board of Corporate Auditors in connection with this proposal.

The relevant candidates are as follows:

No.	Name (Date of birth)	Resume, with Positions in the Company and Major Concurrent Positions	No. of Sanden shares held
1	Takashi Oya (May 5, 1944)	March 1979 Joined Sanden Sept. 2002 Managing Director in Charge of Global Affairs June 2003 Full-time Corporate Auditor (present)	17,000
2	Takuji Tsuchikane (Aug. 18, 1931)	April 1954 Joined Bank of Japan June 1990 Representative Director & President, The Gunma Bank, Ltd. June 1998 Corporate Auditor, Sanden (present)	-
3	Mitsuhiko Iwasaki (Nov. 16, 1941)	June 1996 Vice President, Fuji Securities Co., Ltd. June 2001 Full-time Corporate Auditor, Sharp Corporation June 2008 Corporate Auditor, Sanden (present)	-
4	Yoshiaki Sugita (Dec. 6, 1946)	April 1970 Joined The Fuji Bank, Limited April 2005 Managing Executive Officer, Mizuho Financial Group, Inc. June 2005 Full-time Corporate Auditor Major Concurrent Positions: Corporate Auditor, Fuyo General Lease Co., Ltd.	-

Notes:

1. The Company does not have any special vested interests in any of the candidates for auditors.
2. Takuji Tsuchikane, Mitsuhiko Iwasaki, and Yoshiaki Sugita are candidates for outside auditors. Matters pertaining to the candidates are as follows:

a. Reason for the selection of candidates for outside auditors

Takuji Tsuchikane

He is expected to provide proper audits and advice as an outside auditor with many years of experience and actual performance relating to his time in Bank of Japan and The Gunma Bank, Ltd.

Mitsuhiko Iwasaki

He is expected to provide proper audits and advice with considerable business experience gained in Fuji Securities Co., Ltd. and other companies and actual performance at Sharp Corporation as a corporate auditor.

Yoshiaki Sugita

He is expected to provide proper audits and advice with considerable business experience gained in The Fuji Bank, Limited and other companies and actual performance at Mizuho Financial Group, Inc. and other companies as a corporate auditor.

b. Term of Office

At the conclusion of this Ordinary General Meeting of Shareholders, Takuji Tsuchikane and Mitsuhiko Iwasaki will have served as an outside auditor of the Company for fourteen (14) years and four (4) years respectively.

c. Agreement for Limited Liabilities

- The Company has entered into an agreement for limited liabilities with Takuji Tsuchikane and Mitsuhiko Iwasaki respectively to the effect that the liabilities for damages set forth in Article 423, Paragraph 1 of the Corporation Law shall be up to the amount as stipulated by laws and regulations, and the Company will renew the agreements provided that their re-election is approved.
- The Company will enter into an agreement for limited liabilities with Yoshiaki Sugita to the effect that the liabilities for damages set forth in Article 423, Paragraph 1 of the Corporation Law shall be up to the amount as stipulated by laws and regulations provided that his election is approved.

3. The Company has designated Takuji Tsuchikane and Mitsuhiko Iwasaki as independent directors provided for by Tokyo Stock Exchange, Inc., and has notified it to that effect. Their status as independent directors will be renewed provided that their re-election is approved. In addition, the Company will designate Yoshiaki Sugita as an independent director and notify Tokyo Stock Exchange, Inc. provided that his election is approved.