



SANYO Electric Co., Ltd.

Annual Report

2000

For the year ended March 31, 2000



Incorporated in 1950, SANYO Electric Co., Ltd., manufactures a broad range of electronic products grouped into six categories: AV-Information and Communications Equipment, Home Appliances, Industrial and Commercial Equipment, Electronic Devices, and Batteries as well as Others. Sanyo's net sales for the year ended March 31, 2000 ("fiscal 2000"), amounted to ¥1,940.4 billion (US\$18,305 million). The name Sanyo means "three oceans"—specifically, the Pacific, Atlantic, and Indian oceans—and symbolizes the Company's global perspective. The Sanyo Group of companies is truly an international organization, comprising 81 manufacturing companies, 32 sales companies, and 36 other companies based in 26 countries.

A particular focus and strength of Sanyo is the development of technologies that minimize the burden on the environment, such as those for clean-energy generation, rechargeable batteries, and air-conditioning methods that do not require the use of harmful chlorofluorocarbons. For example, the Company has pioneered the development of successive generations of increasingly efficient solar cells and rechargeable batteries. Sanyo is also aggressively expanding its multimedia business, where its digital cameras, LCD projectors, and cellular phones and Personal Handyphone System (PHS) phones, which were developed using its own independent technologies, have been highly acclaimed in a wide range of areas.

Contents

1	Financial Highlights
2	To Our Stockholders
5	Key Devices for an IT-Based Society
10	Review of Operations
13	Selected Financial Data
14	Financial Review
19	Consolidated Financial Statements and Notes
34	Report of Independent Accountants
35	Corporate Directory
37	Investor Information

In this annual report, "the Company" refers to SANYO Electric Co., Ltd., and "Sanyo" to SANYO Electric Co., Ltd., and its subsidiaries, unless otherwise specified.

Notice Related to Future Outlook

All statements in this annual report other than past factual matters represent outlooks for projected future results and are in accordance with Sanyo's present plans, outlook, and strategies, based on management judgments in the light of currently available information. Therefore, Sanyo does not guarantee the accuracy and reliability of information it receives and asks that you do not rely on this information alone.

There are various risks and uncertainties related to factors causing changes in business results. The principal factors influencing results include 1) large changes in economic conditions and capital markets as well as changes in consumption in businesses in which the Company engages; 2) the effects of changes in the exchange rates between the yen and the dollar as well as the yen and other currencies on the Company's international business activities; 3) various trade restrictions in the markets of each country; and 4) the Company's ability to provide new technologies, new products, and services amid rapid technological innovation in information technology (IT), market competition, and price competition. However, it should be noted that factors affecting the Company's performance are not limited to these factors and that there are other factors that contain latent risks and uncertainties.

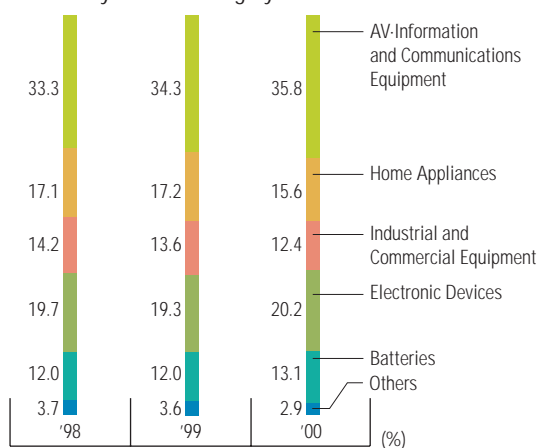
Financial Highlights

SANYO Electric Co., Ltd. and Subsidiaries March 31, 2000, 1999 and 1998

	Millions of Yen			Thousands of U.S. Dollars (Note a)
	2000	1999	1998	2000
Net sales	¥1,940,378	¥1,818,153	¥1,866,426	\$18,305,453
Net income (loss)	21,686	(25,883)	12,320	204,585
Total stockholders' equity	665,454	695,615	750,572	6,277,868
Total assets	2,706,055	2,662,525	2,641,894	25,528,821
	Yen			U.S. Dollars (Note a)
Per share (Note b):				
Net income (loss):				
Basic	¥ 11.5	¥ (13.5)	¥ 6.3	\$ 0.108
Diluted	11.4	(13.5)	6.3	0.108
Cash dividends declared	5.0	5.0	5.0	0.047
Per American Depository Share (Notes b and c):				
Net income (loss):				
Basic	¥ 57.5	¥ (67.5)	¥ 31.5	\$ 0.542
Diluted	57.0	(67.5)	31.5	0.538
Cash dividends declared	25.0	25.0	25.0	0.236

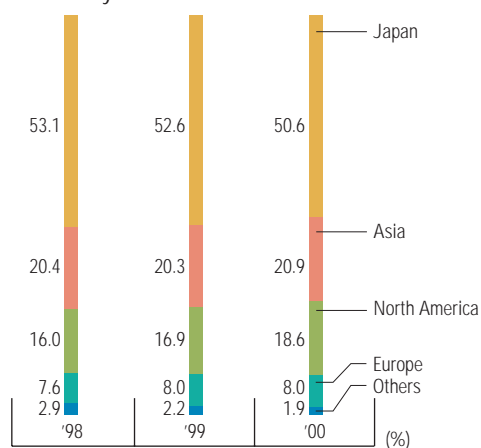
Notes: (a) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106=US\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2000.
 (b) See Notes 1 and 14 of Notes to Consolidated Financial Statements.
 (c) One American Depository Share represents five shares of common stock.

● Sales by Product Category



Note: This graph shows figures of sales to external customers only.

● Sales by Area



Note: This graph shows figures of sales to external customers only, according to the geographic regions of customers.

To Our Stockholders

During fiscal 2000, the world economy began a recovery, with rapid growth in global demand in such telecommunications sectors as mobile phones and Internet-related fields. Supported mainly by brisk corporate investment in IT, sales of PCs, semiconductors, and electronic devices and components expanded throughout the year. Reflecting these favorable developments, SANYO Electric Co., Ltd., posted firm growth in net sales, centering on such key devices as telecommunications equipment, digital cameras, cellular phones and Personal Handyphone System (PHS) phones, batteries, and semiconductors.

Business Results

Due to a recovery in the Japanese economy, the Company's restructuring, and growth in sales of highly profitable electronic devices, Sanyo recorded a 2.6% increase in domestic sales, to ¥981.7 billion (US\$9,261 million), and an 11.3% jump in overseas sales, to ¥958.7 billion (US\$9,044 million). Consolidated net sales thus rose 6.7%, to ¥1,940.4 billion (US\$18,305 million). Along with growth in net sales, Sanyo posted large gains in profits, with operating income soaring 95.5%, to ¥62.1 billion (US\$586 million). Income before income taxes and equity in earnings amounted to ¥31.1 billion (US\$294 million), compared with a loss before income taxes and equity in earnings in the previous fiscal year. Net income improved sharply, amounting to ¥21.7 billion (US\$205 million), compared with a net loss in the previous fiscal year. The conspicuous improvement in Sanyo's profitability was due to sales, which significantly exceeded our initial expectations. By type of product, sales of AV-Information and Communications Equipment were up 11.4%, sales of Batteries jumped 17.2%, and sales of Electronic Devices surged 11.7%. On the other hand,

sales of Home Appliances declined 3.3%, and sales of Industrial and Commercial Equipment slipped 3.2%. Products making a particularly large contribution to sales included such AV-Information and Communications Equipment as liquid crystal display (LCD) projectors, digital cameras, and cellular phones and PHS phones as well as such key devices as rechargeable batteries, LCDs, and electronic components.

Although our performance benefited from growing domestic and overseas demand for IT-related and communications equipment, we believe that our solid results were also attributable to the success

of various management reforms implemented during the year under review as well as our concentration of management resources in growth sectors.

Significance of New Management Reforms

In last year's annual report, we reported that we were launching a series of crucial management reforms, including the introduction of a business group company system, the reorganization of our Board of Directors, the use of external directors, and the initiation of

an executive officer system. These were changes made in accordance with our belief that, to continue to grow amid fierce competition in the 21st century, we must conform to global management standards and thus create a new management system that is not constricted by previously held values and notions. Acting on this conviction, Sanyo is preparing to implement additional drastic reforms, using the occasion of the Company's 50th anniversary in April 2000 as a starting point for entering a new era of growth. If we fail to reshape our operations through such reforms, we must be prepared to accept the possibility that the future could not bode well for Sanyo.



Satoshi Iue,
Chairman & Chief Executive Officer

The Company has reorganized its eight former business groups into five business group companies. Each business group company is specializing in specific fields and enhancing competitiveness. Amid an era of rapid change, these business group companies will quickly carry out decision making and business activities to further raise the value of Sanyo.

As a final aim of our reforms, we plan to eliminate unprofitable businesses and ensure that all our businesses operate in the black. Therefore, it is essential that each business division make its fullest effort to develop new products and cultivate new businesses.

Accelerating Selectivity and Concentration

By implementing the previously mentioned series of reforms, Sanyo is building a strong and flexible organizational structure. However, merely strengthening our organization and speeding up our decision making and business activities will not ensure our future success. We must also appropriately allocate management resources to business fields with growth potential, while stressing effective product development. With this in mind, we are emphasizing selectivity and concentration in our business fields as a means of raising profitability. Specifically, we will draw on the strengths of Sanyo and concentrate the allocation of management resources into the Digital & Devices and Environment businesses, which encompass such multimedia products as digital cameras, cellular phones and PHS phones, and LCD projectors, which integrate Sanyo's unsurpassed AV, recording, and communications technologies. The Digital & Devices and Environment businesses also include such key devices as optical pickups, system large-scale integrated circuits (LSIs), rechargeable batteries, LCDs, semiconductors, and electronic components, which,



Sadao Kondo,
President & Chief Operating Officer

together, serve as the heart of multimedia products. We believe that products in such rapidly expanding fields of the Digital & Devices and Environment businesses will be driving forces behind Sanyo's future growth. Highlighting its determination to achieve growth in these sectors, Sanyo is collaborating with such renowned companies as International Business Machines Corp. (IBM), Philips Electronics N.V., and Eastman Kodak Company. On the other hand, in mature business sectors with dim prospects for growth, such as home appliances, we plan to implement rationalization measures and transform these businesses into low-cost operations.

Sanyo will now begin carrying out a strict selection process for each product sector, involving the implementation of rationalization measures when feasible and the elimination of products and businesses when necessary. Rather than offering an extremely wide product selection, we are streamlining our product lineup to encompass only products with significant growth potential.

Investing in Growth Fields and Rationalizing Operations

Sanyo will aggressively invest in growth fields, while rationalizing and consolidating unprofitable businesses. For the production of large thin-film transistor LCDs (TFT-LCDs), a product with significant growth potential, Tottori SANYO Electric Co., Ltd., has invested ¥91 billion for a second production plant, which is scheduled to begin operations in spring 2001. The global TFT-LCD market, as a whole, is expected to continue expanding rapidly, from ¥1 trillion in fiscal 2000 to ¥3 trillion* in fiscal 2004. In response to rising demand, Tottori Sanyo will manufacture large TFT-LCDs, mainly for LCD monitors, LCD televisions, notebook PCs, and regular PCs.

* Source: Tottori SANYO Electric Co., Ltd.

Sanyo is also carefully restructuring and rationalizing its operations. For example, we are strengthening our overall air conditioner business by merging our household and commercial air conditioner businesses and spinning these operations off as a separate company. Moreover, to reduce fixed costs, Sanyo plans to consolidate its refrigerator operations in its Gunma Plant by March 2001, six months ahead of schedule.

Mega Solar—The World's Largest Solar Power System

Sanyo carries out its business based on the themes of multimedia and clean energy. In clean energy, Sanyo has placed top priority on responding to various environmental problems and is focusing on protecting the environment through all its corporate activities. Sanyo conducts its operations guided by its philosophy of coexistence with the environment, based on its corporate slogan, "We like people and the Earth," and backed by the bonds of trust with consumers as well as local and international communities. As part of Sanyo's approach to environmental protection, Sanyo decided to construct Mega Solar, a clean-energy solar power system, at its Gifu Plant. With completion planned for 2004, Mega Solar will integrate Sanyo's industry-leading technological capabilities acquired through many years of R&D. Specifically, Mega Solar integrates a solar battery heterojunction with intrinsic thin-layer (HIT) structure that boasts the industry's highest conversion rate, and it will have an output of 3.4MW, the highest in the world. Mega Solar will be able to generate 3,700MW annually, equivalent to the amount of electric power consumed by 1,000 homes a year. The use of Mega Solar will reduce the Gifu Plant's CO₂ emissions approximately 670 tons annually. Sanyo is progressing with the use of clean

energy, including at its Head Office and production facilities. The development of Mega Solar symbolizes Sanyo's commitment to coexisting with the environment through the use of clean energy in the 21st century.

In closing, we would appreciate the continued support of our stockholders.

July 2000



Satoshi Iue,
Chairman & Chief Executive Officer



Sadao Kondo,
President & Chief Operating Officer

Key Devices for an IT-Based Society

Demand for Key Devices Accelerating

Sanyo is expecting rapid growth in a number of its main product fields, including such digital equipment as digital cameras, cellular phones and PHS phones, LCD projectors, and DVD-ROM systems. All these products incorporate Sanyo's key devices, including LCDs, batteries, and semiconductors. In addition, Sanyo's key devices are essential components of equipment needed for rapidly building information systems worldwide, including mobile communications networks and the Internet. In fiscal 2000, the total value of global shipments of these devices jumped sharply due to growth in global demand for telecommunications equipment and a recovery in demand for AV equipment in Asia. In the future, these key devices are expected to play an increasingly important role in—or be essential for—the high-speed transmission of large volumes of data as well as the creation of outstanding information systems that will pave the way for the realization of an IT-based society.

Sanyo's Key Device Business Continues to Grow

Up to now, Sanyo has developed and secured high market shares for key devices that support multimedia, including system LSIs, organic semiconductive electrolysis condensors, optical pickups, LCDs, rechargeable batteries used in laser products, computer peripheral equipment, and digital televisions. In the future, Sanyo will place great emphasis on offering devices used as bases for various systems while strengthening its device development capabilities as guided by the concept "Device-to-System Solutions."

Sanyo will also concentrate the allocation of its management resources toward the development of LCDs, beginning with TFT-LCDs, as well as batteries and semiconductors—pivotal components of other key devices. Sanyo aims to position its key device business as a driver of future growth. The following sections will examine the current status of—and future outlook for—Sanyo's LCD, battery, and semiconductor businesses.



Digital cameras



PHS phone



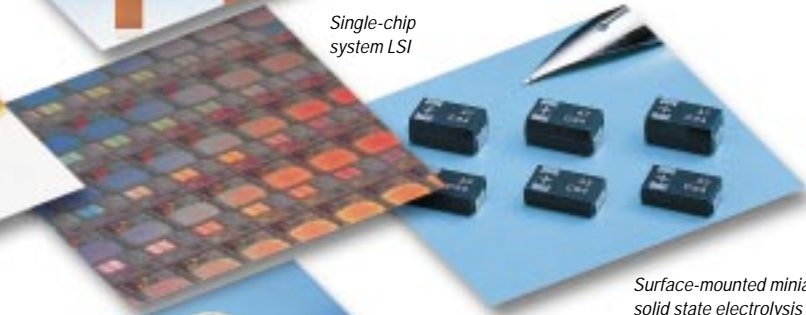
Low-temperature polysilicone (Poly-Si) TFT-LCDs



Broadcasting satellite (BS) digital television



Optical pickup



Single-chip system LSI



Batteries

Surface-mounted miniature solid state electrolysis capacitors



Solid state audio unit



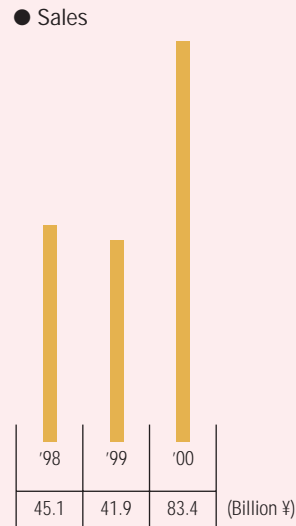
LCD projector



Portable navigation system

LCDs are crucial components of information and communications equipment as well as of information-related products used at home. Demand has been soaring for LCDs for such principal applications as notebook PCs, LCD monitors, digital cameras, and LCD color televisions. Sanyo's LCD products include its low-temperature polysilicone (Poly-Si) TFT-LCDs. Thanks to a bright screen and high resolution, these TFT-LCDs have become an industry leader in such applications as digital video cameras. In spring 1999, Sanyo began shipping a wide-angle view panel that uses a vertical allocation method. Shipments of these panels for use in digital cameras have expanded gradually. TFT-LCDs offer particularly vivid color compared with other LCDs and have been experiencing rapid demand for use in LCD monitors for notebook PCs and regular PCs. Tottori Sanyo, one of Sanyo's principal production facilities, is manufacturing TFT-LCDs. Although Tottori Sanyo's first production plant is currently operating at full capacity, manufacturing 200,000 TFT-LCDs monthly. Accordingly, Tottori Sanyo invested ¥91 billion for the construction of a second plant scheduled for completion in spring 2001. Plans call for the

new plant to manufacture large TFT-LCDs, mainly for LCD monitors, LCD televisions, notebook PCs, and regular PCs.



An artist's conception of the completion of Tottori Sanyo's second production plant

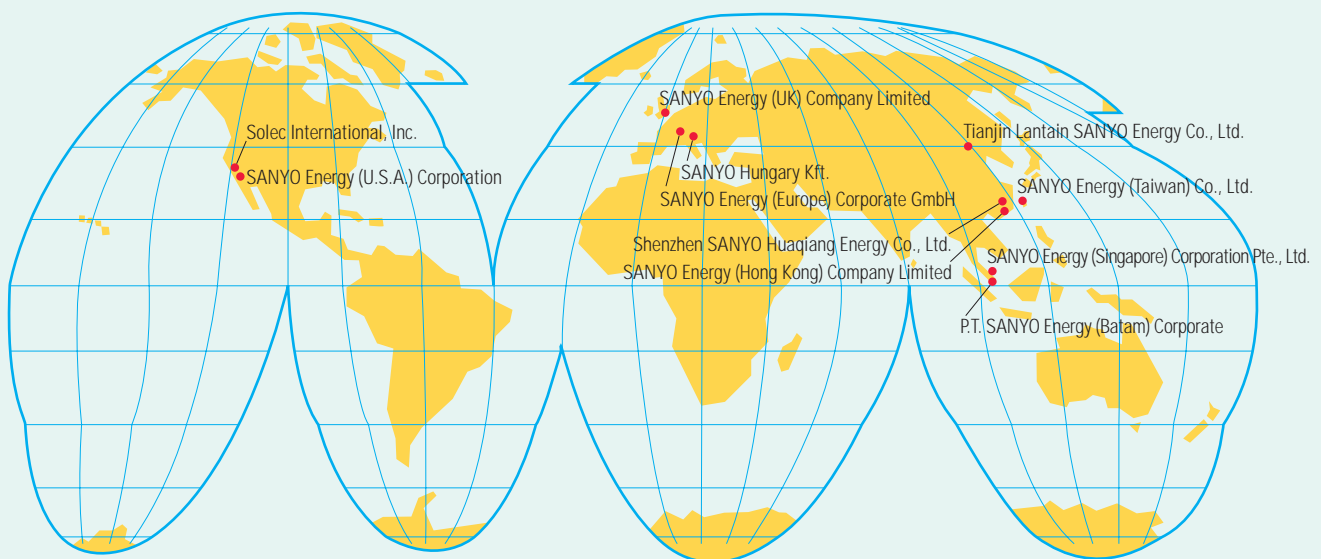
The trend toward lighter and more-compact portable devices, including cellular phones and PHS phones as well as personal digital assistants (PDAs), has been accompanied by a rising need for long-life batteries. Sanyo entered the market for rechargeable batteries in 1964 when it commenced mass production of nickel-cadmium batteries. Subsequently, Sanyo successively commercialized nickel-metal hydride batteries as well as lithium-ion batteries and has amassed a more-than-30% share of the global markets for both of these types of batteries. Sanyo's angular lithium-ion rechargeable batteries for cellular phones and PHS phones have maintained the top share of the domestic market thanks to their outstanding performance capabilities.

In September 1999, Sanyo also commercialized polymer batteries, which are likely to be the next generation of batteries. These polymer batteries use a gelatinous, leakage-free electrolyte and a thin-film aluminum laminate housing to form an exceptionally slim and light-weight design ideal for cellular phones, PHS phones, and PDAs.

Besides polymer batteries, other next-generation batteries include solar-cell power systems and large nickel-metal hydride rechargeable batteries for hybrid electric vehicles.

In solar-cell power systems, Sanyo's industrial- and civil-use solar power systems boast the industry's top-level performance capabilities. Using its amorphous-silicon (a-Si) forming technologies, in 1997 Sanyo developed a household-use hybrid HIT system (HIT Power 21) that combines the benefits of thin-film a-Si and high-efficiency single-crystal silicon, thereby significantly reducing generating loss. In October 1999, Sanyo developed a nickel-metal hydride battery for hybrid electric vehicles that improves acceleration and fuel performance.

Sanyo's Battery Production Companies



The semiconductor market is witnessing steady growth in demand for semiconductors for cellular phones and PHS phones, PCs, and PC peripheral equipment. At the same time, there has been a surge in demand for semiconductors for use in such multimedia equipment as digital cameras and DVD-ROM systems. Supported by such factors as the recovery in Asian economies, demand for semiconductors grew sharply from the beginning of fiscal 2000, and, by the middle of the fiscal year, the supply-demand balance had tightened significantly. According to the U.S. Semiconductor Assembly Council, total world shipments of semiconductors in March 2000 jumped 33.8% year on year, reaching an all-time high of US\$15 billion. By geographic region, shipments from Japan soared 38.4%, and shipments from the Asian-Pacific region were up 46.1%, both of which underpinned overall growth in worldwide demand. Shipments from North America and Europe rose 25.1% and 29.2%, respectively. By type of product, shipments of flash memories surged 197.5% in the January–March 2000 quarter compared with the same period of the previous fiscal year.

Sanyo's principal semiconductor products include flash memories and flash microprocessors, metal-oxide semiconductor LSIs (MOS-LSIs), bipolar LSIs (BIP-LSIs), low-temperature Poly-Si TFT-LCDs for digital household electronic devices, and PC peripheral equipment. Demand for CD-R/CD-RW drives soared to 18 million units in fiscal 2000. Sales of actuator-use driver integrated circuits (ICs) for PC peripheral equipment were also favorable. Demand for the ECoP Series of transistors, primarily for use in cellular phones and PHS phones, also advanced sharply.

The Company is maximizing its technological capabilities by continuing to develop outstanding products in collaboration with other leading companies. In February 2000, the Company and NEC Corp. concluded an agreement for technology sharing and carrying out commissioned production

of TFT-LCD drivers. By combining its LCD technologies with NEC's driver IC technologies, the Company has entered a rapidly growing market for electronic devices.

In fiscal 2000, the Company formed a development, production, and sales agreement for flash memories with Silicon Storage Technology Inc., of the United States. Also, through an agreement with IBM, of the United States, Sanyo is developing LSI chip sets for broadcasting satellite (BS) digital television broadcasting. Sanyo has also formed a tie-up with Kodak for the development of organic electroluminescent displays, which are currently gaining the spotlight as next-generation flat panel displays. Through this agreement, Sanyo will combine its low-temperature Poly-Si TFT-LCDs with Kodak's organic electroluminescent display technologies to develop the world's first active matrix full-color electroluminescent display. Organic electroluminescent displays feature a self-luminescent element that obviates the need for backlighting as is the case with LCDs. In small surface displays, these new-generation displays have attracted attention. They offer such outstanding features as high resolution, high-speed responses, low-voltage drives, low power consumption, and thinness. In addition, the contents of this display are clearly visible from any viewing angle. Such distinctive features are not provided with conventional LCDs. Sanyo has also succeeded in developing the world's first next-generation full-color display.

Review of Operations

AV-Information and Communications Equipment

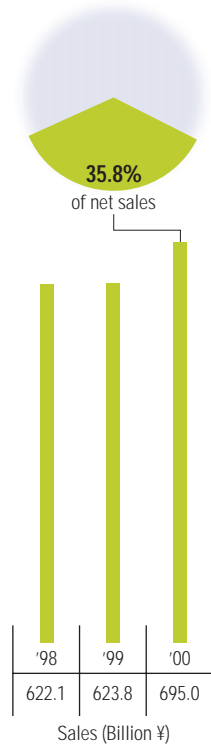
Home Appliances

Industrial and Commercial Equipment

Electronic Devices

Batteries

Others



- Color TVs
- VCRs
- Video Cameras
- Digital Cameras
- LCD Projectors
- High-Definition TV Systems
- CD Players
- Minidisc Players
- Automotive Stereo Components
- CDs
- Optical Pickups
- PCs
- Facsimiles
- Cordless Telephones
- Cellular Phones
- PHS Phones
- PHS Base Stations
- Medical Computer Systems
- Hotel Computer Systems
- Portable Navigation Systems
- CRT Displays
- LCD Monitors
- CD-ROM Systems
- DVD-ROM Systems

Sales of AV-Information and Communications Equipment jumped 11.4% from the previous fiscal year, to ¥694,975 million (US\$6,556 million), accounting for 35.8% of Sanyo's consolidated net sales.

Looking at sales of principal products, sales of telephones surged 51.0%, particularly of cellular phones and PHS phones. Although sales of TVs declined 2.8%, sales of digital cameras and LCD projectors increased sharply.

Domestic sales of AV-Information and Communications Equipment rose 18.4%, to ¥311,492 million (US\$2,939 million), and accounted for 31.7% of total domestic sales. The sales performance in the domestic market mirrored overall sales trends in this product category. Sanyo recorded sharp increases in sales of cellular phones and PHS phones, digital cameras, and LCD projectors. Among these products, digital cameras posted a twofold increase in sales.



Overseas sales of AV-Information and Communications Equipment increased 6.3%, to ¥383,483 million (US\$3,617 million), or 40.1% of total overseas sales, particularly in sales of cellular phones.

AV-Information and Communications Equipment

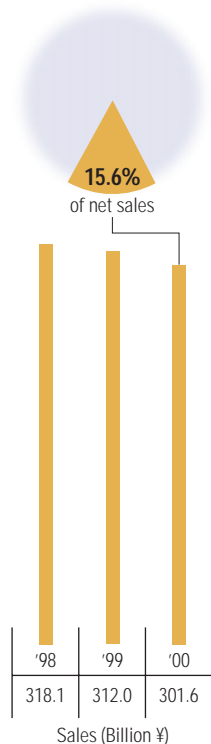
Home Appliances

Industrial and Commercial Equipment

Electronic Devices

Batteries

Others



- Refrigerators
- Freezers
- Washing Machines
- Clothes Dryers
- Microwave Ovens
- Air Conditioners
- Vacuum Cleaners
- Electric Fans
- Toasters, Rice Cookers, Water Purifiers and Waste Disposers, and Other Household Kitchen Appliances
- System Kitchens
- Electric, Gas, and Kerosene Heating Equipment
- Gas and Kerosene Water Heaters
- Dehumidifiers
- Cold-Air Blowers
- Motor-Assisted Bicycles
- Electronic and Electric Products for Bicycles
- Home-Use Pumps
- Medical Sterilizing Equipment
- Medical-Use Refrigerators
- Ultralow-Temperature Freezers
- Automatic Tablet-Wrapping Machines
- Compressors for Freezers/Refrigerators and Air Conditioners

Sales of Home Appliances shrank 3.3%, to ¥301,637 million (US\$2,846 million), or 15.6% of consolidated net sales. Although sales of microwave ovens and washing machines increased, overall sales of home appliances declined due to a 2.9% contraction in sales of air conditioners and a precipitous decline in sales of refrigerators.

Domestic sales of Home Appliances decreased 3.2%, to ¥195,665 million (US\$1,846 million), accounting for 20.0% of total domestic net sales.

Domestic sales results were similar to those for the entire product group. Sales of microwave ovens and washing machines were up but sales of refrigerators, household kitchen appliances, and air conditioners declined from the previous fiscal year.

Overseas sales of Home Appliances decreased 3.6%, to ¥105,972 million (US\$1,000 million). Although sales of microwave ovens increased sharply, those of compressors and refrigerators posted declines exceeding 10.0%.

Sanyo aims to establish its air conditioner operations within its Home Appliances business as a separate company.

Also, in order to reduce fixed costs, Sanyo integrated production of refrigerators into its Gunma Plant.



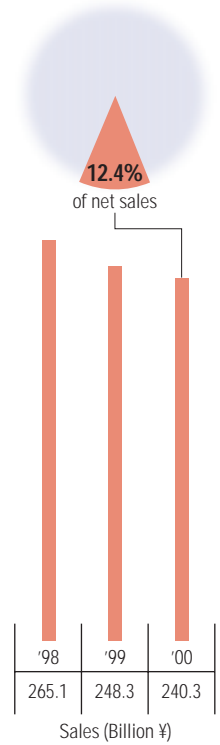
Sales of Industrial and Commercial Equipment declined 3.2%, to ¥240,325 million (US\$2,267 million), making up 12.4% of consolidated net sales. Looking at sales of principal products, sales of vending machines declined sharply, and sales of supermarket showcases and package air conditioners decreased.

Domestic sales declined 8.0%, to ¥204,836 million (US\$1,932 million), and made up 20.7% of total domestic sales as a result of lower sales of vending machines, supermarket showcases, and absorption-type chiller/heaters.

Overseas sales surged 38.1%, to ¥35,489 million (US\$335 million). Although sales of package air conditioners declined, Sanyo posted higher sales of supermarket showcases and absorption-type chiller/heaters.



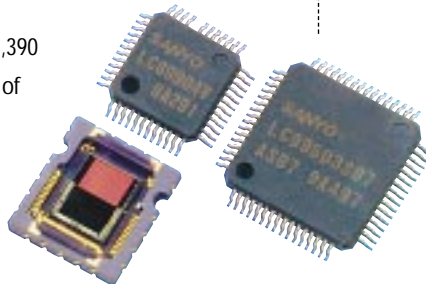
- Refrigerator/Freezer/Chillers
- Supermarket Showcases
- Prefabricated Freezers and Refrigerators
- Condensing Units
- Package Air Conditioners
- Gas-Engine Heat Pump Air Conditioners
- Absorption Chiller/Heaters
- Vending Machines
- Beverage Dispensers
- Golf Cart Systems
- Automatic Chip Mounters



Sales of Electronic Devices advanced 11.7%, to ¥392,726 million (US\$3,705 million), or 20.2% of consolidated net sales. Sales of MOS-LSIs and thick-film ICs contracted, but sales of LCDs nearly doubled. As explained in the special feature section of this annual report, Sanyo is responding to the expected growth in the market for LCDs by making large investments in new production facilities. Sanyo also foresees sharp growth for multimedia products.

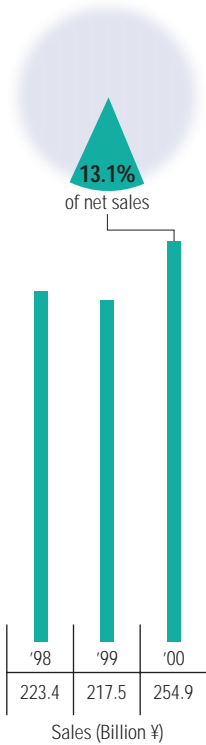
Domestic sales advanced 5.3%, to ¥158,336 million (US\$1,494 million), and accounted for 16.2% of domestic sales. Although sales of thick-film ICs and MOS-LSIs drifted lower, Sanyo recorded a more-than-twofold increase in domestic sales of LCDs.

Overseas sales increased 16.4%, to ¥234,390 million (US\$2,211 million), making up 24.4% of total overseas sales. Sales of MOS-LSIs declined, but overseas sales of LCDs nearly doubled.



- MOS-LSIs
- BIP-LSIs
- Thick-Film ICs
- LCDs
- LEDs
- Transistors
- Diodes
- Semiconductor Lasers
- Organic Semiconductive Capacitors
- Electronic Components





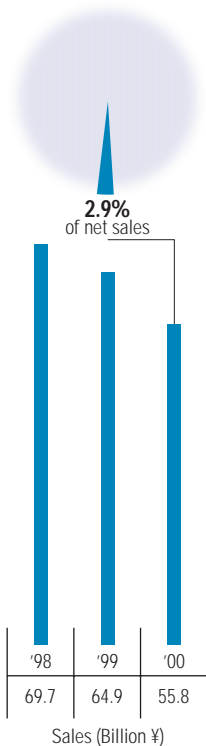
- Nickel-Cadmium Rechargeable Batteries
- Lithium-Ion Rechargeable Batteries
- Nickel-Metal Hydride Rechargeable Batteries
- Lithium Batteries
- Alkaline Batteries
- Manganese Batteries
- Solar Cells
- Solar-Cell Power Systems
- Shavers



Sales of Batteries surged 17.2%, to ¥254,906 million (US\$2,405 million), or 13.1% of consolidated net sales. Although sales of nickel-cadmium rechargeable batteries declined slightly, sales of lithium-ion rechargeable batteries and nickel-metal hydride rechargeable batteries for digital cameras soared. Sanyo also recorded higher sales of primary batteries.

Domestic sales dipped 0.2%, to ¥66,968 million (US\$632 million), making up 6.8% of total domestic sales. Sales of nickel-cadmium rechargeable and primary batteries declined, but sales of nickel-metal hydride rechargeable batteries climbed more than 50.0%. Sales of lithium-ion rechargeable batteries also increased.

Overseas sales of Batteries soared 25.0%, to ¥187,938 million (US\$1,773 million), making up 19.6% of total overseas sales. Sanyo recorded growth in sales of all types of batteries, posting particularly notable increases in sales of lithium-ion rechargeable batteries and nickel-metal hydride rechargeable batteries.



Sales of Others include sales of various items, such as imported goods, molds, and various parts. The operations of Others also include providing various services, such as financial services, maintenance, and distribution, revenues from which are recorded in operating revenue. In fiscal 2000, operating revenue rose 14.9% from the previous fiscal year, to ¥73,875 million (US\$697 million). Among noteworthy developments during the fiscal year under review, Sanyo focused on leasing information/communications equipment and business equipment to companies as well as on providing corporate loans, automobile loans, and housing remodeling loans to individuals, while in maintenance areas, Sanyo began operating its Technical Center as it strives to secure revenue. Also, in distribution-related areas, Sanyo strengthened its information technology capabilities to provide high-quality distribution services.

Selected Financial Data

SANYO Electric Co., Ltd. and Subsidiaries Years ended March 31, 2000, 1999, 1998 and 1997, and four-month period ended March 31, 1996

	Millions of Yen					Thousands of U.S. Dollars (Note a)
	2000	1999	1998	1997	1996 (Note d)	2000
For the year or period:						
Net sales.....	¥1,940,378	¥1,818,153	¥1,866,426	¥1,793,004	¥ 513,356	\$18,305,453
Operating income	62,095	31,768	62,352	61,309	13,501	585,802
Income (loss) before income taxes and equity in earnings (losses).....	31,145	(14,780)	38,267	41,486	3,485	293,821
Net income (loss).....	21,686	(25,883)	12,320	17,674	(3,738)	204,585
Capital expenditures.....	90,226	88,811	133,103	119,273	34,962	851,189
Depreciation and amortization	98,711	102,952	101,091	99,969	30,118	931,236
At the year- or period-end:						
Total stockholders' equity	¥ 665,454	¥ 695,615	¥ 750,572	¥ 775,805	¥ 809,628	\$ 6,277,868
Total assets	2,706,055	2,662,525	2,641,894	2,518,056	2,462,342	25,528,821
Per share:						
(yen and U.S. dollars) (Note b):						
Net income (loss):						
Basic	¥ 11.5	¥ (13.5)	¥ 6.3	¥ 9.1	¥ (1.9)	\$ 0.108
Diluted	11.4	(13.5)	6.3	9.0	(1.9)	0.108
Cash dividends declared.....	5.0	5.0	5.0	5.0	1.7	0.047
Per American Depositary Share:						
(yen and U.S. dollars) (Notes b and c):						
Net income (loss):						
Basic	¥ 57.5	¥ (67.5)	¥ 31.5	¥ 45.5	¥ (9.5)	\$ 0.542
Diluted	57.0	(67.5)	31.5	45.0	(9.5)	0.538
Cash dividends declared.....	25.0	25.0	25.0	25.0	8.5	0.236
Weighted average number of shares						
(thousands) (Note b).....	1,889,477	1,920,197	1,951,099	1,951,062	1,950,926	
Sales by product category:						
AV-Information and Communications Equipment	¥ 694,975	¥ 623,774	¥ 622,079	¥ 585,498	¥ 166,961	\$ 6,556,368
Home Appliances.....	301,637	311,987	318,092	379,440	105,928	2,845,632
Industrial and Commercial Equipment	240,325	248,269	265,068	263,692	76,324	2,267,217
Electronic Devices	392,726	351,727	368,097	327,710	101,555	3,704,962
Batteries	254,906	217,474	223,350	183,289	45,376	2,404,774
Others	55,809	64,922	69,740	53,375	17,212	526,500
Net sales.....	¥1,940,378	¥1,818,153	¥1,866,426	¥1,793,004	¥ 513,356	\$18,305,453
Sales by area:						
Japan	¥ 981,682	¥ 956,538	¥ 991,726	¥1,003,665	¥ 305,069	\$ 9,261,151
Asia.....	405,493	368,498	379,638	344,301	90,356	3,825,406
North America	361,177	307,949	298,305	258,334	66,175	3,407,330
Europe.....	155,389	146,272	142,731	122,644	37,338	1,465,934
Others	36,637	38,896	54,026	64,060	14,418	345,632
Net sales.....	¥1,940,378	¥1,818,153	¥1,866,426	¥1,793,004	¥ 513,356	\$18,305,453
Other information:						
Price range of common stock (Tokyo Stock Exchange; yen and U.S. dollars):						
High.....	¥ 694	¥ 434	¥ 535	¥ 680	¥ 672	\$ 6.55
Low	385	297	290	404	536	3.63
Number of employees (at the year- or period-end).....						
	83,519	77,071	67,887	67,827	56,612	

Notes: (a) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106=US\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2000.

See Note 2 of Notes to Consolidated Financial Statements.

(b) See Notes 1 and 14 of Notes to Consolidated Financial Statements.

(c) One American Depositary Share represents five shares of common stock.

(d) Effective December 1, 1995, SANYO Electric Co., Ltd. and its major subsidiaries changed fiscal year-ends from November 30 to March 31. Accordingly, fiscal 1996 includes only 4 months of operations whereas the other fiscal periods consist of 12 months.

Financial Review

SANYO Electric Co., Ltd. and Subsidiaries March 31, 2000, 1999 and 1998

Overview

In fiscal 2000, overall favorable conditions prevailed in the world economy, as the U.S. economy sustained robust growth, the European economy continued to expand gradually, and the economies of Asia showed signs of recovery. In Japan, despite the positive effects of such government policies as a reduction in housing taxes and the implementation of public works spending, sluggishness in personal consumption and private-sector capital investment continued and the Japanese economy was unable to sustain a full-scale recovery.

Against this background, Sanyo restructured its businesses and concentrated the allocation of its management resources in growing fields as it worked to raise the efficiency of its operations.

As a result of these efforts, consolidated net sales rose 6.7%, to ¥1,940.4 billion (US\$18,305 million). Operating revenue jumped 14.9%, to ¥73.9 billion (US\$697 million). At the profit level, operating income was up ¥30.3 billion, to ¥62.1 billion (US\$586 million). Income before income taxes and equity in earnings amounted to ¥31.1 billion (US\$294 million), a difference of ¥45.9 billion from the previous fiscal year's loss before income taxes and equity in earnings of ¥14.8 billion. Net income improved dramatically, by ¥47.6 billion, to ¥21.7 billion (US\$205 million), from a net loss in the previous year.

Segment Information

Effective April 1, 1999, Sanyo realigned its business segments in order to reflect segmental operating activities and results more appropriately and more closely in line with newly adopted business group companies, which have replaced former business headquarters. Under the revised segment reporting, Sanyo's operations, which were formerly reported in two segments, Consumer Electronics and Information/Communications & Industrial/Commercial, are now classified into six segments: AV-Information and Communications Equipment, Home Appliances, Industrial and Commercial Equipment, Electronic Devices, Batteries, and Others. The Others segment primarily includes financial services, information services, and logistics.

In geographic segment reporting, the North America segment, which was previously included in Others, has been designated as a separate geographic segment, reflecting its increasing business importance.

The following tables present information by business and geographic segments as of and for the years ended March 31, 2000 and 1999, and have been prepared in accordance with Japanese generally accepted accounting standards. (The 1999 presentation has been restated to conform to the revised segment reporting.)

Business Segment (Unaudited)

	2000						
	Billions of Yen						
	Net Sales and Operating Revenue			Operating Income	Assets	Depreciation and Amortization	Capital Expenditures
External	Intersegment	Total					
AV-Information and Communications Equipment	¥ 695.0	¥ 2.5	¥ 697.5	¥11.0	¥ 390.1	¥16.3	¥17.5
Home Appliances	301.6	4.9	306.5	(5.7)	288.5	13.0	9.5
Industrial and Commercial Equipment	240.3	3.1	243.4	9.8	207.3	5.0	3.5
Electronic Devices	392.7	11.0	403.7	17.3	600.9	41.0	26.9
Batteries	255.0	5.1	260.1	35.7	257.8	15.9	23.4
Others	129.7	12.8	142.5	15.2	567.2	3.3	5.1
Sub-total	2,014.3	39.4	2,053.7	83.3	2,311.8	94.5	85.9
Corporate and eliminations	—	(39.4)	(39.4)	(21.2)	394.3	4.2	4.3
Total	¥2,014.3	¥ —	¥2,014.3	¥62.1	¥2,706.1	¥98.7	¥90.2
	Millions of U.S. Dollars						
AV-Information and Communications Equipment	\$ 6,557	\$ 23	\$ 6,580	\$104	\$ 3,680	\$154	\$165
Home Appliances	2,845	47	2,892	(54)	2,722	122	90
Industrial and Commercial Equipment	2,267	29	2,296	93	1,955	47	33
Electronic Devices	3,705	104	3,809	163	5,669	387	254
Batteries	2,406	48	2,454	337	2,432	150	220
Others	1,223	121	1,344	143	5,351	31	48
Sub-total	19,003	372	19,375	786	21,809	891	810
Corporate and eliminations	—	(372)	(372)	(200)	3,720	40	41
Total	\$19,003	\$ —	\$19,003	\$586	\$25,529	\$931	\$851

	1999						
	Billions of Yen						
	Net Sales and Operating Revenue			Operating Income	Assets	Depreciation and Amortization	Capital Expenditures
External	Intersegment	Total					
AV-Information and Communications Equipment	¥ 623.8	¥ 0.5	¥ 624.3	¥ 2.5	¥ 404.8	¥ 14.7	¥13.4
Home Appliances	312.0	3.2	315.2	(11.2)	306.1	14.4	11.1
Industrial and Commercial Equipment	248.2	2.2	250.4	10.9	222.4	4.8	4.5
Electronic Devices	351.7	7.7	359.4	13.9	523.9	44.9	27.9
Batteries	217.5	4.2	221.7	25.2	214.2	16.2	21.7
Others	129.2	12.7	141.9	13.1	523.5	2.9	4.3
Sub-total	1,882.4	30.5	1,912.9	54.4	2,194.9	97.9	82.9
Corporate and eliminations	—	(30.5)	(30.5)	(22.6)	467.6	5.1	5.9
Total	<u>¥1,882.4</u>	<u>¥ —</u>	<u>¥1,882.4</u>	<u>¥31.8</u>	<u>¥2,662.5</u>	<u>¥103.0</u>	<u>¥88.8</u>

Geographic Segment (Unaudited)

	2000				
	Billions of Yen				
	Net Sales and Operating Revenue			Operating Income	Assets
External	Intersegment	Total			
Japan	¥1,402.5	¥381.1	¥1,783.6	¥61.9	¥1,945.7
Asia	231.9	201.9	433.8	8.4	182.9
North America	238.8	5.2	244.0	9.3	137.6
Others	141.1	1.1	142.2	3.7	45.5
Sub-total	2,014.3	589.3	2,603.6	83.3	2,311.7
Corporate and eliminations	—	(589.3)	(589.3)	(21.2)	394.4
Total	<u>¥2,014.3</u>	<u>¥ —</u>	<u>¥2,014.3</u>	<u>¥62.1</u>	<u>¥2,706.1</u>

	Millions of U.S. Dollars				
	Net Sales and Operating Revenue			Operating Income	Assets
External	Intersegment	Total			
Japan	\$13,231	\$3,595	\$16,826	\$584	\$18,356
Asia	2,188	1,905	4,093	79	1,725
North America	2,253	49	2,302	88	1,298
Others	1,331	10	1,341	35	429
Sub-total	19,003	5,559	24,562	786	21,808
Corporate and eliminations	—	(5,559)	(5,559)	(200)	3,721
Total	<u>\$19,003</u>	<u>\$ —</u>	<u>\$19,003</u>	<u>\$586</u>	<u>\$25,529</u>

	1999				
	Billions of Yen				
	Net Sales and Operating Revenue			Operating Income	Assets
External	Intersegment	Total			
Japan	¥1,381.5	¥252.6	¥1,634.1	¥40.3	¥1,864.5
Asia	236.2	173.9	410.1	8.5	177.4
North America	202.4	0.5	202.9	4.3	118.0
Others	62.3	6.8	69.1	1.3	63.4
Sub-total	1,882.4	433.8	2,316.2	54.4	2,223.3
Corporate and eliminations	—	(433.8)	(433.8)	(22.6)	439.2
Total	<u>¥1,882.4</u>	<u>¥ —</u>	<u>¥1,882.4</u>	<u>¥31.8</u>	<u>¥2,662.5</u>

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106=US\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2000.

Net Sales and Operating Revenue by Segment

Performance by business and geographic segment is shown as follows.

Business Segments

● AV-Information and Communications Equipment

Although sales of VCRs declined due to a fall in market prices, sales of information and household communications products, including cellular phones and PHS phones, digital cameras, and LCD projectors, were brisk.

As a result of these developments, sales rose 11.7%, to ¥697.5 billion (US\$6,580 million). Operating income jumped ¥8.5 billion, to ¥11.0 billion (US\$104 million).

● Home Appliances

New products, such as microwave ovens, washing machines, and vacuum cleaners, performed favorably. However, sales of refrigerators and air conditioners declined, owing to sluggish personal consumption.

Accordingly, sales in Home Appliances slipped 2.8%, to ¥306.5 billion (US\$2,892 million). An operating loss of ¥5.7 billion (US\$54 million) was recorded, an improvement of ¥5.5 billion from the previous fiscal year.

● Industrial and Commercial Equipment

Although sales of chip mounters were favorable, sales of show-cases, vending machines, and package air conditioners were generally sluggish.

As a result, Industrial and Commercial Equipment's sales dipped 2.8%, to ¥243.4 billion (US\$2,296 million). Operating income decreased ¥1.1 billion, to ¥9.8 billion (US\$93 million).

● Electronic Devices

Sales of semiconductors declined owing to a fall in market prices. However, sales of such electronic components as LCDs and capacitors for PCs as well as cellular phones and PHS phones increased.

As a result, for Electronic Devices, sales rose 12.3%, to ¥403.7 billion (US\$3,809 million). Operating income climbed ¥3.4 billion, to ¥17.3 billion (US\$163 million).

● Batteries

Sales of nickel-metal hydride rechargeable batteries for PCs and digital cameras and lithium-ion rechargeable batteries for cellular phones and PHS phones increased, while nickel-cadmium rechargeable batteries for power tools and other products remained robust.

As a result, Batteries' sales surged 17.3%, to ¥260.1 billion (US\$2,454 million). Operating income expanded ¥10.5 billion, to ¥35.7 billion (US\$337 million).

● Others

Sales and operating revenue in this segment edged up 0.4%, to ¥142.5 billion (US\$1,344 million), due primarily to expanding corporate loan operations and steadily increasing credit operations. As a result, operating income rose ¥2.1 billion, to ¥15.2 billion (US\$143 million).

Geographic Segments

● Japan

Sales and operating revenue rose 9.1%, to ¥1,783.6 billion (US\$16,826 million), thanks to robust exports, mainly to North America. Operating income advanced ¥21.6 billion, to ¥61.9 billion (US\$584 million).

● Asia

Sales and operating revenue increased 5.8%, to ¥433.8 billion (US\$4,093 million), owing to a recovery in Asian economies. However, operating income slipped ¥0.1 billion, to ¥8.4 billion (US\$79 million), due to intensifying price competition.

● North America

Sales and operating revenue surged 20.3%, to ¥244.0 billion (US\$2,302 million), supported by a brisk economy. Operating income increased ¥5.0 billion, to ¥9.3 billion (US\$88 million).

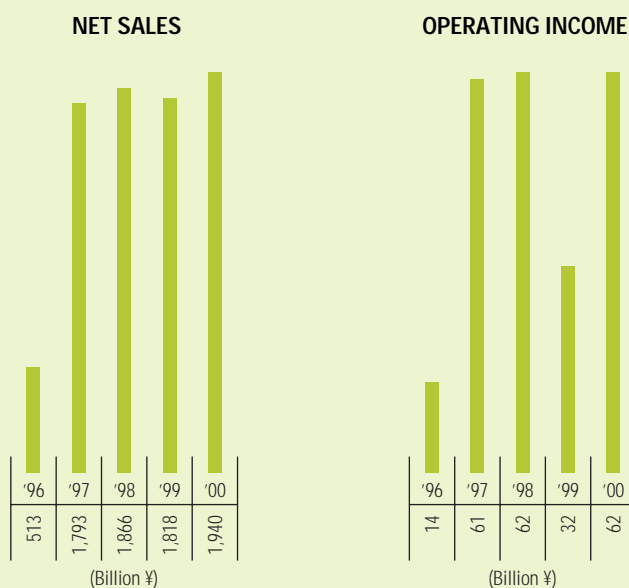
● Others

Sales and operating revenue soared 105.8%, to ¥142.2 billion (US\$1,341 million). Operating income rose ¥2.4 billion, to ¥3.7 billion (US\$35 million).

Costs, Expenses, and Earnings

Cost of sales amounted to ¥1,599.2 billion (US\$15,087 million), an increase of ¥90.1 billion from the previous fiscal year. The cost of sales ratio declined 0.6 percentage point, to 82.4%, from 83.0% in the preceding fiscal year, due primarily to reduced unit costs resulting from a production volume increase.

On the other hand, although SG&A expenses rose ¥11.4 billion, SG&A expenses as a percentage of net sales declined 0.6 percentage point, to 18.2%, from 18.8% in the previous fiscal year, thanks to efforts to reduce expenses in all principal categories.



Note: Fiscal 1996 was only a four-month period.

R&D expenses increased 6.3%, or ¥5.9 billion, to ¥99.6 billion (US\$940 million). These expenditures were used primarily for the development of electronic devices and multimedia products. R&D expenses as a percentage of net sales amounted to 5.1%, down 0.1 percentage point from the previous fiscal year.

Due to a rise in gross profits, resulting from an increase in net sales and operating revenue, as analyzed in previous sections, operating income surged 95.5%, or ¥30.3 billion, to ¥62.1 billion (US\$586 million). Operating income as a percentage of net sales thus rose to 3.2%, from 1.7% in the previous fiscal year.

Other expenses, net, declined ¥15.6 billion, to ¥31.0 billion (US\$292 million).

As a result of the preceding factors, income before income taxes and equity in earnings amounted to ¥31.1 billion (US\$294 million), compared with a loss of ¥14.8 billion in the previous fiscal year. Income taxes amounted to ¥10.7 billion (US\$101 million).

Due to these factors, Sanyo recorded net income of ¥21.7 billion (US\$205 million), representing a ¥47.6 billion improvement on a net loss in the previous fiscal year.

Basic net income and diluted net income per share were ¥11.5 (US\$0.108) and ¥11.4 (US\$0.108), respectively. Basic net income and diluted net income per American Depositary Share were ¥57.5 (US\$0.542) and ¥57.0 (US\$0.538), respectively.

Financial Condition

From the perspective of raising the efficiency of total capital employed amid the current severe market conditions, Sanyo focused on concentrating the allocation of its management resources. As a result, the increase in total assets at fiscal year-end was held to 1.6%, or ¥43.5 billion, resulting in ¥2,706.1 billion (US\$25,529 million) of total assets at fiscal year-end.

By type of asset, total current assets rose ¥22.6 billion, to ¥1,590.7 billion (US\$15,006 million). This increase was due to a ¥15.8 billion expansion in notes and accounts receivable, owing to the increase in sales, and a ¥24.7 billion advance in finance receivables, triggered by growth in credit business. Other factors underlying the increase in current assets included a ¥23.7 billion increase in cash and a ¥5.0 billion rise in time deposits that resulted from an improvement in cash flows, as detailed in the following section.

Investments and advances increased ¥14.5 billion, to ¥208.7 billion (US\$1,969 million).

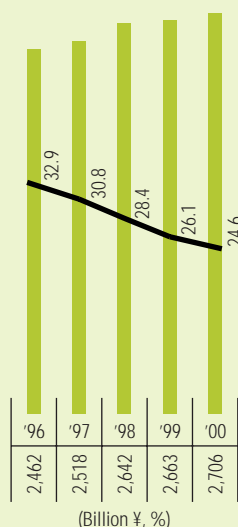
Sanyo invested a total of ¥90.2 billion (US\$851 million) in property, plant and equipment, primarily in electronic device and battery related fields.

Total liabilities increased ¥56.4 billion, to ¥2,000.3 billion (US\$18,871 million). Of this amount, total short- and long-term interest-bearing debt decreased ¥60.9 billion, from ¥1,207.0 billion at the previous fiscal year-end, to ¥1,146.1 billion (US\$10,812 million), as a result of short-term borrowings dropping ¥74.6 billion, to ¥412.7 billion (US\$3,893 million). On the other hand, after procurements and repayments, long-term debt, including current portion, increased ¥13.7 billion, to ¥733.4 billion (US\$6,919 million). By category, principal items included ¥45.0 billion (US\$425 million) from the issue of six new uncollateralized bonds and ¥20.0 billion (US\$189 billion) for regularly scheduled redemptions.

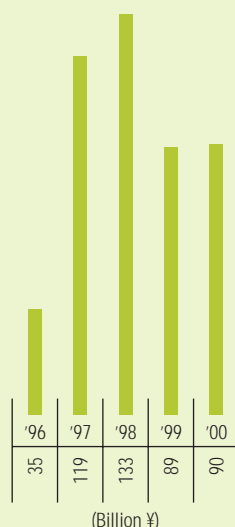
As a result of the preceding factors, working capital increased ¥9.9 billion, to ¥366.5 billion (US\$3,458 million). The current ratio edged up to 1.30, from 1.29 at the previous fiscal year-end.

Total stockholders' equity decreased ¥30.2 billion, to ¥665.5 billion (US\$6,278 million). The main factors underlying the increase in stockholders' equity were a ¥12.3 billion rise in retained

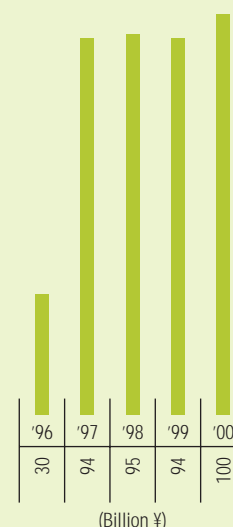
TOTAL ASSETS AND EQUITY RATIO



CAPITAL EXPENDITURES



R&D EXPENSES



earnings accompanying the expansion in net income, a ¥15.1 billion decrease in additional paid-in capital because of the retirement of treasury stock, and a ¥27.3 billion increase in accumulated other comprehensive loss. Among the items comprising the increase in accumulated other comprehensive loss, foreign currency translation adjustments accounted for a loss of ¥11.4 billion, although down from a loss of ¥11.7 billion at the previous fiscal year-end, and minimum pension liability adjustments amounted to a loss of ¥19.0 billion, compared to a gain of ¥3.9 billion at the previous fiscal year-end. As a result of these factors, the stockholders' equity ratio declined 1.5 percentage points, to 24.6%, from 26.1% at the previous fiscal year-end. ROE at fiscal year-end stood at 3.2%, up sharply from 1.6% for fiscal 1998. (The comparison is made with fiscal 1998 because Sanyo posted a net loss in fiscal 1999.)

Cash Flows

Cash and cash equivalents (hereafter referred to as cash) at the end of the fiscal period amounted to ¥341.5 billion (US\$3,221 million), up ¥28.8 million, or 9.2%, from the previous fiscal year-end. Despite cash outflows resulting from the repayment of loans and capital investment, this rise in cash reflected a strong cash inflow from operating activities.

Cash Flows from Operating Activities

Net cash provided by operating activities increased ¥99.2 billion from the previous fiscal year, to ¥166.9 billion (US\$1,574 million). This was due to ¥21.7 billion in net income, compared to a net loss of ¥25.9 billion for fiscal 1999, as a result of robust performances in the segments of AV-Information and Communications Equipment and Batteries as well as an inflow of ¥30.9 billion resulting from the decrease in inventories.

Cash Flows from Investing Activities

Net cash used in investing activities decreased ¥55.6 billion from the previous fiscal year, to ¥75.8 billion (US\$715 million). This reflected a ¥36.4 billion decrease in payments for purchases of property, plant and equipment and an ¥11.1 billion improvement on the cash flows from short-term investments.

Net Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥64.0 billion (US\$604 billion), a difference of ¥92.4 billion from the ¥28.5 billion provided by financing activities in fiscal 1999. This reflects a ¥102.7 billion decline in proceeds from the issuance of long-term debt, to ¥149.1 billion (US\$1,406 million), because a high level of cash flow from operating activities made it possible to reduce the balance of long-term debt.

Free cash flow—the net of cash from operating activities and cash from investing activities—amounted to ¥91.1 billion (US\$859 million), a ¥154.9 billion difference from a negative free cash flow of ¥63.8 billion in the previous fiscal year.

Outlook

Looking at the world economy, despite various uncertainties, growth in IT-related businesses is expected to support expansion of the U.S. economy. In Europe, despite such factors as uncertainty regarding the stability of the euro and other currencies, the European economy is anticipated to continue an overall expansion. In addition, the recoveries in Asian economies are expected to become even more pronounced. In Japan, despite ongoing weakness in consumer spending, the Japanese economy is expected to enter a self-sustaining recovery phase inspired by an increase in exports, thanks to recovering economies in Asia and a rise in domestic private-sector capital investment, mainly in IT-related sectors.

Within this environment, Sanyo will continue to strive toward its goal of excellence in terms of global consolidated operations, progress with its policies of selectivity and concentration in its key business fields, and carry out a speedy and bold reform of its operations. Specifically, Sanyo will implement the following measures.

1) Expand the foundation of its business in growth markets

Sanyo will vigorously expand its business in growing markets for information networks and concentrate the allocation of its management resources on the development of portable information terminals, mainly digital cameras as well as cellular phones and PHS phones.

2) Strengthen our key device business

In such key device fields as rechargeable batteries, LCDs, semiconductors, and electronic components, which are core Sanyo businesses, Sanyo will continue to focus on the independent development of its proprietary technologies.

3) Achieve low-cost operations in household electronic appliances and other mature markets

For existing product groups, such as household electronic appliances—which represent large markets on a global scale and are experiencing intensifying competition—Sanyo is currently reorganizing its global manufacturing and sales bases and bolstering its cost-competitiveness.

The 21st century is expected to be the century of advanced information-based societies and of the environment, reflecting the increased importance of IT and environmental protection. Business domains in the 21st century will witness the creation of new demand through advances in IT as well as the emergence of new-economy business models. Thus, competition is expected to further intensify, and companies with management capable of responding appropriately to a changing environment will prevail.

Based on its digital and clean-energy technologies, which represent core competencies, Sanyo intends to focus management resources on new businesses and build a business structure firmly positioned in growth markets.

Consolidated Statements of Income

SANYO Electric Co., Ltd. and Subsidiaries Years ended March 31, 2000, 1999 and 1998

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	2000	1999	1998	2000
Sales and operating revenue:				
Net sales (Note 5)	¥1,940,378	¥1,818,153	¥1,866,426	\$18,305,453
Operating revenue	<u>73,875</u>	<u>64,286</u>	<u>58,249</u>	<u>696,934</u>
	<u>2,014,253</u>	<u>1,882,439</u>	<u>1,924,675</u>	<u>19,002,387</u>
Costs and expenses (Note 13):				
Cost of sales (Note 5)	1,599,231	1,509,130	1,510,709	15,087,085
Selling, general and administrative	<u>352,927</u>	<u>341,541</u>	<u>351,614</u>	<u>3,329,500</u>
	<u>1,952,158</u>	<u>1,850,671</u>	<u>1,862,323</u>	<u>18,416,585</u>
Operating income	<u>62,095</u>	<u>31,768</u>	<u>62,352</u>	<u>585,802</u>
Other income:				
Interest and dividends	9,271	12,228	12,583	87,462
Other (Note 6)	<u>27,932</u>	<u>17,775</u>	<u>22,285</u>	<u>263,510</u>
	<u>37,203</u>	<u>30,003</u>	<u>34,868</u>	<u>350,972</u>
Other expenses:				
Interest	27,914	31,279	33,001	263,340
Foreign currency transaction losses, net	8,734	3,993	5,482	82,396
Devaluation and disposal of investments and bad debts	—	19,573	—	—
Other	<u>31,505</u>	<u>21,706</u>	<u>20,470</u>	<u>297,217</u>
	<u>68,153</u>	<u>76,551</u>	<u>58,953</u>	<u>642,953</u>
Income (loss) before income taxes and equity in earnings (losses)	<u>31,145</u>	<u>(14,780)</u>	<u>38,267</u>	<u>293,821</u>
Income taxes (Note 12):				
Current	31,367	9,321	26,061	295,915
Deferred	<u>(20,654)</u>	<u>2,130</u>	<u>(1,158)</u>	<u>(194,849)</u>
	<u>10,713</u>	<u>11,451</u>	<u>24,903</u>	<u>101,066</u>
Income (loss) before equity in earnings (losses)	<u>20,432</u>	<u>(26,231)</u>	<u>13,364</u>	<u>192,755</u>
Equity in earnings (losses) of affiliates and unconsolidated subsidiaries (Note 5)				
	<u>1,254</u>	<u>348</u>	<u>(1,044)</u>	<u>11,830</u>
Net income (loss)	<u>¥ 21,686</u>	<u>¥ (25,883)</u>	<u>¥ 12,320</u>	<u>\$ 204,585</u>
		Yen		U.S. Dollars (Note 2)
Per share:				
Net income (loss) (Note 14):				
Basic	¥ 11.5	¥ (13.5)	¥ 6.3	\$ 0.108
Diluted	11.4	(13.5)	6.3	0.108
Cash dividends declared	5.0	5.0	5.0	0.047
Per American Depositary Share:				
Net income (loss):				
Basic	¥ 57.5	¥ (67.5)	¥ 31.5	\$ 0.542
Diluted	57.0	(67.5)	31.5	0.538
Cash dividends declared	25.0	25.0	25.0	0.236
Weighted average number of shares (thousands)	<u>1,889,477</u>	<u>1,920,197</u>	<u>1,951,099</u>	

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

SANYO Electric Co., Ltd. and Subsidiaries March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
ASSETS	2000	1999	2000
Current assets:			
Cash and cash equivalents:			
Cash	¥ 84,571	¥ 60,856	\$ 797,840
Time deposits	256,891	251,856	2,423,500
	341,462	312,712	3,221,340
Short-term investments (Notes 6 and 10)	241,533	256,924	2,278,613
Receivables:			
Notes and accounts	374,329	358,577	3,531,406
Finance receivables (Note 3)	174,992	150,270	1,650,868
Affiliates and unconsolidated subsidiaries	38,505	36,379	363,255
Allowance for doubtful accounts	(16,215)	(13,907)	(152,972)
	571,611	531,319	5,392,557
Inventories (Note 4)	383,669	416,755	3,619,519
Deferred income taxes (Note 12)	3,287	—	31,009
Prepaid expenses and other	49,126	50,393	463,453
Total current assets	1,590,688	1,568,103	15,006,491
Investments and advances:			
Affiliates and unconsolidated subsidiaries (Note 5)	21,456	20,211	202,415
Other (Notes 6 and 10)	187,258	173,970	1,766,585
	208,714	194,181	1,969,000
Property, plant and equipment (Note 7):			
Buildings	453,644	438,763	4,279,660
Machinery and equipment	973,999	969,397	9,188,670
	1,427,643	1,408,160	13,468,330
Accumulated depreciation	(947,787)	(931,098)	(8,941,387)
	479,856	477,062	4,526,943
Land	145,049	148,520	1,368,387
Construction in progress	14,007	34,624	132,142
	638,912	660,206	6,027,472
Deferred income taxes (Note 12)	56,670	31,438	534,622
Other assets	211,071	208,597	1,991,236
	¥2,706,055	¥2,662,525	\$25,528,821

The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Current liabilities:			
Short-term borrowings (Note 7)	¥ 412,694	¥ 487,290	\$ 3,893,340
Current portion of long-term debt (Note 7)	122,924	115,582	1,159,660
Notes and accounts payable:			
Trade	374,987	331,124	3,537,613
Affiliates and unconsolidated subsidiaries	14,953	15,504	141,066
Construction	35,678	25,195	336,585
	<u>425,618</u>	<u>371,823</u>	<u>4,015,264</u>
Accrued income taxes	24,324	5,891	229,471
Deferred income taxes (Note 12)	—	8,195	—
Employees' savings deposits	29,230	30,447	275,755
Other, including dividends payable and accrued expenses	209,377	192,244	1,975,255
Total current liabilities	<u>1,224,167</u>	<u>1,211,472</u>	<u>11,548,745</u>
Long-term debt (Notes 7 and 10)	610,453	604,126	5,758,991
Accrued pension and severance costs (Note 8)	165,714	128,356	1,563,340
Total liabilities	<u>2,000,334</u>	<u>1,943,954</u>	<u>18,871,076</u>
Minority interests in consolidated subsidiaries	40,267	22,956	379,877
Commitments and contingent liabilities (Note 9)			
Stockholders' equity (Note 11):			
Common stock, ¥50 (\$0.47) par value:			
Authorized:			
March 31, 2000—4,921,196 thousand shares			
March 31, 1999—4,953,125 thousand shares			
Issued (Note 11):			
March 31, 2000—1,872,327 thousand shares	172,238	—	1,624,887
March 31, 1999—1,904,256 thousand shares	—	172,238	—
Additional paid-in capital	336,026	351,129	3,170,057
Retained earnings	188,193	175,915	1,775,405
Accumulated other comprehensive loss	(30,898)	(3,641)	(291,491)
	<u>665,559</u>	<u>695,641</u>	<u>6,278,858</u>
Less, treasury stock at cost:			
2000—206,663 shares	(105)	—	(990)
1999— 35,863 shares	—	(26)	—
Total stockholders' equity	<u>665,454</u>	<u>695,615</u>	<u>6,277,868</u>
	<u>¥2,706,055</u>	<u>¥2,662,525</u>	<u>\$25,528,821</u>

Consolidated Statements of Stockholders' Equity

SANYO Electric Co., Ltd. and Subsidiaries Years ended March 31, 2000, 1999 and 1998

(Number of Shares of Common Stock—Thousands)	Millions of Yen							Total Com- prehensive Income (Loss)
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Total	
				Net Unreal- ized Holding Gains (Losses) on Securities	Foreign Currency Transaction Adjustments	Minimum Pension Liability Adjustments		
Balance, March 31, 1997 (1,951,131)	¥172,238	¥368,361	¥208,806	¥43,371	¥(16,946)	¥ —	¥ 26,425	
Comprehensive income (loss):								
Net income.....			12,320					¥ 12,320
Other comprehensive income (loss):								
Net unrealized holding losses on securities (net of tax of ¥25,242 million) (Note 6).....				(22,472)			(22,472)	(22,472)
Foreign currency translation adjustments					1,762		1,762	1,762
Minimum pension liability adjustments (Note 8) (net of tax of ¥6,538 million).....						(7,082)	(7,082)	(7,082)
Total								¥(15,472)
Cash dividends			(9,763)					
Balance, March 31, 1998 (1,951,131)	172,238	368,361	211,363	20,899	(15,184)	(7,082)	(1,367)	
Comprehensive income (loss):								
Net loss.....			(25,883)					¥(25,883)
Other comprehensive income (loss):								
Net unrealized holding gains on securities (net of tax of ¥3,185 million) (Note 6).....				3,263			3,263	3,263
Reclassification adjustments for net losses realized in net loss (net of tax of ¥2,048 million).....				2,210			2,210	2,210
Foreign currency translation adjustments					(11,663)		(11,663)	(11,663)
Minimum pension liability adjustments (Note 8) (net of tax of ¥3,981 million).....						3,916	3,916	3,916
Total								¥(28,157)
Cash dividends			(9,565)					
Common stock repurchased and cancelled (46,875)		(17,232)						
Balance, March 31, 1999 (1,904,256)	172,238	351,129	175,915	26,372	(26,847)	(3,166)	(3,641)	
Comprehensive income (loss):								
Net income.....			21,686					¥ 21,686
Other comprehensive income (loss):								
Net unrealized holding gains on securities (net of tax of ¥5,600 million) (Note 6).....				9,378			9,378	9,378
Reclassification adjustments for net income realized in net income (net of tax of ¥4,769 million).....				(6,236)			(6,236)	(6,236)
Foreign currency translation adjustments					(11,412)		(11,412)	(11,412)
Minimum pension liability adjustments (Note 8) (net of tax of ¥13,750 million).....						(18,987)	(18,987)	(18,987)
Total								¥ (5,571)
Cash dividends			(9,408)					
Common stock repurchased and cancelled (31,929)		(15,103)						
Balance, March 31, 2000 (1,872,327)	172,238	336,026	188,193	29,514	(38,259)	(22,153)	(30,898)	
Thousands of U.S. Dollars (Note 2)								
Balance, March 31, 1999 (1,904,256)	\$1,624,887	\$3,312,538	\$1,659,575	\$248,792	\$(253,274)	\$ (29,868)	\$ (34,350)	
Comprehensive income (loss):								
Net income.....			204,585					\$204,585
Other comprehensive income (loss):								
Net unrealized holding gains on securities (net of tax of \$52,830 thousand) (Note 6).....				88,472			88,472	88,472
Reclassification adjustments for net income realized in net income (net of tax of \$44,991 thousand).....				(58,830)			(58,830)	(58,830)
Foreign currency translation adjustments					(107,660)		(107,660)	(107,660)
Minimum pension liability adjustments (Note 8) (net of tax of \$129,717 thousand).....						(179,123)	(179,123)	(179,123)
Total								\$(52,556)
Cash dividends			(88,755)					
Common stock repurchased and cancelled (31,929)		(142,481)						
Balance, March 31, 2000 (1,872,327)	\$1,624,887	\$3,170,057	\$1,775,405	\$278,434	\$(360,934)	\$(208,991)	\$(291,491)	

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

SANYO Electric Co., Ltd. and Subsidiaries Years ended March 31, 2000, 1999 and 1998

		Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	1998	2000
Cash flows from operating activities:				
Net income (loss)	¥ 21,686	¥ (25,883)	¥ 12,320	\$ 204,585
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization.....	98,711	102,952	101,091	931,236
Gain on sales of marketable securities and investment securities.....	(8,497)	(4,217)	(5,209)	(80,160)
Loss on disposal of property, plant and equipment.....	5,098	5,275	1,783	48,094
Devaluation and disposal of investments and bad debts.....	—	19,573	—	—
Provision for income taxes—deferred.....	(20,654)	2,130	(1,158)	(194,849)
Equity in (earnings) losses of affiliates and unconsolidated subsidiaries	(1,254)	(348)	1,044	(11,830)
Change in assets and liabilities, net of effects of newly consolidated subsidiaries in 2000 and 1999:				
Increase in receivables.....	(42,659)	(1,795)	(38,040)	(402,443)
Decrease (increase) in inventories.....	30,927	20,330	(25,966)	291,764
Decrease (increase) in prepaid expenses and other.....	2,067	(10,751)	(960)	19,500
Increase in other assets.....	(18,146)	(15,195)	(45,306)	(171,189)
Increase (decrease) in notes and accounts payable.....	41,061	(14,808)	13,158	387,368
Increase (decrease) in accrued income taxes.....	18,572	(8,724)	(2,295)	175,208
Increase in other current liabilities.....	14,350	1,604	1,802	135,377
Other, net.....	25,607	(2,476)	13,308	241,575
Total adjustments.....	145,183	93,550	13,252	1,369,651
Net cash provided by operating activities	166,869	67,667	25,572	1,574,236
Cash flows from investing activities:				
Decrease (increase) in short-term investments	3,775	(7,298)	(8,286)	35,613
Proceeds from sales of investments and collection of advances.....	18,729	10,438	20,142	176,689
Proceeds from sales of property, plant and equipment.....	9,826	4,481	7,185	92,698
Payments for purchases of investments and advances	(28,243)	(22,971)	(24,311)	(266,443)
Payments for purchases of property, plant and equipment.....	(79,649)	(116,075)	(119,340)	(751,406)
Other, net.....	(241)	(4)	(518)	(2,274)
Net cash used in investing activities	(75,803)	(131,429)	(125,128)	(715,123)
Cash flows from financing activities:				
(Decrease) increase in short-term borrowings	(66,829)	(65,569)	51,381	(630,462)
Proceeds from issuance of long-term debt.....	149,088	251,778	180,913	1,406,491
Repayments of long-term debt	(121,560)	(130,826)	(120,934)	(1,146,793)
Dividends paid.....	(9,488)	(9,681)	(9,756)	(89,509)
Repurchases of common stock	(15,103)	(17,232)	—	(142,481)
Other, net.....	(80)	(3)	2	(755)
Net cash (used in) provided by financing activities.....	(63,972)	28,467	101,606	(603,509)
Effect of exchange rate changes on cash and cash equivalents	(5,473)	(2,911)	(57)	(51,632)
Net increase (decrease) in cash and cash equivalents.....	21,621	(38,206)	1,993	203,972
Cash and cash equivalents of newly consolidated subsidiaries	7,129	9,706	—	67,255
Cash and cash equivalents at beginning	312,712	341,212	339,219	2,950,113
Cash and cash equivalents at end.....	¥341,462	¥312,712	¥341,212	\$3,221,340

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

SANYO Electric Co., Ltd. and Subsidiaries

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Sanyo is engaged in development, manufacture and sales in various locations around the world. Sanyo operates in six business segments: "AV-Information and Communications Equipment", "Home Appliances", "Industrial and Commercial Equipment", "Electronic Devices", "Batteries" and "Others". Fiscal 2000 net sales were comprised of AV-Information and Communications Equipment (36%), Home Appliances (16%), Industrial and Commercial Equipment (12%), Electronic Devices (20%), Batteries (13%), and Others (3%). The principal markets are Japan, Asia, North America, Europe and others with sales in each area representing 50%, 21%, 19%, 8% and 2%, respectively, of net sales for the year ended March 31, 2000. Manufacturing facilities are located in more than 20 countries, principally Asian areas, such as Japan and China, as well as North America and Europe.

Accounting Principles

The accounting records of the domestic companies are maintained in accordance with accounting practices prevailing in Japan. The accompanying consolidated financial statements reflect adjustments necessary for a presentation in terms of generally accepted accounting principles as defined in the United States of America. Such adjustments consist primarily of accruing pension and severance costs, translating foreign currencies as discussed below, valuing marketable securities at fair value, deferring bond issue expenses and effecting deferred tax accounting for temporary differences between financial and tax reporting.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Consolidation and Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and all significant subsidiaries. All significant intercompany transactions and accounts have been eliminated. Minority interest in net income (loss) of consolidated subsidiaries is included in other expenses.

Investments in 20%-to-50%-held companies and certain unconsolidated subsidiaries that are not material are, with minor exceptions, carried at cost plus equity in undistributed earnings, after elimination of unrealized intercompany profits.

Cash Equivalents

All highly liquid investments, including time deposits, are considered to be cash equivalents.

Short-Term Investments and Investments and Advances

Available-for-sale securities are carried at fair market value, with the unrealized holding gains and losses, net of tax, reported in other comprehensive income. For the purpose of computing gains and losses on securities sold, the cost of these securities is determined by the moving average method. Securities that do not have readily determinable fair values are recorded at cost.

Translation of Foreign Currencies

Receivables and payables denominated in foreign currencies are translated at exchange rates in effect at the respective balance sheet dates, and related transaction gains or losses are included in the determination of net income.

Assets and liabilities of the foreign consolidated subsidiaries and foreign affiliates and unconsolidated subsidiaries accounted for on an equity basis are translated into yen at the exchange rates in effect at the balance sheet dates. Operating accounts are translated at the average rate of exchange for the period. Translation adjustments result from the process of translating foreign currency financial statements into yen. These translation adjustments, which are not included in the determination of net income, are reported in other comprehensive income.

Inventories

Inventories are stated at the lower of cost or market. Cost for finished products and work in process is primarily determined by the average cost method. The first-in, first-out method is primarily used for other inventories.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, including significant renewals and additions, are carried at cost. When retired or otherwise disposed of, the cost and related depreciation are cleared from the respective accounts, and the net difference, less any amounts realized on disposal, is reflected in earnings.

Depreciation is principally computed by the declining balance method at rates based on estimated useful lives of the assets.

Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Installment Sales

Income from installment sales is recognized in full at the time of shipment.

Advertising Costs

Advertising costs are generally expensed as incurred.

Income Taxes

Deferred income taxes reflect the expected future tax consequences of differences between the tax bases of assets and liabilities and the financial reporting amounts at fiscal period-end. Deferred tax assets and liabilities are measured by using currently enacted tax rates, and the effect on these deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Comprehensive Income

For the year ended March 31, 1999, Sanyo has adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." This statement establishes rules for the reporting of comprehensive income and its components. Comprehensive income, which consists of net income or losses, net unrealized holding gains or losses on securities, foreign currency translation adjustments and minimum pension liability adjustments, is presented in the consolidated statements of stockholders' equity. The adoption of SFAS No. 130 has no impact on total stockholders' equity. The 1998 presentation has been restated to conform to SFAS No. 130 requirements.

Dividends and Net Income per Share and per American Depositary Share

Cash dividends declared subsequent to the end of an accounting period and designated as applicable to earnings of the period are accrued and charged to retained earnings as of the end of such accounting period. Basic income per share is computed by dividing net income by the weighted average number of common shares outstanding during each period. The calculation of diluted income per share takes into account the dilutive effect of convertible bonds. Dividends and net income per American Depositary Share are computed on the basis of each American Depositary Share representing five shares of common stock. The calculation of basic and diluted income per share is presented in Note 14.

4 INVENTORIES

Inventories at March 31, 2000 and 1999 comprised the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Finished products.....	<u>¥200,116</u>	¥230,168	<u>\$1,887,887</u>
Work in process.....	<u>89,054</u>	96,602	<u>840,132</u>
Raw materials.....	<u>94,499</u>	89,985	<u>891,500</u>
	<u>¥383,669</u>	<u>¥416,755</u>	<u>\$3,619,519</u>

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which will be adopted by Sanyo beginning April 1, 2001. This statement establishes accounting and reporting standards for derivative instruments and hedging activities, and requires companies to recognize all derivatives as either assets or liabilities in the balance sheet and to measure those instruments at fair value. The change in the fair value of a derivative will be recognized in earnings in the period of change or reported as a component of other comprehensive income, depending on the intended use of the derivative and the resulting designation. Sanyo has not yet determined the effect of adopting SFAS No. 133.

2 UNITED STATES DOLLAR AMOUNTS

The dollar amounts included in the consolidated financial statements and notes thereto for 2000 represent the arithmetical results of translating yen to dollars on a basis of ¥106=US\$1, the approximate effective rate of exchange at March 31, 2000.

The inclusion of such dollar amounts is solely for convenience and is not intended to imply that assets and liabilities have been or could be readily converted, realized or settled in dollars at ¥106=US\$1 or at any other rate.

3 FINANCE RECEIVABLES

In accordance with generally recognized trade practice, finance receivables at March 31, 2000 included installment receivables of ¥31,904 million (\$300,981 thousand) from customers, of which ¥18,007 million (\$169,877 thousand) matures after one year.

5 INVESTMENTS AND ADVANCES

Summarized financial information of affiliates that are accounted for by the equity method is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
At March 31, 2000 and 1999			
Current assets.....	¥172,215	¥ 98,364	\$1,624,670
Noncurrent assets	87,609	60,525	826,500
Total assets	259,824	158,889	2,451,170
Current liabilities	116,870	96,014	1,102,547
Noncurrent liabilities.....	104,696	30,534	987,698
Total liabilities.....	221,566	126,548	2,090,245
Net assets.....	¥ 38,258	¥ 32,341	\$ 360,925
Sanyo's investments in affiliates	¥ 16,916	¥ 15,927	\$ 159,585
Number of affiliated companies at end of fiscal period:			
In Japan	22	20	
Outside Japan.....	10	6	

	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Years ended March 31, 2000, 1999 and 1998				
Results of operations:				
Net sales.....	¥268,194	¥244,692	¥229,645	\$2,530,132
Net income (loss).....	898	4,448	(14,490)	8,472
Sanyo's equity in affiliates:				
Net income (loss).....	¥ 1,151	¥ 740	¥ (875)	\$ 10,858
Cash dividends.....	74	457	85	698
Transactions with affiliates:				
Sales to	¥ 97,021	¥ 93,570	¥ 88,572	\$ 915,292
Purchases from	62,306	46,416	49,502	587,792

The aggregate carrying amount and market value at March 31, 2000 and 1999 of investments in affiliates (for which a quoted market price is available) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Carrying amount	¥6,851	¥7,128	\$64,632
Market value	7,159	8,995	67,538

6 INVESTMENTS IN DEBT AND EQUITY SECURITIES

Investments in debt and equity securities at March 31, 2000 and 1999 included in short-term investments (current assets) and in investments and advances—other (noncurrent assets) are summarized as follows:

	Millions of Yen							
	2000				1999			
	Costs	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Costs	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
Available-for-sale:								
Debt securities	¥ 37,685	¥ 38,065	¥ 1,182	¥ 802	¥ 57,672	¥ 55,941	¥ 91	¥ 1,822
Equity securities	188,303	242,820	69,131	14,614	183,820	235,599	70,128	18,349
	<u>¥225,988</u>	<u>¥280,885</u>	<u>¥70,313</u>	<u>¥15,416</u>	<u>¥241,492</u>	<u>¥291,540</u>	<u>¥70,219</u>	<u>¥20,171</u>
	Thousands of U.S. Dollars							
	2000							
Available-for-sale:								
Debt securities	\$ 355,519	\$ 359,104	\$ 11,151	\$ 7,566				
Equity securities	1,776,443	2,290,754	652,179	137,868				
	<u>\$2,131,962</u>	<u>\$2,649,858</u>	<u>\$663,330</u>	<u>\$145,434</u>				

Contractual maturities of investments in debt securities classified as available-for-sale securities at March 31, 2000 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Costs	Fair Value	Costs	Fair Value
Due within 1 year	¥32,471	¥33,087	\$306,330	\$312,142
Due after 1 year through 5 years	3,493	3,257	32,953	30,726
Due after 5 years	1,721	1,721	16,236	16,236
	<u>¥37,685</u>	<u>¥38,065</u>	<u>\$355,519</u>	<u>\$359,104</u>

The proceeds from sales of available-for-sale securities for the years ended March 31, 2000, 1999 and 1998 were ¥41,611 million (\$392,557 thousand), ¥25,686 million and ¥23,541 million, respectively. The gross realized gains and losses on those sales were ¥15,008 million (\$141,585 thousand) and ¥6,522 million

(\$61,528 thousand), respectively, for the year ended March 31, 2000, ¥6,440 million and ¥6,579 million, respectively, for the year ended March 31, 1999 and ¥6,819 million and ¥1,847 million, respectively, for the year ended March 31, 1998.

7 SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term bank loans, which are principally uncollateralized, included bank overdrafts and trade acceptances payable of foreign subsidiaries.

The amount of unused lines of credit was approximately ¥878,000 million (\$8,283,019 thousand) at March 31, 2000.

Short-term borrowings at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Short-term bank loans with interest ranging from 0.34% to 11.75%	¥352,939	¥418,643	\$3,329,613
Commercial paper with interest ranging from 0.09% to 6.31%	59,755	68,647	563,727
	<u>¥412,694</u>	<u>¥487,290</u>	<u>\$3,893,340</u>

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Loans, principally from banks and insurance companies, due 2000 to 2015 with interest rates ranging from 0.27% to 12.75%:			
Collateralized (a)	¥ 31,641	¥ 36,457	\$ 298,500
Uncollateralized	375,475	375,457	3,542,217
Uncollateralized convertible yen bonds (b):			
1.7% convertible bonds due November 2002	5,657	5,657	53,368
1.6% convertible bonds due November 2004	49,899	49,899	470,745
0.8% convertible bonds due March 2004	1,663	7,710	15,689
Uncollateralized euroyen notes (b):			
5.1% notes due September 1999	—	20,000	—
Floating rate notes due November 2000	1,310	1,488	12,358
1.15% notes due November 2000	437	496	4,122
1.30% notes due November 2001	1,835	2,084	17,311
Uncollateralized bonds (b):			
2.85% bonds due May 2000	20,000	20,000	188,679
3.05% bonds due May 2001	10,000	10,000	94,340
2.40% bonds due June 2001	20,000	20,000	188,679
2.25% bonds due June 2000	10,000	10,000	94,340
2.325% bonds due September 2001	10,000	10,000	94,340
2.625% bonds due September 2002	20,000	20,000	188,679
2.825% bonds due September 2003	20,000	20,000	188,679
3.10% bonds due May 2007	20,000	20,000	188,679
3.35% bonds due May 2009	30,000	30,000	283,019
1.550% bonds due June 2003	10,000	10,000	94,340
1.925% bonds due June 2005	20,000	20,000	188,679
2.325% bonds due June 2008	20,000	20,000	188,679
2.4% bonds due June 2005	5,000	5,000	47,170
0% bonds due September 2002	5,000	5,000	47,170
1.75% bonds due April 2002	10,000	—	94,340
1.63% bonds due July 2004	5,000	—	47,170
1.63% bonds due July 2004	5,000	—	47,170
2.00% bonds due November 2006	5,000	—	47,170
2.00% bonds due November 2006	5,000	—	47,170
2.42% bonds due March 2010	15,000	—	141,509
3.1% bonds due September 2001 with detachable warrants (c)	460	460	4,340
	<u>733,377</u>	<u>719,708</u>	<u>6,918,651</u>
Less, amount due within one year	<u>122,924</u>	<u>115,582</u>	<u>1,159,660</u>
	<u>¥610,453</u>	<u>¥604,126</u>	<u>\$5,758,991</u>

(a) These loans are collateralized by property, plant and equipment of the Company's subsidiaries.

(b) The Company and certain subsidiaries may not pledge their property or assets for any future borrowings without granting the same or equivalent collateral to the bondholders.

(c) SANYO Electric Credit Co., Ltd. ("SECR"), a consolidated subsidiary, issued bonds with detachable warrants on September 10, 1997, and, at the same time, acquired all warrants. These warrants were distributed to directors or sold to certain employees of SECR for their benefits.

Substantially all of the uncollateralized loan agreements permit the lender to require collateral or guarantors for such loans.

The aggregate annual maturities of long-term debt at March 31, 2000 are as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2002	¥168,663	\$1,591,161
2003	127,202	1,200,019
2004	132,295	1,248,066
2005	30,505	287,783
2006 and thereafter	151,788	1,431,962
	<u>¥610,453</u>	<u>\$5,758,991</u>

Under the terms of the agreements of the convertible debt outstanding at March 31, 2000, redemption and conversion options are as follows:

	Redeemable		Current Conversion Price per Share
	On or After	Price Range	
Convertible yen bonds:*			
1.7% convertible bonds due November 2002	Dec. 1, 1999	102%–100%	¥ 600
1.6% convertible bonds due November 2004	Dec. 1, 1999	104%–100%	¥1,036
0.8% convertible bonds due March 2004	Mar. 31, 2004	100%	¥1,400

*May be repurchased at any time in the open market

As of March 31, 2000, the number of shares of common stock required to convert all of the convertible debt was 57,593 thousand shares.

8 SEVERANCE AND PENSION PLANS

Employees who terminate their service with the Company or its principal domestic subsidiaries are, under most circumstances, entitled to lump-sum severance indemnities determined by reference to current basic rates of pay, length of service and conditions under which the terminations occur. Fifty percent of the severance indemnities payable when an employee retires at his or her designated retirement age under the regulations of the Company and its principal domestic subsidiaries are paid as an annuity or in a lump sum from a pension plan, which was established pursuant to the Japanese Welfare Pension Insurance Law (JWPIL). In accordance with the JWPIL, a portion of the government's social security pension program, under which the employer and employees contribute nearly equal amounts, is contracted out to these companies. The companies add to the plan their own noncontributory pension plans. On November 1, 1993, another noncontributory pension plan was established to cover twenty percent of the severance indemnities payable.

Certain consolidated U.S. subsidiaries have a defined contribution retirement plan, which is called the Sanyo Retirement Savings Plan. The plan covers all eligible full-time employees with one year of service who elect to participate.

Effective March 31, 1999, Sanyo adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which does not change the measurement or recognition of the pension plans, but revises the disclosure requirements for the pension plans.

The Company and its principal domestic subsidiaries provide for lump-sum severance benefits with respect to directors and corporate auditors. While the Company has no legal obligation, it is a customary practice in Japan to make lump-sum payments to a director or a corporate auditor upon retirement. Annual provisions are made in the accounts for the estimated costs of this termination plan, which is not funded.

The following table sets forth the changes in benefit obligation, plan assets and funded status of the Company and its principal domestic subsidiaries at March 31, 2000 and 1999:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Change in benefit obligation:			
Benefit obligation at beginning of year	¥393,076	¥380,067	\$3,708,264
Service cost	21,176	17,970	199,774
Interest cost	17,345	16,769	163,632
Plan participants' contributions	3,800	3,720	35,849
Actuarial losses (gains)	64,880	(10,999)	612,075
Benefits paid	(16,693)	(14,451)	(157,481)
Benefit obligation at end of year	<u>483,584</u>	<u>393,076</u>	<u>4,562,113</u>
Change in plan assets:			
Fair value of plan assets at beginning of year	223,411	206,743	2,107,651
Actual return on plan assets	32,640	3,264	307,924
Employer contributions	17,821	17,940	168,123
Plan participants' contributions	3,800	3,720	35,849
Benefits paid	(9,049)	(8,256)	(85,368)
Fair value of plan assets at end of year	<u>268,623</u>	<u>223,411</u>	<u>2,534,179</u>
Funded status:			
Benefit obligation in excess of plan assets	214,961	169,665	2,027,934
Unrecognized net transition obligation at date of adoption	(4,664)	(5,488)	(44,000)
Unrecognized prior service cost	(8,532)	(9,397)	(80,491)
Unrecognized actuarial loss	(93,657)	(53,255)	(883,557)
Net amount recognized	<u>108,108</u>	<u>101,525</u>	<u>1,019,886</u>
Reconciliation to accrued pension liability:			
Intangible asset	13,196	14,885	124,491
Amount included in accumulated other comprehensive income, gross of tax	38,826	6,088	366,283
Accrued pension liability recognized in the consolidated balance sheets	<u>¥160,130</u>	<u>¥122,498</u>	<u>\$1,510,660</u>

Severance and pension costs of the Company and its principal domestic subsidiaries included the following components for the years ended March 31, 2000, 1999, and 1998:

	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Service cost	¥21,176	¥17,970	¥17,868	\$199,774
Interest cost	17,345	16,769	15,505	163,632
Expected return on plan assets	(8,936)	(9,303)	(8,700)	(84,302)
Amortization:				
Net transition obligation at date of adoption	824	824	824	7,774
Prior service cost	865	865	865	8,160
Actuarial losses	775	1,443	813	7,311
Net periodic benefit cost	<u>¥32,049</u>	<u>¥28,568</u>	<u>¥27,175</u>	<u>\$302,349</u>

Assumptions used in the accounting for the defined benefit plans for the years ended March 31, 2000, 1999, and 1998 are as follows:

	2000	1999	1998
Discount rate	4.0%	4.5%	4.5%
Long-term rate of salary increase	3.2%	3.2%	3.2%
Long-term rate of return on fund assets	4.0%	4.5%	4.5%

9 COMMITMENTS AND CONTINGENT LIABILITIES

Substantially all of Sanyo's rental expense is related to operating leases for office space, warehouses, etc. Such leases are customarily renewed; however, total rental expense is not significant. Commitments outstanding at March 31, 2000 for purchase of property, plant and equipment approximated ¥10,747 million (\$101,387 thousand).

Contingent liabilities at March 31, 2000 for notes discounted in the ordinary course of business, consumer loans guaranteed by a financing subsidiary and other loans guaranteed amounted to ¥5,177 million (\$48,840 thousand), ¥95,575 million

(\$901,651 thousand) and ¥71,178 million (\$671,491 thousand), respectively. No material loss is anticipated by management as a result of these discounted notes and guaranteed loans.

The Company and its subsidiaries are defendants in several lawsuits. In the opinion of management, these lawsuits are without merit and will not materially affect Sanyo's operations or financial position.

10 FINANCIAL INSTRUMENTS

Sanyo has entered into foreign currency exchange forward contracts, generally maturing within six months, as hedges against transactions in foreign currencies. The foreign currency exchange forward contracts are used to minimize exposure and to reduce risk from exchange rate fluctuations in the ordinary course of its worldwide operations. Sanyo had foreign exchange forward contracts to sell ¥52,911 million (\$499,160 thousand) and purchase ¥8,526 million (\$80,434 thousand) at March 31, 2000 and to sell ¥54,929 million and purchase ¥8,184 million at March 31, 1999 in foreign currencies.

Sanyo has also entered into various interest rate and currency swap agreements with financial institutions, which will mature primarily during 2000 to 2004. These agreements are arranged to hedge against exposure of interest rate and currency fluctuations of certain assets and liabilities. The amounts of the underlying interest rate swap agreements were ¥419,500 million (\$3,957,547 thousand) and ¥428,787 million at March 31, 2000 and 1999, respectively. The amounts of the underlying currency swap agreements were ¥20,170 million (\$190,283 thousand) and ¥26,932 million at March 31, 2000 and 1999, respectively. The related differentials to be paid or received are recognized over the terms of the agreements.

Sanyo does not hold or issue any financial instruments for trading purposes.

Although Sanyo may be exposed to losses in the event of nonperformance by counterparties or interest and currency fluctuations, it does not anticipate significant losses from the arrangements described previously.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

(a) *Cash and cash equivalents, trade and finance receivables, short-term borrowings and trade payables*

The carrying amount approximates to fair value because of the short maturity of these instruments.

(b) *Short-term investments*

The fair value of short-term investments is estimated based on quoted market prices. (See Note 6.)

(c) *Investments and advances*

The fair value of certain investments is estimated based on quoted market prices for those instruments. For the other investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. (See Note 6.)

(d) *Long-term debt*

The fair value of long-term debt is estimated based on quoted market prices or the present value of future cash flows using an appropriate current discount rate.

(e) *Foreign currency exchange forward contracts*

The fair value of foreign currency exchange forward contracts is estimated by obtaining quotes from brokers.

(f) *Interest rate and currency swap agreements*

The fair value of interest rate and currency swap agreements is estimated based on discounted cash flows using current interest and exchange rates or the amount that Sanyo would receive or pay to terminate the swap agreements at the balance sheet date.

The estimated fair values of financial instruments as of March 31, 2000 and 1999 are as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2000		1999		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Nonderivatives:						
Liabilities:						
Long-term debt	¥610,453	¥627,148	¥604,126	¥614,072	\$5,758,991	\$5,916,491
Derivatives:						
Foreign currency exchange forward contracts	—	787	—	(1,409)	—	7,425
Interest rate and currency swap agreements	—	1,924	—	4,751	—	18,151

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. Considerable judgment is required to develop estimates of fair value. Accordingly, the estimates presented

herein may not be indicative of the amounts that could be realized in the current market. The use of different market assumptions or valuation methodologies may have an effect on the estimated fair value amounts.

11 STOCKHOLDERS' EQUITY

Under the Commercial Code of Japan (the Code), the entire amount of the issue price of new shares issued upon conversion to common stock of convertible debt is required to be capitalized as stated capital, although the Company may, by resolution of its Board of Directors, capitalize an amount not exceeding one-half of the issue price of the new shares (subject in all cases, however, to the remainder being not less than the total par value of such new shares) as additional paid-in capital.

The Code provides that an amount equivalent to at least 10% of cash payments for appropriation of retained earnings be appropriated as a legal reserve until such reserve equals 25% of its stated capital. The legal reserve may be used to reduce a deficit or may be transferred to stated capital through appropriate stockholder and director actions but is not available for dividend payment. The legal reserve of the Company amounting to ¥30,947 million (\$291,953 thousand) is included in retained earnings at March 31, 2000.

12 INCOME TAXES

Sanyo is subject to a number of different income taxes which, in the aggregate, indicated a statutory income tax rate in Japan of approximately 42% for the year ended March 31, 2000, 48% for the year ended March 31, 1999 and 51% for the year ended March 31, 1998.

As a result of the Japanese Tax Reform Acts, which were enacted on March 24, 1999 and March 31, 1998, the Company's statutory income tax rate was decreased

to 42% for the year ended March 31, 2000 and 48% for the year ended March 31, 1999. The deferred tax assets and liabilities at March 31, 1999 and 1998 were adjusted to reflect the revised rates. As a result, provision for income taxes—deferred increased by ¥2,633 million and ¥2,816 million for the years ended March 31, 1999 and 1998, respectively.

Reconciliations of the differences between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2000, 1999 and 1998 are as follows:

	2000	1999	1998
Statutory income tax rate.....	42.0%	48.0 %	51.0%
Increase (decrease) in taxes resulting from:			
Change in valuation allowance.....	(6.0)	(121.9)	29.7
Effect of change in statutory tax rate.....	—	(17.8)	7.4
Expenses not deductible for tax purposes.....	1.8	(5.9)	3.2
Tax credits.....	(4.3)	16.6	(19.3)
Differences in statutory tax rates of foreign subsidiaries.....	(2.1)	3.9	(3.4)
Other.....	3.0	(0.4)	(3.5)
Effective income tax rate.....	34.4%	(77.5)%	65.1%

The significant components of deferred tax assets and deferred tax liabilities at March 31, 2000 and 1999 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Deferred tax assets:			
Accrued pension and severance costs.....	¥ 42,635	¥22,382	\$ 402,217
Accrued expenses.....	19,417	12,445	183,179
Operating loss carryforwards.....	20,646	22,335	194,774
Inventories.....	3,419	3,612	32,255
Allowance for doubtful accounts.....	4,366	3,964	41,189
Property, plant and equipment.....	1,771	1,080	16,708
Enterprise taxes.....	2,052	107	19,358
Long-term investments.....	2,498	3,936	23,566
Long-term loan receivable.....	6,549	—	61,783
Other.....	9,493	6,318	89,556
Gross deferred tax assets.....	112,846	76,179	1,064,585
Less, valuation allowance.....	(25,468)	(23,755)	(240,264)
Total deferred tax assets.....	87,378	52,424	824,321
Deferred tax liabilities:			
Short-term investments.....	(18,342)	(20,227)	(173,038)
Deferred income.....	(6,946)	(6,541)	(65,528)
Deferred expenses.....	(800)	(887)	(7,547)
Other.....	(1,333)	(1,526)	(12,576)
Gross deferred tax liabilities.....	(27,421)	(29,181)	(258,689)
Net deferred tax assets.....	¥ 59,957	¥23,243	\$ 565,632

The net changes in the total valuation allowance for the years ended March 31, 2000 and 1999 were increases of ¥1,713 million (\$16,160 thousand) and ¥14,350 million, respectively.

Operating loss carryforwards of consolidated subsidiaries at March 31, 2000 amounted to approximately ¥54,590 million (\$515,000 thousand) and are available as an offset against future taxable income of such subsidiaries. These will expire in the period from 2000 through 2013.

13 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the years ended March 31, 2000, 1999 and 1998 were ¥99,599 million (\$939,613 thousand), ¥93,737 million and ¥94,683 million, respectively.

14 INCOME PER SHARE

Income per share for the years ended March 31, 2000, 1999 and 1998 is as follows:

	2000	Millions of Yen 1999	1998	Thousands of U.S. Dollars 2000
Basic income per share calculation:				
Income (numerator):				
Net income (loss)	¥21,686	¥(25,883)	¥12,320	\$204,585
Shares, thousands (denominator):				
Weighted average number of shares	1,889,477	1,920,197	1,951,099	
Basic income (loss) per share (yen and U.S. dollars)	¥ 11.5	¥ (13.5)	¥ 6.3	\$ 0.108
Diluted income per share calculation:				
Income (numerator):				
Net income (loss)	¥21,686	¥(25,883)	¥12,320	\$204,585
Interest on convertible bonds, net of tax	520	—	47	4,906
Adjusted net income (loss)	¥22,206	¥(25,883)	¥12,367	\$209,491
Shares, thousands (denominator):				
Weighted average number of shares	1,889,477	1,920,197	1,951,099	
Assumed conversion of convertible bonds	57,593	—	9,428	
Adjusted weighted average number of shares	1,947,070	1,920,197	1,960,527	
Diluted income (loss) per share (yen and U.S. dollars)	¥ 11.4	¥ (13.5)	¥ 6.3	\$ 0.108

The calculation of weighted average number of shares for diluted income (loss) per share in 1999 and 1998 did not include incremental shares of 57,593 thousand

and 67,045 thousand, respectively, from assumed conversions of convertible bonds since their effects are anti-dilutive.

15 SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information relating to the statements of cash flows for the years ended March 31, 2000, 1999, and 1998 is as follows:

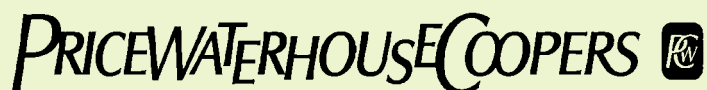
	2000	Millions of Yen 1999	1998	Thousands of U.S. Dollars 2000
Supplemental disclosures of cash flow information:				
Cash paid during the period for:				
Interest	¥27,374	¥29,790	¥31,101	\$258,245
Income taxes	6,627	24,792	25,962	62,519
Conversion of convertible bonds issued by a consolidated subsidiary	6,047	—	—	57,047

16 RECLASSIFICATION

Certain reclassifications of previously reported amounts have been made to the consolidated balance sheet at March 31, 1999 and the consolidated statements of stockholders'

equity for the years ended March 31, 1999 and 1998 to conform to the 2000 presentation. Such reclassifications have no effect on net assets and cash flows.

Report of Independent Accountants



To the Board of Directors
SANYO Electric Co., Ltd.

We have audited the accompanying consolidated balance sheets of SANYO Electric Co., Ltd. and Subsidiaries at March 31, 2000 and 1999 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2000, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The information relating to segments of a business enterprise required to be disclosed in financial statements by Statement of Financial Accounting Standards No. 131 under accounting principles generally accepted in the United States of America is not presented in the accompanying financial statements.

In our opinion, except for the omission of the information as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SANYO Electric Co., Ltd. and Subsidiaries at March 31, 2000 and 1999 and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 2 to the accompanying consolidated financial statements.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

Osaka, Japan
June 15, 2000

Corporate Directory

BOARD OF DIRECTORS AND CORPORATE AUDITORS

(As of June 29, 2000)

Executive Directors

Chairman

Satoshi Iue

President

Sadao Kondo

Executive Directors

Masaho Sugimoto
Yoshio Shimoda
Motoharu Iue

Directors

Corazon C. Aquino
Nobuaki Kumagai
Yasusuke Tanaka
Junichiro Yano
Yukinori Kuwano
Toshimasa Iue
Sunao Okubo

Corporate Executive Auditors

Akihide Kawanaka
Shigeru Sakata
Ryota Tominaga

Corporate Auditors

Sotoo Tatsumi
Takao Sudo
(Sotoo Tatsumi is advisor of the Sumitomo Bank, Limited, and Takao Sudo is president of STC Co., Ltd.)

Chairman & Chief Executive Officer

Satoshi Iue

President & Chief Operating Officer

Sadao Kondo

Executive Vice President & Chief Financial Officer

Yoshio Shimoda

OFFICERS

(As of June 29, 2000)

Executive Officers

Yasusuke Tanaka
Junichiro Yano
Yukinori Kuwano
Toshimasa Iue
Sunao Okubo

Senior Officers

Hiromoto Sekino
Akiyoshi Takano
Hitoshi Komada
Masabumi Kawano

Officers

Minoru Hagihara
Fusao Terada
Akira Yoshida
Satoshi Inoue
Tadahiko Tanaka
Tadao Shimada
Shosaku Kurome
Akira Kan
Osamu Kajikawa
Eiji Kotobuki
Hideo Yamase

PRINCIPAL CONSOLIDATED SUBSIDIARIES

(As of March 31, 2000)

SANYO Electric Credit Co., Ltd.

Principal Business: Installment Sales and Lease of Electrical and Electronic Products

Tottori SANYO Electric Co., Ltd.

Principal Business: Manufacture and Sales of Audio Equipment, Information Systems, Electronic Parts, and Home Appliances

Niigata SANYO Electronic Co., Ltd.

Principal Business: Manufacture and Sales of Semiconductors

SANYO Life Electronics Co., Ltd.

Principal Business: Sales of Electrical and Electronic Products

SANYO Electric Trading Co., Ltd.

Principal Business: Export and Import of Electrical and Electronic Products

SANYO Electric Vending Machine Co., Ltd.

Principal Business: Sales of Vending Machines

SANYO Electric Commercial Equipment Co., Ltd.

Principal Business: Sales and Installation of Refrigerators-Freezers, and Kitchen Appliances

SANYO North America Corporation

Principal Business: Sales of Electrical Equipment and Local General Businesses

SANYO Manufacturing Corporation

Principal Business: Manufacture and Sales of Color TVs and Others

SANYO Energy (U.S.A.) Corporation

Principal Business: Manufacture and Sales of Batteries

SANYO Electric (Hong Kong) Limited

Principal Business: Sales of Electrical Equipment

SANYO Semiconductor (H.K.) Co., Ltd.

Principal Business: Sales of Semiconductors

(Sanyo has a total of 124 consolidated subsidiaries—63 in Japan and 61 overseas.)

PRINCIPAL SANYO OVERSEAS SUBSIDIARIES AND AFFILIATES

(As of March 31, 2000)

● Manufacturing Companies	81
■ Sales Companies	32
◆ Other Companies	36
Total	149

NORTH AMERICA

United States

- SANYO Manufacturing Corporation, *Forrest City, Arkansas*
- SANYO E & E Corporation, *San Diego, California*
- SANYO California Corporation, *San Diego, California*
- SANYO Energy (U.S.A.) Corporation, *San Diego, California*
- SANYO Video Components (U.S.A.) Corporation, *San Diego, California*
- Solec International, Inc., *Carson, California*
- SANYO Information Systems Corporation, *San Diego, California*
- SANYO Semiconductor Corporation, *Allendale, New Jersey*

- SANYO Semiconductor Distribution (USA) Corporation, *Norwood, New Jersey*
- ◆ SANYO North America Corporation, *San Diego, California*
- ◆ SANYO FISHER Service Corporation, *Chatsworth, California*
- ◆ SANYO Electric Finance (USA) Corporation, *New York, New York*
- ◆ SANYO Laser Products, Inc., (SANYO-Verbatim CD Company L.L.C.) *Richmond, Indiana*
- ◆ Three Oceans Inc., *New York, New York*
- ◆ SANYO Customs Brokerage, Inc., *San Diego, California*
- ◆ SANYO Transportation Company, *Gardena, California*
- ◆ SANYO Logistics Corporation, *Gardena, California*

Canada

- SANYO Canada Inc., *Toronto, Ontario*
- ◆ SANYO E.T. Canada Inc., *Toronto, Ontario*

- ◆ SANYO Canada Holdings 1990 Inc., *Toronto, Ontario*

Mexico

- Sanmex, S.A. de C.V., *Tijuana*
- MABE SANYO Compressors S.A. de C.V., *San Luis Potosí*
- ◆ SIA Electronica de Baja California, S.A. de C.V., *Tijuana*
- ◆ SANYO Customs Brokerage S.A. de C.V., *Tijuana*
- ◆ Dos Aguilas S.A. de C.V., *Tijuana*
- ◆ SANYO Manufacturing S.A. de C.V., *Tijuana*

SOUTH AMERICA

Brazil

- SANYO da Amazônia S.A., *Manaus*
- Industria Electronica SANYO do Brazil Ltda., *São Paulo*
- ◆ SANYO do Brasil Participações e Empreendimentos S/C Ltda., *São Paulo*

Argentina

- NEWSAN S.A., *Buenos Aires*
- ◆ Sanelco S.A., *Ushuaia*

EUROPE

United Kingdom

- SANYO Industries (U.K.) Limited, *Lowestoft*
- SANYO Electric Manufacturing (U.K.) Limited, *Newton Aycliffe*
- SANYO Gallenkamp PLC, *Uxbridge*
- SANYO Energy (UK) Company Limited, *Hemel Hempstead*
- SANYO Information Systems (UK) Limited, *Watford*
- ◆ SANYO Europe Limited, *Watford*
- ◆ SANYO Electric International Finance (UK) PLC, *Watford*

The Netherlands

- SANYO Gallenkamp B.V., *Breda*
- ◆ SANYO Electric Finance Netherlands B.V., *Amsterdam*

Germany

- SANYO Energy (Europe) Corporate GmbH, *Haar*
- SANYO FISHER Vertriebs GmbH, *München*
- SANYO Büro-Electronic Europa-Vertrieb GmbH, *München*
- SANYO Semiconductor (Europe) GmbH, *Eschborn*

Italy

- SANYO Argo Clima S.r.L., *Gallarate*
- SANYO Airconditioners Europe S.r.L., *Milano*

Spain

- SANYO España, S.A., *Barcelona*

Portugal

- SANYO Portugal Electronica S.A., *Amadora*

Hungary

- SANYO Hungary Kft., *Dorog*

AFRICA

Kenya

- SANYO ARMCO (Kenya) Limited, *Nairobi*

Ghana

- Ghana SANYO Company Limited, *Tema*

South Africa

- SANYO South Africa (Pty) Ltd., *Sandton*

ASIA

China

- SANYO Electric (Shekou) Ltd., *Shenzhen*
- Guangdong SANYO Air Conditioner Co., Ltd., *Foshan*
- SANYO Semiconductor (Shekou) Ltd., *Shenzhen*
- Tottori SANYO Electric (Shenzhen) Co., Ltd., *Shenzhen*
- Dalian SANYO Refrigeration Co., Ltd., *Dalian*
- Shenyang SANYO Airconditioner Co., Ltd., *Shenyang*
- Dalian Honjo Chemical Corporation, *Dalian*
- Shenzhen SANYO Huaqiang Optical Technology Co., Ltd., *Shenzhen*
- Hefei Rongshida SANYO Electric Co., Ltd., *Hefei*

- Suzhou SANYO Electro-Mechanical Co., Ltd., *Suzhou*
- Dalian SANYO Cold-Chain Co., Ltd., *Dalian*
- Dalian SANYO Compressor Co., Ltd., *Dalian*
- Tianjin SANYO Telecommunication Equipment Co., Ltd., *Tianjin*

- Shenzhen SANYO Huaqiang Energy Co., Ltd., *Shenzhen*
- Dalian SANYO Home Appliance Co., Ltd., *Dalian*
- SANYO Electric Home Appliances (Suzhou) Co., Ltd., *Suzhou*
- Guangdong SANYO KELON Refrigerator Co., Ltd., *Guangdong*

- Tesonic-Tottori SANYO Electric Co., Ltd., *Guangzhou*
- Dongguan Huaqiang SANYO Electronics Co., Ltd., *Dongguang*
- Dongguan Huaqiang SANYO Motor Co., Ltd., *Dongguang*

- Dalian SANYO Air Conditioner Co., Ltd., *Dalian*
- Dalian SANYO Food Systems Co., Ltd., *Dalian*
- Dalian Bingshan Metal Processing Co., Ltd., *Dalian*
- Tianjin Lantain SANYO Energy Co., Ltd., *Tianjin*

- ◆ SANYO Electric (China) Co., Ltd., *Beijing*
- ◆ Shenzhen Huaqiang SANYO Technology Design Co., Ltd., *Shenzhen*

- ◆ Guangdong Huaqiang SANYO Group Co., Ltd., *Dongduang*

- ◆ Shanghai SANYO Bubugao Cleaning Co., Ltd., *Shanghai*

- ◆ Dalian Bingshan SANYO Cleaning Co., Ltd., *Dalian*
- ◆ Beijing SANYO Cleaning Co., Ltd., *Beijing*

- ◆ Shanghai Sanxiang Laundry Co., Ltd., *Shanghai (Hong Kong)*

- SANYO Energy (Hong Kong) Company Limited
- Tottori SANYO Electric (Hong Kong) Limited
- SANYO Optronics (Hong Kong) Company Limited
- SANYO Electronics (H.K.) Limited
- SANYO Semiconductor (H.K.) Co., Ltd.
- SANYO Commercial Refrigeration International Co., Ltd.

- ◆ SANYO Electric (Hong Kong) Limited

- SANYO Electric (Taiwan) Co., Ltd.
- SANYO Electronic (Taichung) Co., Ltd.
- SANYO Energy (Taiwan) Co., Ltd.
- SANYO Semiconductor Taipei Co., Ltd.
- Chen Ho & Co., Ltd.

Republic of Korea

- Korea Tokyo Electronic Co., Ltd., *Masan*
- Korea Tokyo Silicon Co., Ltd., *Masan*
- Korea TT Co., Ltd., *Masan*
- Korea SANYO Electric Co., Ltd., *Chang Won*

Philippines

- SANYO (Philippines), Inc., *Metro Manila*
- SANYO Semiconductor Manufacturing Philippines Corporation, *Tarlac*
- Sanwa Electric Philippines, Inc., *Cavite*
- Tottori SANYO Electric (Philippines) Corporation, *Cavite*

- SANYO Capacitor (Philippines) Corporation, *Tarlac*
- SANYO Marketing Corporation, *Metro Manila*
- ◆ Sanwa Estate Philippines, Inc., *Metro Manila*
- ◆ SSMP Estate Corporation, *Tarlac*
- ◆ Tottori SANYO Electric Philippines Estate Corporation, *Cavite*

Thailand

- SANYO Universal Electric Public Co., Ltd., *Bangkok*
- SANYO Semiconductor (Thailand) Co., Ltd., *Utai*
- SANYO (Thailand) Co., Ltd., *Bangkok*
- SANYO SMI Thailand Co., Ltd., *Bangkok*

Vietnam

- SANYO Home Appliances Vietnam Corporation, *Bien-hoa*

Malaysia

- SANYO Electric (Penang) Sdn. Bhd., *Penang*
- SANYO Pt (M) Sdn. Bhd., *Johor*
- FMS Audio Sdn. Bhd., *Penang*
- SANYO Sales and Service Sdn. Bhd., *Petaling Jaya*

Singapore

- SANYO Industries (Singapore) Private Limited
- SANYO Airconditioners Manufacturing Singapore, Pte., Ltd.
- SANYO Compressor Singapore Pte., Ltd.
- SANYO Denso Industries (Singapore) Pte., Ltd.
- SANYO Precision Singapore Pte., Ltd.
- SANYO Malaysia Sdn. Bhd.
- SANYO Airconditioners (Singapore) Pte., Ltd.
- SANYO Semiconductor (S) Pte., Ltd.
- SANYO Energy (Singapore) Corporation Pte., Ltd.
- Kumagaya Precision Motor (Singapore) Pte., Ltd.
- SANYO Electronic Components (Singapore) Private Limited
- ◆ SANYO Asia Pte., Ltd.
- ◆ Nissei SANYO Hitech Service Pte., Ltd.

Indonesia

- P.T. SANYO Industries Indonesia, *Jakarta*
- P.T. SANYO Jaya Components Indonesia, *Bogor, West Java*
- P.T. SANYO Energy (Batam) Corporate, *Batam Island*
- P.T. SANYO Compressor Indonesia, *Bekasi*
- P.T. Kumagaya Precision Motor Batam, *Batam Island*
- P.T. Jaya Indah Casting, *Bekasi*
- P.T. SANYO Electronics Indonesia, *Bekasi*
- ◆ P.T. SANYO Precision Batam, *Batam Island*

India

- BPL SANYO Limited, *Bangalore*
- ◆ BPL SANYO Finance Limited, *Bangalore*
- ◆ SANYO LSI Technology India Private Limited, *Bangalore*

OCEANIA

Australia

- SANYO Australia Pty. Ltd., *Homebush, N.S.W.*

Investor Information

HEAD OFFICE

5-5, Keihan-Hondori 2-chome, Moriguchi City, Osaka 570-8677, Japan
Telephone: (06) 6991-1181
Facsimile: (06) 6991-6566 (Corporate Communications Department)

TOKYO OFFICE

1-10, Ueno 1-chome, Taito-ku, Tokyo 110-8534, Japan
Telephone: (03) 3835-1111
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U.S. CONTACT ADDRESSES

SANYO North America Corporation
(Head Office)
2055 Sanyo Avenue, San Diego, CA 92154, U.S.A.
Telephone: (619) 661-1134
Facsimile: (619) 661-6795

FOUNDATION

Founded: February 1947 Incorporated: April 1950

COMMON STOCK (As of March 31, 2000)

Authorized: 4,921,196,000 shares Issued: 1,872,327,137 shares

CAPITAL (As of March 31, 2000)

¥172,238,795,113

NUMBER OF STOCKHOLDERS (As of March 31, 2000)

202,062

LISTINGS

Common stock is listed on the Tokyo, Osaka, and four other domestic stock exchanges. Overseas listings are on the Amsterdam, Frankfurt, Swiss, and Paris exchanges. American Depositary Shares for common stock are quoted in the NASDAQ System in the United States.

TRANSFER AGENT

The Sumitomo Trust & Banking Co., Ltd., 5-33, Kitahama 4-chome, Chuo-ku, Osaka 541-0041, Japan

COMMON STOCK PRICE RANGE

The highs and lows of Sanyo common stock on the Tokyo Stock Exchange for each quarter of fiscal 2000, 1999, and 1998 were as follows:

	Fiscal 2000		Fiscal 1999		Fiscal 1998	
	High	Low	High	Low	High	Low
First quarter	¥510	¥385	¥420	¥316	¥535	¥434
Second quarter	567	445	434	334	533	365
Third quarter	560	385	375	297	439	290
Fourth quarter	694	410	427	319	405	295

CASH DIVIDENDS

Interim and year-end cash dividends per share paid to stockholders for fiscal 2000, 1999, and 1998 were as follows:

2000-II	2000-I	1999-II	1999-I	1998-II	1998-I
¥2.50	¥2.50	¥2.50	¥2.50	¥2.50	¥2.50

For further information and additional copies of our annual report and other publications, please write to the Corporate Communications Department at our Head Office.

SANYO Electric Co., Ltd.