

Notice to Shareholders:

1-7, Yukigaya-Otsukamachi, Ota-ku, Tokyo 145-8501  
**ALPS ELECTRIC CO., LTD.**  
Toshihiro Kuriyama  
President

Notice of Convocation of the 85th Ordinary General Meeting of Shareholders

Notice to Shareholders:

You are cordially invited to attend the 85th Ordinary General Meeting of Shareholders to be held at the time and venue as described below.

**If you are unable to attend the meeting, you are kindly requested to refer to “4. Matters Decided upon Convocation” below and to exercise your voting rights no later than 5:00 p.m. on Thursday, June 21, 2018.**

Yours faithfully,  
Toshihiro Kuriyama  
President

**The 85th Ordinary General Meeting of Shareholders**

1. **Date and Time:** Friday, June 22, 2018, at 10:00 a.m.  
**(The reception desk will open at 9:00 a.m.)**
2. **Location:** Alps Electric Co., Ltd. Headquarters  
the Hall on the Ground Floor  
1-7, Yukigaya-Otsukamachi, Ota-ku, Tokyo  
(Please refer to the attached map, in Japanese only)
3. **Purpose of the Meeting:**  
**Matters to be reported:**
  1. Business Report, Consolidated Financial Statements, Audit Reports of Consolidated Financial Statements by Accounting Auditor and the Audit and Supervisory Committee for the 85th fiscal year (from April 1, 2017 to March 31, 2018)
  2. Non-Consolidated Financial Statements for the 85th fiscal year (from April 1, 2017 to March 31, 2018)

**Matters to be resolved:**

- Proposal 1** Approval of the Proposed Appropriation of Surplus
- Proposal 2** Election of Twelve (12) Directors (excluding Directors who are Members of Audit and Supervisory Committee)
- Proposal 3** Election of Five (5) Directors who are Members of Audit and Supervisory Committee
- Proposal 4** Election of One (1) Alternate Director who is a Member of Audit and Supervisory Committee
- Proposal 5** Partial Amendments of the Conditions for the exercise of Stock Acquisition Rights as Stock-based Compensation Stock Options
- Proposal 6** Partial Amendments to the Articles of Incorporation
- Proposal 7** Election of Six (6) Directors (excluding Directors who are Members of Audit and Supervisory Committee) in Conjunction with the Business Integration
- Proposal 8** Election of Six (6) Directors who are Members of Audit and Supervisory Committee in Conjunction with the Business Integration

**4. Matters Decided upon Convocation**

Please refer to “Information on Exercise of Voting Rights” presented on pages 3 and 4.

**5. Regarding the Internet Disclosure**

“Consolidated Statement of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Non-Consolidated Statement of Changes in Equity,” and “Notes to Non-Consolidated Financial Statements” as attached hereto are posted on the Company’s website (<http://www.alps.com/e/>) under all related laws and Article 15 of the Articles of Incorporation of the Company.

The attachments hereto include only a portion of the Consolidated Financial Statements or other statements that were audited by the Audit and Supervisory Committee or the accounting auditor, in producing the audit reports. (Japanese only)

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**Notes to the attendees to the General Meeting:**

- 1) You are kindly requested to present the enclosed Voting Rights Exercise Form at the reception desk on arrival to the Meeting.
- 2) Please be aware that non-shareholders such as people accompanied by shareholders and children will not be permitted to attend the Meeting.

**[Information on Exercise of Voting Rights]**

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders on pages 5 to 51.

You may exercise your voting rights by one of the following three methods.

**A: Exercise of Voting Rights via attending the General Meeting of Shareholders:**

Please hand in the enclosed “Voting Rights Exercise Form” at the reception desk at the place of the shareholders’ meeting.

In addition, please bring this Notice of Convocation of the 85th Ordinary General Meeting of Shareholders.

**B: Exercise of Voting Rights via Postal Mail:**

Please indicate, on the enclosed “Voting Rights Exercise Form,” your approval or disapproval of each item on the agenda and return the completed form so that it reaches us without fail by **5:00 p.m., Thursday, June 21, 2018.**

**C: Exercise of Voting Rights via the Internet:**

Please access the website designated by the Company for the exercise of voting rights (<https://evote.tr.mufg.jp/>), enter and send your approval or disapproval of each item on the agenda without fail by **5:00 p.m., Thursday, June 21, 2018.**

For details, please see the following page.

If you exercise your voting rights more than once via both postal mail and the Internet, then only the vote cast via the Internet shall be deemed valid.

In addition, if you cast your vote via the Internet multiple times, then only the last vote cast shall be deemed valid. If you cast your vote via the Internet more than once, using a personal computer, a smartphone and/or a mobile phone, then only the last vote cast shall be deemed valid.

If you attend the meeting in person, you do not need to follow the procedures for the exercise of voting rights via postal mail (sending the “Voting Rights Exercise Form”) or via the Internet.

If you are unable to attend the General Meeting of Shareholders, you may appoint another shareholder with voting rights to attend as your proxy. In this case, a document evidencing the right of representation shall be submitted.

If revisions to the contents of the “Reference Documents for the General Meeting of Shareholders,” the “Business Reports,” the “Non-Consolidated Financial Statements” and the “Consolidated Financial Statements” are required, the Company shall publish a notification on the Company website at the following URL:

<http://www.alps.com/j/> (Japanese only)

### **[Information on Exercise of Voting Rights via the Internet]**

1. The exercise of voting rights via the Internet is available only by gaining access to the Company's designated website for the exercise of voting rights (<https://evote.tr.mufg.jp/>) from a PC, a smartphone, or a mobile phone (i-mode, EZweb or Yahoo! Mobile)\*. However, please note that you cannot exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m.  
\* "i-mode," "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DOCOMO, INC., KDDI Corporation, and Yahoo Inc. in the U.S., respectively.
2. Please note that you may not be able to exercise your voting rights via PC or smartphone on the designated website for the exercise of voting rights, depending on the Internet settings configured on your PC or smartphone, such as firewalls, etc. that are in place to regulate your Internet connections, anti-virus software that has been installed on your PC or smartphone, the use of a proxy server, or when the TSL encrypted communication is not designated.
3. When exercising voting rights via mobile phone, you must use one of the following services: i-mode, EZweb or Yahoo! Mobile. For security reasons, you cannot vote using mobile handsets that TSL encrypted communication is not possible or mobile handsets that cannot send information of the mobile phone used.
4. Please note that, in order to prevent unauthorized access to the designated website by individuals other than shareholders (persons impersonating shareholders) and to prevent the alteration of votes, we request that you change your "temporary password" to a permanent password on the designated website for the exercise of voting rights, when you exercise your voting rights via the Internet.
5. All costs associated with accessing the website for the exercise of voting rights (cost of internet access, etc.) are to be borne by the shareholder. Also, when voting via mobile phone, etc., all packet communication fees and other costs incurred in the use of a mobile phone etc. are also to be borne by the shareholder.

**For further assistance, regarding the system, etc., please contact:**  
Transfer Agent Department (Help Desk)  
Mitsubishi UFJ Trust and Banking Corporation  
Phone: 0120-173-027 (9:00 to 21:00 (Japan Time)); toll free only within Japan)

### **[For Institutional investors]**

Institutional investors may make use of the Tokyo Stock Exchange's Electronic Voting Platform (commonly known as the TSE Platform).

## Reference Document for the General Meeting of Shareholders

### Proposal 1 Approval of the Proposed Appropriation of Surplus

The Company's basic policy is to decide earnings distributions based on the consolidated performance of the electronic components segment, with a balance between (i) returning profits to Shareholders, (ii) research and development and capital investment for future business expansion and improvements in competitiveness, and (iii) retained earnings.

With regard to paying a year-end dividend in the current fiscal year, by comprehensively taking into consideration factors such as performance trends, financial position, and shareholder expectations for dividends, the Company would like to propose dividends as described below.

Matters concerning year-end dividends

(1) Type of dividend

Dividends shall be paid in cash.

(2) Allocation and the total amount of dividends

The Company proposes to pay a dividend of 20 yen per share of the Company's common stock. Please note that, if approved, the total amount of dividends will be 3,918,081,300 yen. This would result in an interim dividend of 17 yen per share and an annual dividend of 37 yen per share, for a dividend increase of 7 yen per share year on year.

(3) Effective date of the dividend payment from surplus

Monday, June 25, 2018

**Proposal 2 Election of Twelve (12) Directors (excluding Directors who are Members of Audit and Supervisory Committee)**

The terms of office of all 12 current Directors (excluding Directors who are Members of Audit and Supervisory Committee) will expire at the close of this General Meeting of Shareholders, in accordance with Article 21 of the Articles of Incorporation. Accordingly, the Company requests the election of 12 Directors (excluding Directors who are Members of Audit and Supervisory Committee).

The candidates for Directors (excluding Directors who are Members of Audit and Supervisory Committee) are as follows: The Company determines each candidate in accordance with the “Alps Electric Co., Ltd. Criteria for Election of Directors” described on pages 52 to 53. In our assessment, each of the candidates meets these criteria and has the appropriate qualifications for Director of the Company.

As already announced, on January 1, 2019 (the “Date of Transition to the Holding Company Structure”), on the condition that a share exchange through which the Company is the wholly owning parent company and Alpine Electronics, Inc. becomes the wholly owned subsidiary (the “Share Exchange”) enters effect, a transition is planned to be made to the operating holding company structure and in-house company system. Further, the Company, by means of a simple share exchange based on the provisions of Article 796, Paragraph 2 of the Companies Act, plans to perform the Share Exchange without approval at the General Meeting of Shareholders.

Regarding the structure of Directors (excluding Directors who are Members of Audit and Supervisory Committee) after the transition to the holding company structure and in-house company system, on the condition that Proposal 7 “Election of Six (6) Directors (excluding Directors who are Members of Audit and Supervisory Committee) in Conjunction with the Business Integration” is approved and adopted in its original form, as the Company will have transitioned to the system stated in said proposal, these 12 Directors, assuming that the Share Exchange enters effect, will resign one day prior to the Date of Transition to the Holding Company Structure.

Moreover, this proposal has been considered by the Audit and Supervisory Committee and no particular comments were made.

| Nominee No.   | Name<br>(Date of birth)                | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|---|--|---|----------------------------|
| Re-nominated<br><br>1.  | Toshihiro Kuriyama<br>(April 25, 1957) | Apr. 1980    Joined the Company<br>Apr. 2004    General Manager, Magnetic Devices Division<br>June 2004    Director<br>Apr. 2007    General Manager, Business Development Headquarters<br>Apr. 2009    General Manager, Engineering Headquarters<br>Engineering & Quality Management Executive<br>Oct. 2009    Component Products Business, MMP Division<br>June 2011    Managing Director<br>Apr. 2012    General Manager, Engineering Headquarters<br>June 2012    President, Chairman of the Board of Directors (-present) | 16,300                     |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Toshihiro Kuriyama has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a representative Director, Mr. Kuriyama has exercised leadership including contributing to reinforcement of the Company's business and raising profits.</p> <p>Based on this, the Company determined that Mr. Kuriyama is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Kuriyama as a candidate for reelection as a Director.</p> |  |   |                            |

| Nominee No.   | Name<br>(Date of birth)             | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|-------------------------------------|--|----------------------------|
| Re-nominated<br><br>2.  | Takashi Kimoto<br>(October 1, 1958) | Apr. 1981    Joined the Company<br>July 2006    Deputy General Manager, Sales & Marketing Headquarters<br>June 2008    Director<br>Apr. 2009    General Manager, Automotive Division<br>Apr. 2010    European and American Business Executive<br>Apr. 2012    General Manager, Sales & Marketing Headquarters (-present)<br>June 2012    Managing Director<br>June 2016    Senior Managing Director (-present) | 22,132                     |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Takashi Kimoto has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a Senior Managing Director, Mr. Kimoto has exercised leadership including overseeing matters relating to sales and formulating and executing marketing strategies globally.</p> <p>Based on this, the Company determined that Mr. Kimoto is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Kimoto as a candidate for reelection as a Director.</p> |                                     |  |                            |



| Nominee No.   | Name<br>(Date of birth)  | Biography, title and position in the Company<br>(Status on major concurrent holding of positions) | No. of Company shares held                                   |        |
|---|--|---|--|--------|
| Re-nominated<br><br>3.  | Yasuo Sasao<br>(February 10, 1959)   | Apr. 1983   | Joined the Company   | 11,200 |
|   |  | Jan. 2009   | Deputy General Manager, Component Products Business Division |        |
| Apr. 2009   | Deputy Officer in charge of Component Products Business, MMP Division                            |   |  |        |
| June 2010   | Director   |   |  |        |
| Apr. 2012   | General Manager, Component, Engineering Headquarters   |   |  |        |
| Apr. 2013   | Officer in charge of Component Business and Deputy General Manager, Engineering Headquarters     |   |  |        |
| June 2014   | Officer in charge of Component Business and General Manager, Engineering Headquarters (-present) |   |  |        |
| June 2015   | Managing Director (-present)   |   |  |        |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Yasuo Sasao has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a Managing Director, Mr. Sasao has exercised leadership including overseeing matters relating to technology and development as well as promoting and integrating technology and formulating and executing development strategies globally.</p> <p>Based on this, the Company determined that Mr. Sasao is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Sasao as a candidate for reelection as a Director.</p> |  |   |  |        |

| Nominee No.   | Name<br>(Date of birth)                   | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|---|--|----------------------------|
| Re-nominated<br><br>4.  | Yoshitada Amagishi<br>(February 11, 1956) | Apr. 1980    Joined the Company<br>Apr. 2003    Director & President, Alps Electric (Malaysia) SDN. BHD.<br>June 2008    Director (of Alps Electric)<br>Apr. 2009    Deputy General Manager, Automotive Division<br>June 2011    Engineering Executive and Quality Management Executive<br>Apr. 2012    Officer in charge of Module Engineering Headquarters<br>June 2012    General Manager, Module Engineering Headquarters<br>Apr. 2013    Officer in charge of New Business & Consumer Modules and General Manager, Engineering Headquarters<br>June 2014    Quality Management Executive and Material Control Executive, Production Headquarters<br>May 2016    Quality Management Executive and Deputy General Manager, Production Headquarters<br>June 2016    Managing Director (-present) Quality Management Executive and General Manager, Production Headquarters and General Manager, Production Innovation<br>June 2017    Quality Management Executive and General Manager, Production Headquarters (-present) | 5,700                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Yoshitada Amagishi has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as Managing Director, Mr. Amagishi has exercised leadership including overseeing matters relating to quality and materials such as maintaining quality control and improving productivity.</p> <p>Based on this, the Company determined that Mr. Amagishi is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Amagishi as a candidate for reelection as a Director.</p> |   |  |                            |

| Nominee No.   | Name<br>(Date of birth)             | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|-------------------------------------|--|----------------------------|
| Re-nominated<br><br>5.  | Masataka Kataoka<br>(June 30, 1946) | Apr. 1972 Joined the Company<br>Mar. 1981 General Manager, Kakuda Division<br>June 1982 Director<br>June 1985 Managing Director<br>Oct. 1986 Senior Managing Director<br>June 1988 President, Chairman of the Board of Director<br>June 2012 Chairman<br>June 2017 Director, Executive Advisor (-present)<br>(Status on major concurrent holding of positions)<br>Director, Alpine Electronics, Inc.<br>Director, Alps Logistics Co., Ltd. | 900,000                    |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Masataka Kataoka has acquired extensive managerial experience over many years and has performed his duties as a Director since appointment as a Director of the Company.</p> <p>Based on this, the Company determined that Mr. Kataoka is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Kataoka as a candidate for reelection as a Director.</p> |                                     |  |                            |

| Nominee No.   | Name<br>(Date of birth)          | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|----------------------------------|--|----------------------------|
| Re-nominated<br><br>6.  | Hitoshi Edagawa<br>(May 7, 1959) | Apr. 1983 Joined the Company<br>June 2008 Quality Management Executive<br>Product Engineering Executive<br>Apr. 2009 General Manager, Production<br>Engineering Operations, MMP<br>Process Division<br>June 2011 Director (-present)<br>Deputy Officer in charge of<br>Production, MMP Process<br>Division<br>Production Engineering<br>Executive, MMP Process<br>Division<br>Apr. 2012 Production Engineering<br>Executive, Production<br>Headquarters<br>June 2013 Quality Management Executive<br>and Production Engineering<br>Executive, Production<br>Headquarters<br>June 2014 Production Engineering<br>Executive, Production<br>Headquarters (-present) | 3,000                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Hitoshi Edagawa has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a member of the management team, Mr. Edagawa has exercised leadership including overseeing matters relating to production technology as well as globally deepening and strengthening process technologies for product manufacture.</p> <p>Based on this, the Company determined that Mr. Edagawa is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Edagawa as a candidate for reelection as a Director.</p> |                                  |  |                            |

| Nominee No.   | Name<br>(Date of birth)                 | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|---|---|---|----------------------------|
| Re-nominated<br>7.  | Takeshi Daiomaru<br>(February 17, 1959) | <p>Apr. 1981 Joined the Company</p> <p>Apr. 2000 Senior Manager, Sales Dept. 1, Sales &amp; Marketing Headquarters</p> <p>Apr. 2005 General Manager, Global Sales &amp; Marketing Operation, Sales &amp; Marketing Headquarters</p> <p>Jan. 2006 General Manager, Mobile Sales Operations, Sales &amp; Marketing Headquarters</p> <p>Apr. 2007 Seconded General Manager, Alps (China) Co., Ltd.</p> <p>Apr. 2012 General Manager, Sales &amp; Marketing Headquarters (of Alps Electric)</p> <p>Apr. 2013 Deputy General Manager, Sales &amp; Marketing Headquarters and General Manager, Global Sales &amp; Marketing Operation</p> <p>June 2014 Director (-present)<br/>Officer in charge of New Business &amp; Consumer Module Division and Deputy General Manager, Engineering Headquarters (-present)</p> | 3,600                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Takeshi Daiomaru has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a member of the management team, Mr. Daiomaru has exercised leadership including formulating and executing sales strategies and development plans for new markets and consumer markets.</p> <p>Based on this, the Company determined that Mr. Daiomaru is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Daiomaru as a candidate for reelection as a Director.</p> |   |   |                            |

| Nominee No.   | Name<br>(Date of birth)                | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|--|--|----------------------------|
| Re-nominated<br><br>8.  | Akihiko Okayasu<br>(December 17, 1958) | Apr. 1981    Joined the Company<br>Apr. 2004    Senior Manager, Sales Dept. 1, Sales & Marketing Headquarters<br>Apr. 2007    General Manager, Home & Mobile Sales Operation, Sales & Marketing Headquarters<br>Apr. 2009    General Manager, Sales Dept. 1, Home, Mobile & Industry Division<br>Jan. 2012    Seconded General Manager, Alps Electronics Taiwan Co., Ltd.<br>July 2013    Seconded General Manager, Alps (China) Co., Ltd.<br>June 2015    Director (of Alps Electric) (-present)<br>Officer in charge of China Business<br>May 2016    Officer in charge of China Business and Material Control Executive, Production Headquarters and General Manager of Material Control, Production Headquarters<br>June 2016    Material Control Executive, Production Headquarters and General Manager of Material Control, Production Headquarters<br>Feb. 2017    Material Control Executive, Production Headquarters (-present) | 3,000                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Akihiko Okayasu has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a member of the management team, Mr. Okayasu has exercised leadership including formulating, executing and overseeing materials strategies globally.</p> <p>Based on this, the Company determined that Mr. Okayasu is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Okayasu as a candidate for reelection as a Director.</p> |  |  |                            |

| Nominee No.   | Name<br>(Date of birth)            | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|---|------------------------------------|---|----------------------------|
| Re-nominated<br><br>9.  | Tetsuhiro Saeki<br>(June 30, 1959) | Apr. 1983 Joined the Company<br>Apr. 2003 Managing director, ALPS ELECTRIC CZECH, s.r.o.<br>July 2009 Division Director, Production Planning, MMP Division (of Alps Electric)<br>Apr. 2012 Division Director, Production Planning, Production Headquarters<br>Mar. 2013 General Manager, Procurement Division, Production Headquarters<br>June 2014 General Manager, Global Sales & Marketing Operation, Sales & Marketing Headquarters<br>June 2016 Director (-present)<br>Deputy General Manager, Sales & Marketing Headquarters and General Manager, Global Sales & Marketing Operation and Officer in charge of Information Systems, Administration Headquarters (-present) | 3,137                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Tetsuhiro Saeki has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a member of the management team, Mr. Saeki has exercised leadership including overseeing expansion of sales in the global markets and promoting enhanced efficiency for the Company's operations systems. Based on this, the Company determined that Mr. Saeki is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Saeki as a candidate for reelection as a Director.</p> |                                    |   |                            |

| Nominee No.  | Name<br>(Date of birth)        | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|--|--------------------------------|--|----------------------------|
| Re-nominated<br><br>10.  | Yoichiro Kega<br>(May 4, 1960) | Apr. 1984    Joined the Company<br>Apr. 2002    Senior Manager, Sales Dept. 4,<br>Sales & Marketing<br>Headquarters<br>Apr. 2004    Project Manager, Global Sales<br>Dept., Sales & Marketing<br>Headquarters<br>July 2005    Business Planning Manager,<br>Peripheral Products Division<br>Feb. 2007    Project Manager, Peripheral<br>Products Division<br>Jan. 2009    Director and President, Alps<br>Electric Europe GmbH<br>Oct. 2013    General Manager, Sales<br>Planning Office, Sales &<br>Marketing Headquarters (of<br>Alps Electric)<br>Feb. 2015    General Manager, Corporate<br>Planning Office<br>June 2016    Director (-present)<br>Officer in charge of Corporate<br>Planning, Accounting and<br>Finance, General Affairs and<br>Environment and General<br>Manager, Corporate Planning<br>Office<br>Feb. 2017    Officer in charge of Corporate<br>Planning, Accounting and<br>Finance, General Affairs and<br>Environment (-present) | 4,307                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Yoichiro Kega has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a member of the management team, Mr. Kega has exercised leadership including overseeing the Company's overall corporate planning, and promoting the various initiatives related to financial and capital strategies from the standpoint of the CFO.</p> <p>Based on this, the Company determined that Mr. Kega is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Kega as a candidate for reelection as a Director.</p> |                                |  |                            |



| Nominee No.             | Name<br>(Date of birth)          | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|-------------------------|----------------------------------|--|----------------------------|
| Re-nominated<br><br>11. | Hiroyuki Sato<br>(July 17, 1962) | Apr. 1985    Joined the Company<br>Oct. 2003    General Manager, Engineering Dept. 2, Automotive Products Division<br>Apr. 2006    General Manager, Engineering Dept. 3, Automotive Products Division<br>Apr. 2009    General Manager, Engineering Dept. 1, Automotive Division<br>Oct. 2010    General Manager, Development Dept., Automotive Division<br>Nov. 2011    President, Alps Electric (North America), Inc.<br>June 2016    Director (of Alps Electric) (-present)<br>Officer in charge of Automotive Modules and Deputy General Manager, Engineering Headquarters (-present)   | 3,083                      |
|                         |                                  | [Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]<br>Mr. Hiroyuki Sato has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a member of the management team, Mr. Sato has exercised leadership including overseeing and promoting the development of module products for the automotive market, in which computerization has been advancing.<br>Based on this, the Company determined that Mr. Sato is an appropriate person to achieve sustainable growth and medium- to long-term increase in corporate value of the Company and nominates Mr. Sato as a candidate for reelection as a Director. |                            |

| Nominee No.   | Name<br>(Date of birth)        | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|--------------------------------|--|----------------------------|
| Newly-nominated<br><br>12.  | Hideo Izumi<br>(June 25, 1964) | <p>Apr. 1985    Joined the Company</p> <p>Apr. 2006    General Manager, Engineering Dept. 2, Communication Device Division</p> <p>Apr. 2009    General Manager, Engineering Dept. 2, HM&amp;I Division</p> <p>Apr. 2012    General Manager, M6 Engineering Dept., Engineering Headquarters</p> <p>Feb. 2015    General Manager, M3 Engineering Dept. and M9 Engineering Dept., Engineering Headquarters</p> <p>July 2016    General Manager, M3 Engineering Dept., Engineering Headquarters</p> <p>Feb. 2017    General Manager, Firmware Engineering Dept., Engineering Headquarters (-present)</p> | 1,171                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Hideo Izumi, since joining the Company, has been engaged in the development of communication device products with sophisticated high frequency technology, which is one of the Company's flagship technologies, has flexibly responded to the needs of customers and the market, and has extensive experience and knowledge.</p> <p>Based on this, the Company determined that Mr. Izumi is an appropriate person for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Izumi as a candidate for new election as a Director.</p> |                                |  |                            |

Note:

There is no special interest between any of the candidates and the Company.

### **Proposal 3 Election of Five (5) Directors who are Members of Audit and Supervisory Committee**

The terms of office of all 5 current Directors who are Members of Audit and Supervisory Committee will expire at the close of this General Meeting of Shareholders, in accordance with Article 21, Paragraph 2 of the Articles of Incorporation. Accordingly, the Company requests the election of 5 Directors who are Members of Audit and Supervisory Committee.

The candidates for Directors who are Members of Audit and Supervisory Committee are as follows. The Company determines each candidate in accordance with the “Alps Electric Co., Ltd. Criteria for Election of Directors” described on pages 52 to 53. In our assessment, each of the candidates meets these criteria and has the appropriate qualifications for Director of the Company.

Prior agreement of our Audit and Supervisory Committee has been obtained regarding the submission of this proposal. As stated in Proposal 2, on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange enters effect, a transition is planned to be made to the operating holding company structure and in-house company system.

Regarding the structure of Directors who are Members of Audit and Supervisory Committee after the transition to the holding company structure and in-house company system, on the condition that Proposal 8 “Election of Six (6) Directors who are Members of Audit and Supervisory Committee in Conjunction with the Business Integration” is approved and adopted in its original form, as the Company will have transitioned to the system stated in said proposal, these 5 Directors, assuming that the Share Exchange enters effect, will resign one day prior to the Date of Transition to the Holding Company Structure.

The candidates for Directors who are Members of Audit and Supervisory Committee are as follows.

| Nominee No.   | Name<br>(Date of birth)            | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|---|------------------------------------|---|----------------------------|
| Newly-nominated<br><br>1.   | Junichi Umehara<br>(March 5, 1957) | Mar. 1987 Joined the Company<br>Sept. 2004 Deputy Officer in charge of Legal & Intellectual Property and Deputy Officer in charge of Corporate Export & Import Administration<br><br>June 2006 Director (-present)<br>July 2006 Officer in charge of Legal & Intellectual Property<br>General Manager, Corporate Export & Import Administration (-present)<br><br>Apr. 2009 Deputy General Manager, Administration Headquarters<br>Deputy General Manager, Engineering Headquarters<br>Officer in charge of Intellectual Property<br><br>June 2011 Officer in charge of Legal & Intellectual Property<br>Apr. 2012 Officer in charge of Legal & Intellectual Property, Administration Headquarters<br><br>July 2015 Officer in charge of Human Resource, Legal & Intellectual Property (-present)<br><br>June 2016 General Manager, Administration Headquarters (-present)<br><br>(Status on major concurrent holding of positions)<br>Chairman, Alps (China) Co., Ltd.<br>(scheduled to resign in June 2018) | 3,000                      |
| <p>[Reasons for nomination as candidate for Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Junichi Umehara has extensive experience and knowledge including formulating and executing strategies and overseeing matters relating to human resources, legal affairs, intellectual property, and trade control of the Group. Based on this, the Company determined that Mr. Umehara is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company and nominates Mr. Umehara as a candidate for new election as a Director who is a Member of Audit and Supervisory Committee.</p> |                                    |   |                            |

| Nominee No.            | Name<br>(Date of birth)              | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|------------------------|--------------------------------------|---|----------------------------|
| Re-nominated<br><br>2. | Yasuhiro Fujii<br>(January 18, 1954) | Apr. 1976    Joined the Company<br>Jan. 1998    Director and President, Alps Electric Europe GmbH<br>June 2003    Director (of Alps Electric)<br>Apr. 2004    General Manager, Peripheral Products Division<br>July 2007    Chairman of the Board of Directors, Alps Electric (North America), Inc.<br>May 2010    Representative President & CEO, Alps Green Devices Co., Ltd.<br>June 2013    Full-time Audit & Supervisory Board Member (of Alps Electric)<br>June 2016    Director who is Member of Audit and Supervisory Committee (-present)  | 9,000                      |
|                        |                                      | <p>[Reasons for nomination as candidate for Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Yasuhiro Fujii has extensive experience and knowledge including management in global operations with a focus on Europe and the United States and in new markets.</p> <p>Based on this, the Company determined that Mr. Fujii is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company and nominates Mr. Fujii as a candidate for reelection as a Director who is a Member of Audit and Supervisory Committee.</p> |                            |

| Nominee No.   | Name<br>(Date of birth)   | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|---|--|----------------------------|
| <p style="text-align: center;">Re-nominated<br/>Outside<br/><br/>3.</p>   | <p style="text-align: center;">Takashi Iida<br/>(September 5, 1946)</p> | <p>Apr. 1974 Registered as a lawyer<br/>Joined Mori Sogo Law Offices<br/>(Currently Mori Hamada &amp; Matsumoto)</p> <p>Apr. 1997 Executive Governor, Japan Federation of Bar Associations</p> <p>Apr. 2006 President, Daini Tokyo Bar Association<br/>Vice President, Japan Federation of Bar Associations</p> <p>Dec. 2011 Resigned from Mori Hamada &amp; Matsumoto</p> <p>Jan. 2012 Opened Kowa Law Office (-present)</p> <p>June 2012 Outside Corporate Auditor, Shimadzu Corporation (-present)</p> <p>June 2013 Outside Corporate Auditor, JAFCO Co., Ltd. (resigned in June 2015)<br/>Outside Director (of Alps Electric)</p> <p>June 2014 Outside Audit &amp; Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (-present)</p> <p>Oct. 2015 Deputy Chairman, Gender Equality Bureau Cabinet Office Promotion and Liaison Committee (-present)</p> <p>June 2016 Director who is Member of Audit and Supervisory Committee (of Alps Electric) (-present)</p> <p>(Status on major concurrent holding of positions)<br/>Outside Corporate Auditor, Shimadzu Corporation<br/>Outside Audit &amp; Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> | 0                          |
| <p>[Reasons for nomination as candidate for Outside Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Takashi Iida has a wealth of experience and knowledge in the legal field, experience that includes a long history of involvement in legal practice as a lawyer and serving as Vice President of the Japan Federation of Bar Associations. Accordingly, Mr. Iida has been nominated as a candidate for reelection as an Outside Director who is a Member of Audit and Supervisory Committee to enable this experience to be utilized to contribute to the Company's management.</p> |   |  |                            |

| Nominee No.  | Name<br>(Date of birth)                       | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|--|---|---|----------------------------|
| <p>Newly-nominated Outside</p> <p>4.</p>   | <p>Kazuya Nakaya<br/>(September 14, 1956)</p> | <p>Apr. 1984 Joined Matsushita Kotobuki Electronics Industries, Ltd. (Currently PHC Corporation)</p> <p>June 2006 Director and General Manager, Device Industry Business Group, Panasonic Shikoku Electronics Co., Ltd. (Currently PHC Corporation)</p> <p>June 2008 Representative Director, Managing Director in charge of Device Business</p> <p>June 2009 Representative Director, Managing Director in charge of Healthcare Business and Business Development</p> <p>June 2012 Senior Managing Officer, Healthcare Company, Panasonic Corporation<br/>Representative Director, Senior Managing Officer in charge of Corporate Planning, Public Relations and Company-wide Operations, Panasonic Healthcare Co., Ltd. (Currently PHC Corporation)</p> <p>Apr. 2014 Representative Director, Senior Managing Officer, Chief Technology Officer (resigned in September 2015)</p> <p>Oct. 2015 Advisor, Healthcare Business Division, KONICA MINOLTA, INC. (-present)</p> <p>June 2016 Outside Member of the Board, Sharp Corporation (resigned in June 2017)</p> <p>(Status on major concurrent holding of positions)<br/>Advisor, Healthcare Business Division, KONICA MINOLTA, INC.</p> | <p>0</p>                   |
| <p>[Reasons for nomination as candidate for Outside Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Kazuya Nakaya has many years of experience in technology and development, and his specialized knowledge, experience, and broad-ranging know-how accumulated as an experienced business practitioner can be incorporated into the Company's management. Accordingly, Mr. Nakaya has been newly nominated as a candidate for Outside Director who will also be a Member of Audit and Supervisory Committee.</p> |   |   |                            |

| Nominee No.   | Name<br>(Date of birth)        | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|--------------------------------|--|----------------------------|
| Newly-nominated Outside<br><br>5.   | Yoko Toyoshi<br>(May 20, 1958) | <p>Apr. 1981    Joined The Bank of Fukuoka, Ltd.</p> <p>Oct. 1989    Joined Asahi Shinwa &amp; Co. (Currently KPMG AZSA LLC)</p> <p>Dec. 1990    Joined Deloitte Touche Tohmatsu (Currently Deloitte Touche Tohmatsu LLC)</p> <p>July 2008    Appointed partner, Deloitte Touche Tohmatsu</p> <p>July 2013    Certified Public Accountants and Audit Oversight Board, Financial Services Agency<br/>Appointed Chief Certified Public Accountant Audit Inspector (Term of office expired June 2016)</p> <p>July 2016    Partner, Deloitte Touche Tohmatsu LLC (-present)<br/>(Status on major concurrent holding of positions)<br/>Partner, Deloitte Touche Tohmatsu LLC (scheduled to resign in June 2018)</p> | 0                          |
| <p>[Reasons for nomination as candidate for Outside Directors who are Members of Audit and Supervisory Committee]</p> <p>Ms. Yoko Toyoshi has specialist knowledge, experience, and broad-ranging know-how accumulated through many years of accounting audit experience working as a certified public accountant at accounting firms and is proposed as a candidate for new election as an Outside Director who will also be a Member of Audit and Supervisory Committee so that this knowledge can be incorporated into the Company's management.</p> |                                |  |                            |

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Mr. Takashi Iida, Mr. Kazuya Nakaya, and Ms. Yoko Toyoshi are candidates for Outside Director pursuant to the stipulations of Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. In addition, if the elections of Mr. Takashi Iida, Mr. Kazuya Nakaya, and Ms. Yoko Toyoshi are approved, the Company plans to register them as independent officers who satisfy the requirements of the Tokyo Stock Exchange.
  3. The term of office for Mr. Yasuhiro Fujii as a Director who is a Member of Audit and Supervisory Committee will have been two years at the conclusion of this General Meeting of Shareholders.
  4. The term of office for Mr. Takashi Iida as an Outside Director will have been five years at the conclusion of this General Meeting of Shareholders. Note that while Mr. Iida has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Mr. Iida is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory Committee of the Company.
  5. Note that while Ms. Yoko Toyoshi has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Ms. Toyoshi is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory



Committee of the Company.

6. If the elections of Mr. Yasuhiro Fujii and Mr. Takashi Iida are approved, the Company plans to renew the limited liability agreements with both of them that limit liability for damage specified in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act, and Article 29 of the Articles of Incorporation of the Company. If the elections of Mr. Junichi Umehara, Mr. Kazuya Nakaya, and Ms. Yoko Toyoshi are approved, the Company plans to enter into limited liability agreements with each of them that limit liability for damage specified in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act, and Article 29 of the Articles of Incorporation of the Company. The maximum amount of liability under the agreements will be the liability amount stipulated by laws and regulations.
7. Kowa Law Office, with which Mr. Takashi Iida is affiliated as indicated in his biography, does not have relationship, such as in the provision of legal services, with the Company and the consolidated subsidiaries. Shimadzu Corporation and NIPPON TELEGRAPH AND TELEPHONE CORPORATION have trading relationships, such as sales, with the Company. However, the amount of the annual transactions with each company is less than 1% of the consolidated net sales for the most recent fiscal year of the Company or the other party, and consequently, the amounts do not constitute large amounts under the Company's criteria on independence and the Company determined that adequate independence is maintained.
8. PHC Corporation, Panasonic Corporation, and KONICA MINOLTA, INC. with which Mr. Kazuya Nakaya was respectively affiliated as indicated in his biography, have product trading relationships with the Company. However, the amount of the annual transactions with each company is less than 1% of the consolidated net sales for the most recent fiscal year of the Company or the other party, and consequently, the amounts do not constitute large amounts under the Company's criteria on independence and the Company determined that adequate independence is maintained. Sharp Corporation has product trading relationship with the Company. However, Mr. Kazuya Nakaya was not a corporate executive, and the Company determined that adequate independence specified by the Company is maintained.
9. KPMG AZSA LLC. and Deloitte Touche Tohmatsu LLC., with which Ms. Yoko Toyoshi was respectively affiliated as indicated in her biography, do not have trading relationships, such as in the provision of accounting audit services, with the Company and the consolidated subsidiaries, and the Company determined that adequate independence is maintained.

**Proposal 4 Election of One (1) Alternate Director who is a Member of Audit and Supervisory Committee**

In preparation for the situation in which a vacancy occurs among the Outside Directors who are Members of Audit and Supervisory Committee, the Company requests the election of one alternate Director who is a Member of Audit and Supervisory Committee.

The validity of the election can be nullified by resolution of the Board of Directors if the agreement of the Audit and Supervisory Committee has been obtained; provided, however, that it is only in a time before taking office. In addition, prior agreement of our Audit and Supervisory Committee has been obtained regarding the submission of this proposal.

As stated in Proposal 2, on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange enters effect, a transition is planned to be made to the operating holding company structure and in-house company system. Regarding the period in which the resolution on this proposal has effect, on the condition that the Share Exchange enters effect, this shall be until the day prior to the transition to the holding company structure.

The candidate for alternate Director who is a Member of Audit and Supervisory Committee is as follows:

|                         | Name<br>(Date of birth)   | Biography<br>(Status on major concurrent holding of positions)  | No. of Company<br>shares held |
|-------------------------|---|---|-------------------------------|
| Re-nominated<br>Outside | Takatoshi Yamamoto<br>(October 20, 1952)  | <p>Apr. 1975 Joined Nomura Research Institute, Ltd.</p> <p>June 1999 Managing Director and Vice Chairman, Tokyo Branch Marketing, Morgan Stanley Japan Securities Co., Ltd.</p> <p>July 2005 Managing Director and Vice Chairman, UBS Securities Japan Co., Ltd.</p> <p>June 2009 Managing Director, CASIO COMPUTER CO., LTD.</p> <p>June 2011 Corporate Advisor, CASIO COMPUTER CO., LTD. (resigned in June 2012)</p> <p>June 2012 Outside Corporate Auditor, Fuji Heavy Industries Ltd. (Currently Subaru Corporation) (resigned in June 2016)</p> <p>June 2013 External Audit &amp; Supervisory Board Member, Tokyo Electron Limited (-present)</p> <p>June 2016 Outside Director, Hitachi, Ltd. (-present)</p> <p>(Status on major concurrent holding of positions)<br/>External Audit &amp; Supervisory Board Member of Tokyo Electron Limited<br/>Outside Director, Hitachi, Ltd.</p> | 0                             |
|                         | <p>[Reasons for nomination as candidate for Alternate Outside Director who is a Member of Audit and Supervisory Committee]</p> <p>Mr. Takatoshi Yamamoto has a broad range of knowledge concerning corporate activities based on his many years of experience as a securities analyst as well as experience and expertise gained serving in director and audit &amp; supervisory board member positions for various companies. In the event Mr. Yamamoto takes office as an Outside Director who is a Member of Audit and Supervisory Committee of the Company, he would be able to carry out his duties appropriately.</p> |   |                               |

- Notes:
1. There is no special interest between the candidate and the Company.
  2. Mr. Takatoshi Yamamoto, the candidate for alternate Outside Director who is a Member of Audit and Supervisory Committee, satisfies the requirement of the Tokyo Stock Exchange that a candidate be an independent officer.
  3. In the event that Mr. Takatoshi Yamamoto takes office as an Outside Director who is a Member of Audit and Supervisory Committee, the Company plans to enter a limited liability agreement with Mr. Yamamoto that limits liability for damage specified in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act and Article 29 of the Articles of Incorporation. The maximum amount of liability under the agreement is the liability amount stipulated by laws and regulations.
  4. CASIO COMPUTER CO., LTD., Subaru Corporation, Tokyo Electron Limited, and Hitachi, Ltd., with which Mr. Takatoshi Yamamoto was respectively affiliated as indicated in his biography, have business relationships with the Company. However, the amount of the annual transactions with each

company is less than 1% of the consolidated net sales for the most recent fiscal year of the Company or the other party, and consequently, the amounts do not constitute large amounts under the Company's criteria on independence and the Company determined that adequate independence is maintained.

## **Proposal 5 Partial Amendments of the Conditions for the Exercise of Stock Acquisition Rights as Stock-based Compensation Stock Options**

In regard to the resolution on Proposal 5 “Revision of Compensation of Directors and Introduction and Content Determination of Stock-based Compensation Stock Options” that was already approved at the 81st Ordinary General Meeting of Shareholders held on June 20, 2014, and Proposal 8 “Determination of Details of Stock-based Compensation Stock Options of Directors (excluding Directors who are Members of Audit and Supervisory Committee)” that was already approved at the 83rd Ordinary General Meeting of Shareholders held on June 23, 2016, it is requested that partial amendments be approved to the conditions for the exercising of stock acquisition rights as stock-based compensation stock options.

In addition, approval of amendments to the same content is also requested for the Director compensation based on the first issue of stock acquisition rights by the resolution of the Board of Directors of the ALPS ELECTRIC CO., LTD. on June 20, 2014, the second issue of stock acquisition rights by the resolution of the Board of Directors of the ALPS ELECTRIC CO., LTD. on June 19, 2015, the third issue of stock acquisition rights by the resolution of the Board of Directors of the ALPS ELECTRIC CO., LTD. on June 23, 2016, and the fourth issue of stock acquisition rights by the resolution of the Board of Directors of the ALPS ELECTRIC CO., LTD. on June 23, 2017.

### **1. Reason for the amendments**

Pursuant to approval at the 83rd Ordinary General Meeting of Shareholders held on June 23, 2016, the Company made the transition to a company with an Audit and Supervisory Committee.

In regard to the conditions for the exercising of stock acquisition rights issued to Directors of the Company, holders of such rights may exercise those stock acquisition rights within 10 days from the day following the day on which they lose their status as a Director of the Company, and prior to the transition to a company with an Audit and Supervisory Committee, in the event that a Director who is engaged in the execution of business resigns and takes office as an Audit & Supervisory Board Member who does not execute business, the stock acquisition rights may be exercised upon resignation as Director.

A change is requested so that, even after the transition to a company with an Audit and Supervisory Committee, in the event that a Director is not a Member of Audit and Supervisory Committee who is engaged in the execution of business and resigns and takes office as a Member of Audit and Supervisory Committee who does not execute business, the stock acquisition rights may be exercised when resigning as a Director who is not a Member of Audit and Supervisory Committee.

As stated in Proposal 2, on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange enters effect, a transition is planned to be made to the operating holding company structure and in-house company system, and to introduce a corporate officer system.

In regard to corporate officers, the Company requests amendments of the conditions for the exercise of stock acquisition rights as described in 2. 2 below, on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange enters effect. As corporate officers, for the same reasons as Directors who are not Members of Audit and Supervisory Committee (excluding non-executive Directors), play the role of the execution of business, they will not be able to exercise stock acquisition rights until they have lost their position of both Directors who are not Members of Audit and

Supervisory Committee and corporate officers.

2. Details of amendments

1) Details of amendments effective from the conclusion of this General Meeting of Shareholders

| Current  | After Amendments  |
|--|---|
| <p>(Conditions for the exercise of stock acquisition rights)<br/>           Holders of stock acquisition rights may exercise those stock acquisition rights within 10 days from the day following the day on which they lose <u>their status as a director</u> of the Company. Other conditions are determined by the Board of Directors, which establishes stock acquisition rights subscription terms and other matters.</p> | <p>(Conditions for the exercise of stock acquisition rights)<br/>           Holders of stock acquisition rights may exercise those stock acquisition rights within 10 days from the day following the day on which they lose <u>their status as a director who is not a member of audit and supervisory committee</u> of the Company. Other conditions are determined by the Board of Directors, which establishes stock acquisition rights subscription terms and other matters.</p> |

(Amended parts are underlined.)

2) Details of amendments effective from the Date of Transition to the Holding Company Structure on the condition that the Share Exchange enters effect

| Before Amendments   | After Amendments  |
|---|---|
| <p>(Conditions for the exercise of stock acquisition rights)<br/>           Holders of stock acquisition rights may exercise those stock acquisition rights within 10 days from the day following the day on which they lose <u>their status as a director who is not a member of audit and supervisory committee</u> of the Company. Other conditions are determined by the Board of Directors, which establishes stock acquisition rights subscription terms and other matters.</p> | <p>(Conditions for the exercise of stock acquisition rights)<br/>           Holders of stock acquisition rights may exercise those stock acquisition rights within 10 days from the day following the day on which they lose <u>their status as a director who is not a member of audit and supervisory committee member or corporate officer</u> of the Company. Other conditions are determined by the Board of Directors, which establishes stock acquisition rights subscription terms and other matters.</p> |

(Amended parts are underlined.)

(Reference) Details of stock acquisition rights  
(excluding the changes described in 1 and 2 above)

(1) Class and number of shares subject to stock acquisition rights

The class of shares subject to stock acquisition rights shall be common shares of the Company, and the number of shares with respect to each stock acquisition right (the “Number of Shares Granted”) shall be 100 shares per stock acquisition right. After the resolution date of this proposal (the “Resolution Date”), if the Company implements a stock split of the Company’s common shares (including share allotments of the Company’s common shares without contribution; hereafter, “stock split” shall have the same meaning) or a reverse stock split of those shares, it shall use the following equation to adjust the Number of Shares Granted.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Stock split ratio or reverse stock split ratio  
 Fractional shares of less than one that arise as a result of the above adjustment shall be rounded down.

Furthermore, in addition to the cases indicated above, in cases where the Company implements a merger, company split, or share exchange or in any other case where an adjustment of the Number of Shares Granted is necessary as in a merger, company split, or share exchange, the Company

may implement, by resolution of the Company's Board of Directors, the adjustment to the Number of Shares Granted that is deemed necessary. The upper limit on the number of shares that can be received through the exercise of stock acquisition rights issued within one year from the day of the Company's Ordinary General Meeting of Shareholders in each fiscal year shall be 200,000 shares of the Company's common stock. If the Number of Shares Granted is adjusted, the upper limit shall be the number obtained by multiplying the total number of stock acquisition rights specified below by the number of granted shares after adjustment.

- (2) Total number of stock acquisition rights  
The upper limit on stock acquisition rights issued within one year from the day of the Company's Ordinary General Meeting of Shareholders in each fiscal year shall be 2,000 rights.
- (3) Pay-in amount for stock acquisition rights (issue price)  
The pay-in amount per stock acquisition right (issue price) shall be the amount determined by the Board of Directors of the Company on the basis of the fair value of a stock acquisition right that was calculated at the time of allotment of stock acquisition rights.  
Furthermore, in lieu of monetary payment, a person who receives an allotment shall offset the compensation receivables that he holds against the Company and his payment obligations for the stock acquisition rights.
- (4) Value of the property to be contributed upon exercise of stock acquisition rights  
The value of the property to be contributed upon exercise of each stock acquisition right shall be the amount derived by taking the exercise price per share of the shares that can be received through exercise of each stock acquisition right as one yen and then multiplying this exercise price per share by the Number of Shares Granted.
- (5) Period during which stock acquisition rights can be exercised  
The period during which stock acquisition rights can be exercised shall be a period of no more than 40 years from the day following the day of allotment of the stock acquisition rights to be determined by the Board of Directors of the Company.
- (6) Restriction on the acquisition of stock acquisition rights by transfer  
Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors of the Company.
- (7) Conditions for the exercise of stock acquisition rights  
Omitted
- (8) Other matters concerning stock acquisition rights  
Other matters concerning stock acquisition rights shall be determined by the Board of Directors of the Company.

## **Proposal 6 Partial Amendments to the Articles of Incorporation**

### **1. Reason for the amendments**

As stated in Proposal 2, on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange enters effect, a transition is planned to be made to the operating holding company structure and in-house company system. In conjunction with the transition, in addition to changing the trade name and business purposes, etc., of the Company ((1) and (2) below), (i) as the Company will change the Director system and introduce a corporate officer system, and will change the corporate governance system of the Company to a system that conforms with the holding company structure after the transition ((3), (4), and (6) below), and (ii) as, based on the provisions of Article 426, Paragraph 1 of the Companies Act, it has been decided to limit liability of Directors to the extent permitted by laws and ordinances by a resolution of the Board of Directors so that Directors are able to sufficiently perform their expected roles ((5) below), the Company, on the condition that the Share Exchange enters effect, intends to make the following partial amendments to the Articles of Incorporation on the Date of Transition to the Holding Company Structure.

Prior agreement of our Audit and Supervisory Committee has been obtained regarding the establishment of Article 29, Paragraph 1.

- (1) In conjunction with the transition to a holding company structure, the trade name of the Company shall be changed to “Alps Alpine Kabushiki Kaisha” (Article 1 of Proposed Amendments)
- (2) In conjunction with the transition to a holding company structure, the purposes shall be changed (Article 2 of Proposed Amendments)
- (3) In conjunction with the transition to a holding company structure, the number of Directors of the Company shall be reduced (Article 19 of Proposed Amendments)
- (4) In conjunction with the transition to a holding company structure, provisions on Directors with titles shall be deleted, and changes shall be made to related provisions (Article 13, Article 14, Article 23, and Article 24 of Proposed Amendments)
- (5) Provisions shall be established on the limitation of liability of Directors (Article 29 of Proposed Amendments)
- (6) In conjunction with the transition to a holding company structure, provisions shall be established on corporate officers (Article 30 of Proposed Amendments)
- (7) Other changes required in conjunction with the amendments of (1) to (6) above



## 2. Details of amendments

The details are as follows:

(The underlined portions indicate amendments.)

| Current Articles of Incorporation   | After Amendments  |
|---|---|
| <p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 (Trade Name)</p> <p>The name of the Company shall be <u>Alps Denki Kabushiki Kaisha</u>, and in English <u>ALPS ELECTRIC CO., LTD.</u></p> <p>Article 2 (Purposes)</p> <p>The purposes of the Company shall be to engage in the following business activities:</p> <ol style="list-style-type: none"> <li>1. Manufacture and sale of electronic and electrical machines and equipment as well as the components and materials therefor;</li> <li>2. Manufacture and sale of parts, components and materials used in information and communication equipment, business equipment, precision equipment, optical equipment, medical equipment, measurement equipment, control equipment, electrical equipment for power generation, power transmission and power distribution, and industrial electrical equipment;</li> <li>3. Manufacture and sale of parts and components used in automobiles and other transportation equipment;<br/><u>(Newly established)</u></li> <p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;"><u>(Newly established)</u></p> <li>4. Manufacture, sale and lease of manufacturing machines and equipment, manufacturing systems and manufacturing system plants which are incidental to those mentioned in the preceding items;</li> <li>5. Provision of manufacturing technologies, processing technologies and other services which are incidental to those mentioned in the preceding items, and sale and licensing of intellectual properties related to those mentioned in the preceding items;<br/><u>(Newly established)</u> <p style="text-align: center;"><u>(Newly established)</u></p> </li></ol> | <p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 (Trade Name)</p> <p>The name of the Company shall be <u>Alps Alpine Kabushiki Kaisha</u>, and in English <u>ALPS ALPINE CO., LTD.</u></p> <p>Article 2 (Purposes)</p> <p>The purposes of the Company shall be to engage in the following business activities <u>and to control and manage the business activities of the companies which engage in the following businesses and the business activities of foreign companies which engage in the businesses equivalent to the following business activities, through holding shares and equity in those companies:</u></p> <ol style="list-style-type: none"> <li>1. Manufacture and sale of electronic and electrical machines and equipment as well as the components and materials therefor;</li> <li>2. Manufacture and sale of parts, components and materials used in information and communication equipment, business equipment, precision equipment, optical equipment, medical equipment, measurement equipment, control equipment, electrical equipment for power generation, power transmission and power distribution, and industrial electrical equipment;</li> <li>3. Manufacture and sale of parts and components used in automobiles and other transportation equipment;</li> <li>4. <u>Manufacture and sale of sound and video recorders and reproducers and audio machines and equipment;</u></li> <li>5. <u>Manufacture and sale of applied electronic machines and equipment for automobiles and office equipment;</u></li> <li>6. <u>Manufacture and sale of electrical machines and equipment for transmitting and receiving data;</u></li> <li>7. <u>Development, sale, import and export of software, and provision of information processing services;</u></li> <li>8. Manufacture, sale and lease of manufacturing machines and equipment, manufacturing systems and manufacturing system plants which are incidental to those mentioned in the preceding items;</li> <li>9. Provision of manufacturing technologies, processing technologies and other services which are incidental to those mentioned in the preceding items, and sale and licensing of intellectual properties related to those mentioned in the preceding items;</li> <li>10. <u>Operation of facilities related to welfare, medical care, sport, cultural education and entertainment, and businesses related thereto;</u></li> <li>11. <u>Transportation and warehouse business and service business related thereto;</u></li> </ol> |

| Current Articles of Incorporation  | After Amendments  |
|--|---|
| <p><u>6.</u> Investment, study, research and development, consulting, real property lease and management, worker dispatch business, fee-charging employment placement business and human resources development business which are incidental to those mentioned in the preceding items; and</p> <p><u>7.</u> All businesses which are incidental to those mentioned in the preceding items.</p> <p>Article 3 to Article 5 (Omitted)</p> <p style="text-align: center;">Chapter 2 Shares of Stock<br/>Article 6 to Article 12 (Omitted)</p> <p style="text-align: center;">Chapter 3 General Meeting of Shareholders<br/>Article 13 (Convocation)</p> <p>(1) (Omitted)</p> <p>(2) A general meeting of shareholders shall, except as otherwise provided by laws or ordinances, be convened by <u>the director and chairman or the director and president</u> in accordance with a resolution of the board of directors.</p> <p>Article 14 (Chairman of Meetings)<br/><u>The director and chairman or the director and president</u> shall convene a general meeting of shareholders and act as the chairman thereof. If <u>the director and chairman and the director and president</u> are unable to so act, one of the other directors shall convene a general meeting of shareholders and act as the chairman thereof in accordance with the order of priority predetermined by a resolution of the board of directors.</p> <p>Article 15 to Article 18 (Omitted)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors<br/>Article 19 (Number)</p> <p>(1) The Company shall have no more than <u>eighteen (18)</u> directors (excluding directors who are Members of Audit and Supervisory Committee).</p> <p>(2) (Omitted)</p> <p>Article 20 to Article 22 (Omitted)</p> <p>Article 23 (Convener and Chairman of the Board of Directors)</p> <p>(1) (Omitted)</p> <p>(2) <u>The director and chairman or the director and president</u> shall convene a meeting of the board of directors and act as the chairman thereof. If <u>the director and chairman and the director and president</u> are unable to so act, one of the other directors shall convene a general meeting of shareholders and act as the chairman thereof in accordance with the order of priority predetermined by a resolution of the board of directors.</p> | <p><u>12.</u> Investment, study, research and development, consulting, real property lease and management, worker dispatch business, fee-charging employment placement business and human resources development business which are incidental to those mentioned in the preceding items; and</p> <p><u>13.</u> All businesses which are incidental to those mentioned in the preceding items.</p> <p>Article 3 to Article 5 (Unchanged)</p> <p style="text-align: center;">Chapter 2 Shares of Stock<br/>Article 6 to Article 12 (Unchanged)</p> <p style="text-align: center;">Chapter 3 General Meeting of Shareholders<br/>Article 13 (Convocation)</p> <p>(1) (No change)</p> <p>(2) A general meeting of shareholders shall, except as otherwise provided by laws or ordinances, be convened by <u>the director prescribed by the Board of Directors.</u></p> <p>Article 14 (Chairman of Meetings)<br/><u>The director prescribed in Paragraph 2 of the preceding Article</u> shall convene a general meeting of shareholders and act as the chairman thereof. If <u>said director</u> is unable to so act, one of the other directors shall convene a meeting of the board of directors and act as the chairman thereof in accordance with the order of priority predetermined by a resolution of the board of directors.</p> <p>Article 15 to Article 18 (Unchanged)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors<br/>Article 19 (Number)</p> <p>(1) The Company shall have no more than <u>eight (8)</u> directors (excluding directors who are Members of Audit and Supervisory Committee).</p> <p>(2) (No change)</p> <p>Article 20 to Article 22 (Unchanged)</p> <p>Article 23 (Convener and Chairman of the Board of Directors)</p> <p>(1) (No change)</p> <p>(2) <u>The director prescribed in advance by the Board of Directors</u> shall convene a meeting of the board of directors and act as the chairman thereof. If <u>said director</u> is unable to so act, one of the other directors shall convene a meeting of the board of directors and act as the chairman thereof in accordance with the order of priority predetermined by a resolution of the board of directors.</p> |

| Current Articles of Incorporation   | After Amendments   |
|---|--|
| <p>Article 24 (Representative Directors <u>and</u> Directors with Special Titles)</p> <p>(1) (Omitted)</p> <p>(2) <u>The Company may, by a resolution of the board of directors, appoint one (1) director and chairman, director and deputy chairman, and director and president, respectively, and a few directors and deputy presidents, senior managing directors and managing directors.</u></p> <p>Article 25 to Article 28 (Omitted)</p> <p>Article 29 (<u>Liability Limitation Agreement</u> with Directors)</p> <p style="text-align: center;"><u>(Newly established)</u></p> <p>Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may enter into a liability limitation agreement with directors (excluding directors who execute business of the Company), which will limit the maximum amount of their liabilities for damages under Article 423, Paragraph (1) of the Companies Act to the amount set forth by laws and ordinances.</p> <p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;">CHAPTER <u>V</u> AUDIT AND SUPERVISORY COMMITTEE</p> <p>Article <u>30</u> to Article <u>32</u> (Omitted)</p> <p style="text-align: center;">CHAPTER <u>VI</u> FINANCIAL AUDITOR</p> <p>Article <u>33</u> and Article <u>34</u> (Omitted)</p> <p style="text-align: center;">CHAPTER <u>VII</u> ACCOUNTS</p> <p>Article <u>35</u> to Article <u>38</u> (Omitted)</p> | <p>Article 24 (Representative Director)</p> <p>(1) (No change)</p> <p><u>(Deleted)</u></p> <p>Article 25 to Article 28 (Unchanged)</p> <p>Article 29 (<u>Limitation of Liability</u> of Directors)</p> <p>(1) <u>Pursuant to the provisions of Article 426, Paragraph (1) of the Companies Act, the Company may, by a resolution of the board of directors, exempt directors (including former directors) from their liabilities for damages under Article 423, Paragraph (1) of the Companies Act to the extent permitted by laws and ordinances.</u></p> <p>(2) Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may enter into a liability limitation agreement with directors (excluding directors who execute business of the Company), which will limit the maximum amount of their liabilities for damages under Article 423, Paragraph (1) of the Companies Act to the amount set forth by laws and ordinances.</p> <p style="text-align: center;">CHAPTER <u>V</u> CORPORATE OFFICERS</p> <p>Article <u>30</u> (Corporate Officers)</p> <p>(1) <u>The Company may, by a resolution of the board of directors, appoint corporate officers.</u></p> <p>(2) <u>Matters concerning corporate officers shall be governed by the Regulations of the Corporate Officers established by the board of directors.</u></p> <p style="text-align: center;">CHAPTER <u>VI</u> AUDIT AND SUPERVISORY COMMITTEE</p> <p>Article <u>31</u> to Article <u>33</u> (Unchanged)</p> <p style="text-align: center;">CHAPTER <u>VII</u> FINANCIAL AUDITOR</p> <p>Article <u>34</u> and Article <u>35</u> (Unchanged)</p> <p style="text-align: center;">CHAPTER <u>VIII</u> ACCOUNTS</p> <p>Article <u>36</u> to Article <u>39</u> (Unchanged)</p> |

**Proposal 7 Election of Six (6) Directors (excluding Directors who are Members of Audit and Supervisory Committee) in Conjunction with the Business Integration**

As stated in Proposal 2, on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange enters effect, a transition is planned to be made to the operating holding company structure and in-house company system. All 12 Directors (excluding Directors who are Members of Audit and Supervisory Committee) elected in Proposal 2, Election of Twelve (12) Directors (excluding Directors who are Members of Audit and Supervisory Committee), assuming that the Share Exchange enters effect, will resign one day prior to the Date of Transition to the Holding Company Structure.

Accordingly, for the construction of a system that is appropriate for a holding company structure and in-house company system after the transition, and for the flexible performance of decision making, the Company requests the election of 6 Directors (excluding Directors who are Members of Audit and Supervisory Committee), as described below.

The candidates for Directors (excluding Directors who are Members of Audit and Supervisory Committee) are as follows. In addition, the Company determines each candidate in accordance with the “Alps Electric Co., Ltd. Criteria for Election of Directors” described on pages 52 to 53. In our assessment, each of the candidates meets these criteria and has the appropriate qualifications for Director of the Company under a holding company system. The election of each candidate shall enter into effect on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange takes effect, and that all 12 Directors (excluding Directors who are Members of Audit and Supervisory Committee) resign.

Moreover, this proposal has been considered by the Audit and Supervisory Committee and no particular comments were made.

| Nominee No.  | Name<br>(Date of birth)                | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|--|--|--|----------------------------|
| Re-nominated<br><br>1.   | Toshihiro Kuriyama<br>(April 25, 1957) | Apr. 1980    Joined the Company<br>Apr. 2004    General Manager, Magnetic Devices Division<br>June 2004    Director<br>Apr. 2007    General Manager, Business Development Headquarters<br>Apr. 2009    General Manager, Engineering Headquarters<br>Engineering & Quality Management Executive<br>Oct. 2009    Component Products Business, MMP Division<br>June 2011    Managing Director<br>Apr. 2012    General Manager, Engineering Headquarters<br>June 2012    President, Chairman of the Board of Director (-present) | 16,300                     |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Toshihiro Kuriyama has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a representative Director of the Company, Mr. Kuriyama has exercised leadership including contributing to reinforcement of the Company's business and improving profitability.</p> <p>Based on this, the Company determined that Mr. Kuriyama is an appropriate person to achieve sustainable growth after the business integration and medium-to long-term increase in corporate value of the Company and nominates Mr. Kuriyama as a candidate for reelection as a Director.</p> |  |  |                            |

| Nominee No.               | Name<br>(Date of birth)                 | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---------------------------|---|--|----------------------------|
| Newly-nominated<br><br>2. | Nobuhiko Komeya<br>(September 20, 1955) | Apr. 1981    Joined the Company<br>Mar. 2000    Director & President, ALPS ELECTRIC(UK)LIMITED<br>June 2004    Director (of Alps Electric)<br>June 2009    Managing Director, in charge of Material Control, MMP Division<br>June 2012    Senior Managing Director, General Manager, Administration Headquarters<br>June 2015    Senior Managing Director, Alpine Electronics, Inc. Head of Administration (of Alpine Electronics)<br>June 2016    President (-present)  | 6,000                      |
|                           |   | [Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]<br>Mr. Nobuhiko Komeya possesses abundant management experience and knowledge as a manager, and, as President Alpine Electronics, Inc., he has exercised leadership to make organizational reforms, create new businesses, and otherwise strengthen the business base in order to steadily achieve “VISION2020,” which is a part of said company’s management plan. Based on this, the Company determined that Mr. Komeya is an appropriate person to achieve sustainable growth after the business integration and medium- to long-term increase in corporate value of the Company and nominates Mr. Komeya as a candidate for reelection as a Director. |                            |

| Nominee No.   | Name<br>(Date of birth)                                    | Biography, title and position in the Company<br>(Status on major concurrent holding of positions) | No. of Company shares held                             |        |
|---|--|---|--|--------|
| 3.<br>Re-nominated  | Takashi Kimoto<br>(October 1, 1958)                        | Apr. 1981   | Joined the Company                                     | 22,132 |
|   |  | July 2006   | Deputy General Manager, Sales & Marketing Headquarters |        |
| June 2008   | Director   |   |  |        |
| Apr. 2009   | General Manager, Automotive Division                       |   |  |        |
| Apr. 2010   | European and American Business Executive                   |   |  |        |
| Apr. 2012   | General Manager, Sales & Marketing Headquarters (-present) |   |  |        |
| June 2012   | Managing Director  |   |  |        |
| June 2016   | Senior Managing Director (-present)                        |   |  |        |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Takashi Kimoto has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a Senior Managing Director of the Company, Mr. Kimoto has exercised leadership including overseeing matters relating to sales and formulating and executing marketing strategies globally.</p> <p>Based on this, the Company determined that Mr. Kimoto is an appropriate person to achieve sustainable growth after the business integration and medium- to long-term increase in corporate value of the Company and nominates Mr. Kimoto as a candidate for reelection as a Director.</p> |  |   |  |        |

| Nominee No.     | Name<br>(Date of birth)   | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|-----------------|---|--|----------------------------|
| Newly-nominated | Koichi Endo<br>(April 17, 1961)   | Apr. 1986 Joined Alpine Electronics, Inc.<br>June 2010 Director<br>Head of Product Development<br>June 2015 Deputy Head of Engineering &<br>Development<br>Jan. 2016 Head of Advanced Development<br>June 2016 Managing Director (-present)<br>Head of Engineering &<br>Development (-present) | 100                        |
| 4.              | <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Koichi Endo oversees matters related to engineering and development as a Managing Director of Alpine Electronics, Inc. and has exercised leadership including bolstering research and development in order to create innovation as well as in formulating and executing technological strategies.</p> <p>Based on this, the Company determined that Mr. Endo is an appropriate person to achieve sustainable growth after the business integration and medium- to long-term increase in corporate value of the Company and nominates Mr. Endo as a candidate for reelection as a Director.</p> |  |                            |



| Nominee No.  | Name<br>(Date of birth)        | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|--|--------------------------------|--|----------------------------|
| Re-nominated<br><br>5.   | Yoichiro Kega<br>(May 4, 1960) | Apr. 1984    Joined the Company<br>Apr. 2002    Senior Manager, Sales Dept. 4,<br>Sales & Marketing<br>Headquarters<br>Apr. 2004    Project Manager, Global Sales<br>Dept., Sales & Marketing<br>Headquarters<br>July 2005    Business Planning Manager,<br>Peripheral Products Division<br>Feb. 2007    Project Manager, Peripheral<br>Products Division<br>Jan. 2009    Director and President, Alps<br>Electric Europe GmbH<br>Oct. 2013    General Manager, Sales<br>Planning Office, Sales &<br>Marketing Headquarters (of<br>Alps Electric)<br>Feb. 2015    General Manager, Corporate<br>Planning Office<br>June 2016    Director (-present)<br>Officer in charge of Corporate<br>Planning, Accounting and<br>Finance, General Affairs and<br>Environment and General<br>Manager, Corporate Planning<br>Office<br>Feb. 2017    Officer in charge of Corporate<br>Planning, Accounting and<br>Finance, General Affairs and<br>Environment (-present) | 4,307                      |
| <p>[Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)]</p> <p>Mr. Yoichiro Kega has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business. In addition, as a member of the management team of the Company, Mr. Kega has exercised leadership including overseeing the Company's overall corporate planning, and promoting the various initiatives related to financial and capital strategies from the standpoint of the CFO.</p> <p>Based on this, the Company determined that Mr. Kega is an appropriate person to achieve sustainable growth after the business integration and medium- to long-term increase in corporate value of the Company and nominates Mr. Kega as a candidate for reelection as a Director.</p> |                                |  |                            |

| Nominee No.                       | Name<br>(Date of birth)  | Biography, title and position in the Company<br>(Status on major concurrent holding of positions) | No. of Company shares held  |   |
|-----------------------------------|--|---|---|---|
| Newly-nominated Outside<br><br>6. | Satoshi Kinoshita<br>(October 17, 1963)  | Apr. 1988   | Joined Toshiba Tungaloy Co., Ltd. (Currently Tungaloy Corporation)  | 0 |
|                                   |  | May 2005  | General Manager, Materials Development Dept., Engineering Headquarters, Tungaloy Corporation  |   |
|                                   |  | May 2011  | Executive Officer and General Manager, Engineering Headquarters, and General Manager, Cutting Tools Development Dept., Engineering Headquarters |   |
|                                   |  | Mar. 2014   | President and CEO (-present)  |   |
|                                   | [Reasons for nomination as candidate for Outside Directors (excluding Directors who are Members of Audit and Supervisory Committee)]<br>Mr. Satoshi Kinoshita, as President and CEO of Tungaloy Corporation, which is a part of the IMC Group, which is the second largest cemented carbide tools group in the world, has gained extensive experience and wide-ranging knowledge through his work in domestic and overseas group corporate management. Said company has expanded its business globally, including through trading with major automobile manufacturers, and in addition, has produced superior material technology for the creation of innovative industrial products. Based on this, the Company determined that Mr. Kinoshita is an appropriate person to achieve sustainable growth after the business integration and medium- to long-term increase in corporate value of the Company and nominates Mr. Kinoshita as a candidate for reelection as an Outside Director. |   |   |   |

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Mr. Satoshi Kinoshita is a candidate for Outside Director as defined in Article 2, paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act.  
In addition, if the election of Mr. Kinoshita is approved, the Company plans to register him as an independent officer who satisfies the requirements of the Tokyo Stock Exchange.
  3. If the election of Mr. Satoshi Kinoshita is approved, the Company plans to enter into a limited liability agreement with him that limits liability for damage specified in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act, and Article 29 of the Articles of Incorporation of the Company. The maximum amount of liability under the agreements will be the liability amount stipulated by laws and regulations.
  4. Tungaloy Corporation, with which Mr. Satoshi Kinoshita was affiliated as indicated in his biography, has trading relationships, such as sales, with the Company and the consolidated subsidiaries. However, the amount of the annual transactions with each company is less than 1% of the consolidated net sales for the most recent fiscal year of the Company or the other party, and consequently, the amounts do not constitute large amounts under the Company's criteria on independence and the Company determined that adequate independence is maintained.
  5. Mr. Satoshi Kinoshita is a candidate for election as Outside Director who is an Audit and Supervisory Committee Member at the ordinary general meeting of shareholders of Alpine Electronics, Inc. scheduled for June 21 of this year.

**Proposal 8 Election of Six (6) Directors who are Members of Audit and Supervisory Committee in Conjunction with the Business Integration**

As stated in Proposal 2, on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange enters effect, a transition is planned to be made to the operating holding company structure and in-house company system. The 5 Directors who are Members of Audit and Supervisory Committee elected in Proposal 3, Election of Five (5) Directors who are Members of Audit and Supervisory Committee, assuming that the Share Exchange enters effect, will resign one day prior to the Date of Transition to the Holding Company Structure. Accordingly, the Company requests the election of 6 Directors who are Members of Audit and Supervisory Committee with a distinction from those Directors who are not Members of Audit and Supervisory Committee.

The candidates for Directors who are Members of Audit and Supervisory Committee are as follows. In addition, the Company determines each candidate in accordance with the “Alps Electric Co., Ltd. Criteria for Election of Directors” described on pages 52 to 53. In our assessment, each of the candidates meets these criteria and has the appropriate qualifications for Director of the Company under a holding company system. The election of each candidate shall enter into effect on the Date of Transition to the Holding Company Structure, on the condition that the Share Exchange takes effect, and that all 5 Directors who are Members of Audit and Supervisory Committee resign.

In addition, prior agreement of our Audit and Supervisory Committee has been obtained regarding the submission of this proposal.

| Nominee No.  | Name<br>(Date of birth)            | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|--|------------------------------------|---|----------------------------|
| Re-nominated<br><br>1.   | Junichi Umehara<br>(March 5, 1957) | Mar. 1987 Joined the Company<br>Sept. 2004 Deputy Officer in charge of Legal & Intellectual Property and Deputy Officer in charge of Corporate Export & Import Administration<br>June 2006 Director (-present)<br>July 2006 Officer in charge of Legal & Intellectual Property<br>General Manager, Corporate Export & Import Administration (-present)<br>Apr. 2009 Deputy General Manager, Administration Headquarters<br>Deputy General Manager, Engineering Headquarters<br>Officer in charge of Intellectual Property<br>June 2011 Officer in charge of Legal & Intellectual Property<br>Apr. 2012 Officer in charge of Legal & Intellectual Property, Administration Headquarters<br>July 2015 Officer in charge of Human Resource, Legal & Intellectual Property (-present)<br>June 2016 General Manager, Administration Headquarters (-present)<br>(Status on major concurrent holding of positions)<br>Chairman, Alps (China) Co., Ltd.<br>(scheduled to resign in June 2018) | 3,000                      |
| <p>[Reasons for nomination as candidate for Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Junichi Umehara has extensive experience and knowledge including formulating and executing strategies and overseeing matters relating to human resources, legal affairs, intellectual property, and trade control of the Group. Based on this, the Company determined that Mr. Umehara is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company after the business integration and nominates Mr. Umehara as a candidate for election as a Director who is a Member of Audit and Supervisory Committee.</p> |                                    |   |                            |

| Nominee No.     | Name<br>(Date of birth)   | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|-----------------|---|--|----------------------------|
| Newly-nominated | Shinji Maeda<br>(August 6, 1958)  | Apr. 1982 Joined the Company<br>Aug. 1991 Transferred to Alpine Electronics, Inc.<br>Oct. 2008 Senior Manager, Human Resources Division<br>July 2013 General Manager, Deputy Head of Administration (Human Resources, Corporate Planning/Tokyo Office)<br>Jan. 2016 General Manager of Corporate Planning (-present) | 100                        |
| 2.              | <p>[Reasons for nomination as candidate for Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Shinji Maeda has worked as General Manager of Human Resources and has been responsible for corporate planning in the group company, and has the experience and knowledge required for the sound and appropriate management of the Board of Directors.</p> <p>Based on this, the Company determined that Mr. Maeda is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company after the business integration and nominates Mr. Maeda as a candidate for new election as a Director who is a Member of Audit and Supervisory Committee.</p> |  |                            |

| Nominee No.   | Name<br>(Date of birth)   | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)  | No. of Company shares held |
|---|---|--|----------------------------|
| <p style="text-align: center;">Re-nominated<br/>Outside</p> <p style="text-align: center;">3.</p>   | <p style="text-align: center;">Takashi Iida<br/>(September 5, 1946)</p> | <p>Apr. 1974 Registered as a lawyer<br/>Joined Mori Sogo Law Offices<br/>(Currently Mori Hamada &amp; Matsumoto)</p> <p>Apr. 1997 Executive Governor, Japan Federation of Bar Associations</p> <p>Apr. 2006 President, Daini Tokyo Bar Association<br/>Vice President, Japan Federation of Bar Associations</p> <p>Dec. 2011 Resigned from Mori Hamada &amp; Matsumoto</p> <p>Jan. 2012 Opened Kowa Law Office (-present)</p> <p>June 2012 Outside Corporate Auditor, Shimadzu Corporation (-present)</p> <p>June 2013 Outside Corporate Auditor, JAFCO Co., Ltd. (resigned in June 2015)<br/>Outside Director (of Alps Electric)</p> <p>June 2014 Outside Audit &amp; Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (-present)</p> <p>Oct. 2015 Deputy Chairman, Gender Equality Bureau Cabinet Office Promotion and Liaison Committee (-present)</p> <p>June 2016 Director who is Member of Audit and Supervisory Committee (of Alps Electric) (-present)</p> <p>(Status on major concurrent holding of positions)<br/>Outside Corporate Auditor, Shimadzu Corporation<br/>Outside Audit &amp; Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> | 0                          |
| <p>[Reasons for nomination as candidate for Outside Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Takashi Iida has a wealth of experience and knowledge in the legal field, experience that includes a long history of involvement in legal practice as a lawyer and serving as Vice President of the Japan Federation of Bar Associations. Based on this, the Company determined that Mr. Iida is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company after the business integration and nominates Mr. Iida as a candidate for election as an Outside Director who is a Member of Audit and Supervisory Committee.</p> |   |  |                            |

| Nominee No.  | Name<br>(Date of birth)                        | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|--|--|---|----------------------------|
| <p>Newly-nominated Outside</p> <p>4.</p>   | <p>Satoko Hasegawa<br/>(November 27, 1968)</p> | <p>Apr. 1994 Registered as a lawyer<br/>Joined Mori Sogo Law Offices<br/>(Currently Mori Hamada &amp; Matsumoto)</p> <p>June 1997 Seconded to Linklaters<br/>(London)</p> <p>Mar. 2007 Resigned from Mori Hamada &amp; Matsumoto</p> <p>Apr. 2007 Opened Sueyoshi Sogo Law Offices (Currently STW &amp; Partners) (-present)</p> <p>June 2014 Outside Director, Alpine Electronics, Inc.<br/>Non-executive Director, Asahi Net, Inc. (resigned in June 2017)</p> <p>June 2015 Outside Audit &amp; Supervisory Board Member, Hakudo Co., Ltd.</p> <p>June 2016 Director and Audit and Supervisory Committee Member, Alpine Electronics, Inc. (-present)</p> <p>June 2017 Outside Director, Audit and supervisory committee member, Hakudo Co., Ltd. (-present)</p> <p>(Status on major concurrent holding of positions)<br/>Director and Audit and Supervisory Committee Member, Alpine Electronics, Inc.<br/>Outside Director, Audit and supervisory committee member, Hakudo Co., Ltd.</p> | <p>0</p>                   |
| <p>[Reasons for nomination as candidate for Outside Directors who are Members of Audit and Supervisory Committee]</p> <p>Ms. Satoko Hasegawa has specialist knowledge and wide-ranging know-how from her many years involved in legal affairs as an attorney, her international experience, as well as her tenure as outside officer of other companies, etc. Based on this, the Company determined that Ms. Hasegawa is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company after the business integration and nominates Ms. Hasegawa as a candidate for new election as an Outside Director who is a Member of Audit and Supervisory Committee.</p> |  |   |                            |

| Nominee No.  | Name<br>(Date of birth)                       | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|--|---|---|----------------------------|
| <p>Re-nominated Outside</p> <p>5.</p>  | <p>Kazuya Nakaya<br/>(September 14, 1956)</p> | <p>Apr. 1984 Joined Matsushita Kotobuki Electronics Industries, Ltd. (Currently PHC Corporation)</p> <p>June 2006 Director and General Manager, Device Industry Business Group, Panasonic Shikoku Electronics Co., Ltd. (Currently PHC Corporation)</p> <p>June 2008 Representative Director, Managing Director in charge of Device Business</p> <p>June 2009 Representative Director, Managing Director in charge of Healthcare Business and Business Development</p> <p>June 2012 Senior Managing Officer, Healthcare Company, Panasonic Corporation<br/>Representative Director, Senior Managing Officer in charge of Corporate Planning, Public Relations and Company-wide Operations, Panasonic Healthcare Co., Ltd. (Currently PHC Corporation)</p> <p>Apr. 2014 Representative Director, Senior Managing Officer, Chief Technology Officer (resigned in September 2015)</p> <p>Oct. 2015 Advisor, Healthcare Business Division, KONICA MINOLTA, INC. (-present)</p> <p>June 2016 Outside Member of the Board, Sharp Corporation (resigned in June 2017)</p> <p>(Status on major concurrent holding of positions)<br/>Advisor, Healthcare Business Division, KONICA MINOLTA, INC.</p> | <p>0</p>                   |
| <p>[Reasons for nomination as candidate for Outside Directors who are Members of Audit and Supervisory Committee]</p> <p>Mr. Kazuya Nakaya has been involved in the technology development business for many years, and has specialist knowledge and experience accumulated as an experienced business practitioner.</p> <p>Based on this, the Company determined that Mr. Nakaya is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company after the business integration and nominates Mr. Nakaya as a candidate for election as an Outside Director who is a Member of Audit and Supervisory Committee.</p> |   |   |                            |



| Nominee No.  | Name<br>(Date of birth)        | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)   | No. of Company shares held |
|--|--------------------------------|---|----------------------------|
| Re-nominated Outside<br>6.   | Yoko Toyoshi<br>(May 20, 1958) | <p>Apr. 1981    Joined The Bank of Fukuoka, Ltd.</p> <p>Oct. 1989    Joined Asahi Shinwa &amp; Co. (Currently KPMG AZSA LLC)</p> <p>Dec. 1990    Joined Deloitte Touche Tohmatsu (Currently Deloitte Touche Tohmatsu LLC)</p> <p>July 2008    Appointed partner, Deloitte Touche Tohmatsu</p> <p>July 2013    Certified Public Accountants and Audit Oversight Board, Financial Services Agency<br/>Appointed Chief Certified Public Accountant Audit Inspector (Term of office expired June 2016)</p> <p>July 2016    Partner, Deloitte Touche Tohmatsu LLC (-present)<br/>(Status on major concurrent holding of positions)<br/>Partner, Deloitte Touche Tohmatsu LLC</p> | 0                          |
| <p>[Reasons for nomination as candidate for Outside Directors who are Members of Audit and Supervisory Committee]</p> <p>Ms. Yoko Toyoshi has specialist knowledge, experience, and broad-ranging know-how accumulated through many years of accounting audit experience working as a certified public accountant at accounting firms.</p> <p>Based on this, the Company determined that Ms. Toyoshi is an appropriate person for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company after the business integration and nominates Ms. Toyoshi as a candidate for election as an Outside Director who is a Member of Audit and Supervisory Committee.</p> |                                |   |                            |

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Mr. Takashi Iida, Ms. Satoko Hasegawa, Mr. Kazuya Nakaya, and Ms. Yoko Toyoshi are candidates for Outside Director pursuant to the stipulations of Article 2, Paragraph 4, Item 7 of the Ordinance for Enforcement of the Companies Act.  
In addition, if the elections of Mr. Iida, Ms. Hasegawa, Mr. Nakaya, and Ms. Toyoshi are approved, the Company plans to register them as independent officers who satisfy the requirements of the Tokyo Stock Exchange.
  3. If Mr. Junichi Umehara is elected as Director who is a Member of Audit and Supervisory Committee as originally proposed in Proposal 3, his tenure as Outside Director of the Company on the Date of Transition to the Holding Company Structure, which is the scheduled date of effect of this Proposal, will be approximately six months.
  4. The term of office for Mr. Takashi Iida as an Outside Director will have been five years at the conclusion of this General Meeting of Shareholders. Note that while Mr. Iida has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Mr. Iida is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory Committee of the Company.

5. Note that while Ms. Satoko Hasegawa has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Ms. Hasegawa is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory Committee of the Company.
6. Note that while Ms. Yoko Toyoshi has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Ms. Toyoshi is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory Committee of the Company. If Ms. Toyoshi is elected as Director who is Member of Audit and Supervisory Committee as originally proposed in Proposal 3, her tenure as Outside Director of the Company on the Date of Transition to the Holding Company Structure, which is the scheduled date of effect of this Proposal, will be approximately six months.
7. If Mr. Kazuya Nakaya is elected as Director who is a Member of Audit and Supervisory Committee as originally proposed in Proposal 3, his tenure as Outside Director of the Company on the Date of Transition to the Holding Company Structure, which is the scheduled date of effect of this Proposal, will be approximately six months.
8. If the election of Mr. Takashi Iida is approved, the Company plans to renew the limited liability agreement with Mr. Iida that limits liability for damage specified in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act, and Article 29 of the Articles of Incorporation of the Company. If the elections of Mr. Junichi Umehara, Mr. Shinji Maeda, and Ms. Satoko Hasegawa, Mr. Kazuya Nakaya and Ms. Yoko Toyoshi are approved, the Company plans to enter into limited liability agreements with each of them that limit liability for damage specified in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act, and Article 29 of the Articles of Incorporation of the Company. The maximum amount of liability under the agreements will be the liability amount stipulated by laws and regulations.
9. Kowa Law Office, with which Mr. Takashi Iida is affiliated as indicated in his biography, does not have relationship, such as in the provision of legal services, with the Company and the consolidated subsidiaries. Shimadzu Corporation and NIPPON TELEGRAPH AND TELEPHONE CORPORATION have trading relationships, such as sales, with the Company. However, the amount of the annual transactions with each company is less than 1% of the consolidated net sales for the most recent fiscal year of the Company or the other party, and consequently, the amounts do not constitute large amounts under the Company's criteria on independence and the Company determined that adequate independence is maintained.
10. STW & Partners and Hakudo Co., Ltd., with which Ms. Satoko Hasegawa was respectively affiliated as indicated in her biography, do not have relationships, such as in the provision of legal services or purchase of products, with the Company and the consolidated subsidiaries, and the Company determined that adequate independence is maintained.
11. PHC Corporation, Panasonic Corporation, and KONICA MINOLTA, INC. with which Mr. Kazuya Nakaya was respectively affiliated as indicated in his biography, have product trading relationships with the Company. However, the amount of the annual transactions with each company is less than 1% of the consolidated net sales for the most recent fiscal year of the Company or the other party, and consequently, the amounts do not constitute large amounts under the Company's criteria on independence and the Company determined that adequate independence is maintained. Sharp Corporation has product trading relationship with the Company. However, Mr. Kazuya Nakaya was not a corporate executive, and the Company determined that

adequate independence specified by the Company is maintained.

12. KPMG AZSA LLC. and Deloitte Touche Tohmatsu LLC., with which Ms. Yoko Toyoshi was respectively affiliated as indicated in her biography, do not have a trading relationship, such as in the provision of accounting audit services, with the Company and the consolidated subsidiaries, and the Company determined that adequate independence is maintained.
13. Mr. Shinji Maeda and Ms. Satoko Hasegawa are candidates for election as Directors who are Audit and Supervisory Committee Members at the ordinary general meeting of shareholders of Alpine Electronics, Inc. scheduled for June 21 of this year.

(Reference) Alps Electric Co., Ltd. Criteria for Election of Directors

<Provisions Common to Inside and Outside Directors>

1. The candidate has objective determination capabilities regarding management and has outstanding managerial judgment capabilities, foresight, and discernment.
2. The candidate has a strong respect for the law.
3. The candidate has an outstanding reputation and character and a strong sense of morals.
4. The candidate is free of any health constraints that would impede the performance of duties.

<Provisions Relating to Outside Directors>

1. The candidate has practical experience as a corporate manager or has experience and broad-ranging knowledge in specialized fields necessary for performing management supervisory functions.
2. The candidate is able to secure adequate time to perform duties as a Director.
3. The candidate satisfies the independence conditions concerning an independent Outside Director in light of the Independence Criteria set forth below.

<Outside Director Independence Criteria>

In the case where an Outside Director of the Company does not fall under any of the following criteria, the Company shall determine that the Director is independent and shall consider the Director to be an independent Outside Director.

1. The Director was previously employed by the Company or a consolidated subsidiary (the "Company Group") (see note 1).
2. The Director is a major shareholder (see note 2).
3. The Director is engaged in the execution of business for a major business partner (see note 3) of the Company Group or engaged in the execution of business for a major lender (see note 4) of the Company Group.
4. The Director is a certified public accountant affiliated with an accounting firm that is an accounting auditor of the Company Group.
5. The Director is a specialist such as a consultant, attorney, judicial scrivener, tax accountant, or patent attorney who receives large amounts of money (see note 5) or other property from the Company Group.
6. The Director has received large amounts of donations from the Company Group (see note 6).
7. The Director is engaged in the execution of business for another company that has a reciprocal employment relationship of an Outside Director (see note 7).
8. The Director has a close relative (see note 8) who falls under any of 1 to 7 above.
9. The Director fell under any of 2 to 8 above within the past three years.
10. Notwithstanding the preceding items, the Company determines that there are special circumstances that give rise to a special relationship with the Company.

Note 1: A person who is currently an executive Director or in a similar position or an employee (a "Person Engaged in the Execution of Business") or a Person Engaged in the Execution of Business who has ever been employed by the Company Group in the past.

Note 2: A major shareholder is a shareholder who holds 5% or more of the Company's voting rights in his own name or in the name of a nominee at the end of the Company's most recent business year. In the case where a major shareholder is a corporation, association, or other organization, a Person Engaged in the Execution of Business affiliated with such organization.

Note 3: A major business partner is a buyer or a supplier of the Company Group in the case where the annual transaction amount exceeds 2% of the Company's or the other party's consolidated net sales at the end of the Company's most recent

- business year.
- Note 4: A major lender is a financial institution from which the Company Group has borrowed money in the case where the balance of loans outstanding exceeds 2% of the Company's consolidated total assets or the financial institution's consolidated total assets at the end of the Company's most recent business year.
- Note 5: A large amount means the following according to the participation in the provision of services by the specialist.
- (1) In the case where the relevant specialist provides services to the Company Group as an individual, consideration received from the Company Group (excluding Director compensation) in excess of 10 million yen annually constitutes a large amount.
  - (2) In the case where the relevant specialist is affiliated with a corporation, association, or other organization that provides services to the Company Group, when the total amount of consideration received by that organization from the Company Group exceeds 2% of that organization's annual income, this constitutes a large amount; provided, however, that even if the amount of consideration does not exceed 2%, if the amount received by the organization as consideration for the provision of services in which the relevant specialist is directly involved exceeds 10 million yen annually, this constitutes a large amount.
- Note 6: A person who receives donations in excess of 10 million yen annually from the Company Group (in the case of a corporation, association, or other organization, a person affiliated with such organization who is directly involved in research or other activities relating to those donations).
- Note 7: The situation where a Person Engaged in the Execution of Business for the Company Group who is an Outside Director of another company and a Person Engaged in the Execution of Business for that other company is an Outside Director of the Company.
- Note 8: A close relative means a spouse or a relative within two degrees of consanguinity.

(Reference) The Corporate Governance Policy of Alps Electric Co., Ltd.

The Company, in addition to fulfilling its responsibilities to stakeholders, including shareholders, customers, employees, and the local community, establishes the Corporate Governance Policy for implementing effective corporate governance with the objectives of sustainable growth and medium- to long-term improvement in the corporate value of the Company.

This Policy has been prescribed by the Board of Directors, who shall conduct ongoing and regular revisions, and efforts shall be made to enhance and evolve corporate governance for the improvement of corporate value.

## Chapter I      General Provisions

(Basic Views on Corporate Governance)

The Group defines corporate governance as the “establishment and operation of frameworks for realizing efficient and appropriate decision-making and execution of business affairs by senior management, prompt reporting of outcomes to stakeholders, and sound, efficient and transparent business administration, for the purpose of heightening corporate value.” Its basic approach, placing importance on maximizing benefits for shareholders and all other stakeholders, is to maximize corporate value and deliver benefits directly or indirectly to stakeholders in a balanced way, satisfying their respective interests.

## Chapter II      Securing the Rights and Equal Treatment of Shareholders

Seeking sustainable growth and creation of medium- to long-term corporate value, the Company has developed its philosophy of “Alps creates new value that satisfies stakeholders and is friendly to the Earth” and the five statements of the Alps Business Approach to realize the philosophy, and pursues integrated efforts of business activities and CSR activities. At the same time, the Company creates an environment to secure substantial rights of all shareholders, for example by providing appropriate information through various communication efforts, so that they can exercise their rights smoothly.

### 1. General Meetings of Shareholders

Based on the recognition that General Meetings of Shareholders are an opportunity for constructive dialogue with shareholders, the Company positions General Meetings of Shareholders as its highest decision-making body and thinks that intentions of all shareholders must be reflected appropriately in the meetings. To support the activation of General Meetings of Shareholders and the smooth exercise of voting rights, the Company has implemented various efforts to improve an environment relating to exercise of shareholders rights. These efforts have been provided in the “corporate governance report” on the Company’s website, etc. In addition, the Company confirms shareholders’ intention, analyzes factors of approval and disapproval after the close of General Meetings of Shareholders and discusses those factors at the Board of Directors meeting to reflect the results in subsequent dialogues. The result of approval or disapproval is disclosed in the Extraordinary Report and on the Company’s website.

### 2. Securing the Equal Treatment of Shareholders

The Company protects shareholder rights and encourages the exercise of the rights, while making efforts to secure effective equality for all shareholders. For rights granted to minority shareholders under the Companies Act including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, the Company has established a method of exercising shareholder rights in the rules for handling shares and built the structure that ensures that the exercise of rights is conducted smoothly and is not impeded, for example by making these rules

available on its website.

- 1) In order to provide appropriate information as needed to ensure that shareholders can make appropriate decisions at General Meetings of Shareholders, the Company discloses proposals for a General Meeting of Shareholders on its website, the Tokyo Stock Exchange's website and the electronic voting rights exercise platform for institutional investors swiftly after they are resolved by the Board of Directors.
- 2) The Company issues a Notice of Convocation at least three weeks before the date of the General Meeting of Shareholder, which is earlier than the statutory deadline, so that shareholders can have sufficient time to fully consider proposals to be submitted at the General Meeting of Shareholders. The Company also discloses relevant information before issuing the Notice of Convocation.
- 3) Based on the recognition that General Meetings of Shareholders are an opportunity for constructive dialogue with shareholders, every year, the Company holds a General Meeting of Shareholders earlier than the day on which many other companies are expected to hold their General Meetings of Shareholders, so that more shareholders can attend its General Meeting of Shareholders.
- 4) In light of the current proportion of overseas institutional investors, the Company uses the system that facilitates the exercise of voting rights from abroad and provides information in English for overseas institutional investors. Specifically, its measures include allowing the exercise of voting rights via the Internet, introducing the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc. and placing the English version of Notices of Convocation on its website and the Tokyo Stock Exchange's website.
- 5) If an institutional investor who holds shares in street name asks in advance to attend the General Meeting of Shareholders and exercise voting rights, the Company shall establish a basic policy and determine whether or not the investor can attend the General Meeting of Shareholders.

### 3. Capital policy

The Company reviews the appropriate capital level against medium- and long-term growth strategies in a timely manner, taking into account the following points:

- 1) Maintain the financial position that can withstand rapid changes in the business environment and any unforeseen economic crisis in the future
- 2) Maintain a rating necessary to engage in business worldwide
- 3) Secure capital necessary to sustain the medium- to long-term growth

The Company's basic dividend policy is to determine dividends based on consolidated financial results for the electronic components segment in consideration of a balance between three elements; (1) returns to shareholders; (2) funds for R&D and capital investment to support business expansion and enhanced competitiveness; and (3) internal reserves. Under this policy, the Company determines dividends, comprehensively taking into account business performance, financial position, shareholders' expectations for dividends, and other factors. To achieve agile business management that is adaptable to changes in economic conditions and implement the financial policy that contributes to an increase of shareholder values, the Company purchases its treasury shares where needed. To enable the Company to make dividend payment from surplus, etc., by resolution of the Board of Directors and in order to facilitate the implementation of flexible dividend and capital policies, the Company shall establish provisions in the Articles of Incorporation. However, year-end dividends will be deliberated, in principle, at the General Meeting of Shareholders until stable dividends are secured and mutual understanding concerning the dividend policy is achieved between shareholders and the Company.

#### 4. Cross-Shareholdings

The Company does not have cross-shareholdings in principle, except in cases where cross-shareholdings are deemed to lead to improvement of the Company's corporate value in the medium- to long-term, including cases of execution of the Company's business strategy and strategic partnership for the purpose of strengthening relationships with business partners. The Company decides whether to continue cross-shareholdings after confirming the medium- to long-term economic rationality through periodic examination. The Company exercises the voting rights as to cross-shareholdings after considering the content of the proposal and determining whether the exercise will lead to an increase in the value of stock of the company with which the Company has cross-shareholdings as well as in the Company's corporate value in the medium- to long-term.

#### 5. Related Party Transactions

The Company stipulates in the bylaws for the Board of Directors that when the Company or its related company has transactions with a Director or a company virtually controlled by a Director, approval of the Board of Directors for the transaction is required. For other related party transactions, it is also stipulated in the bylaws for the Board of Directors that approval of the Board of Directors is required for any transaction that is worth a large amount or that has a considerable impact on the company's management and credibility.

### Chapter III Appropriate Cooperation with Stakeholders

The Company thinks that appropriate cooperation with a variety of stakeholders is necessary for a company's sustainable growth and creation of medium- to long-term corporate value. With this in mind, the Company has developed the five statements of the Alps Business Approach, pursuing integrated efforts of business activities and CSR activities. The Board of Directors and the management take leadership to meet expectations of various stakeholders surrounding the Company.

#### 1. Corporate Philosophy as the Foundation of Corporate Value Creation over the Medium- to Long-Term

Under the philosophy of "Alps creates new value that satisfies stakeholders and is friendly to the Earth," the Company promotes actions to create medium- to long-term corporate value, embracing the ideal approach to monozukuri (encompassing all aspects of product creation), social responsibilities to fulfill and a consideration for other people. The Company has formulated the following five action guidelines to ensure that each employee always acts consciously:

- 1) Alps people will realize new values through flexible thinking and bold actions.
- 2) Alps people will preserve the natural environment and treat precious resources with great care.
- 3) Alps people will meet customers' expectations by making decisions quickly and implementing them speedily.
- 4) Alps people will act fairly, working to adhere to world rules and to understand different cultures.
- 5) Alps people will function as teams of professionals seeking to refine their specialist skills.

#### 2. Measures to Address Sustainability Issues

The Company recognizes prevention of risks which may have a potentially large impact on business, as well as appropriate action and quick recovery when they do occur, as key risk management themes, and advances initiatives. Specifically, each Director in charge makes CSR-related reports regularly and reports on incidents where appropriate at the Board of Directors meetings. Necessary matters are discussed and promptly addressed. The Company has established the Alps Group



Environmental Charter and carries out environmental management to address environmental issues, which are viewed among the more serious management challenges.

3. Ensuring Diversity

The Company believes its corporate power stems from the ability of its diverse workforce of varying nationalities, languages, cultures, customs and genders to interact freely with mutual respect and understanding and to develop into creative, independent-minded professionals. The Company continues to actively hire women and has established the working environment through the introduction of the short-time working system and the enhancement of annual paid leave programs, etc. As a result of these efforts, the length of service among women exceeds that among men. The Company will continue to take measures for encouragement of work-life balance, support for career development and others, promoting greater involvement of women.

4. Whistleblowing

The Company has put in place an internal reporting system called Ethics Hotline system. For the Company's Ethics Hotline system, a full-time Member of Audit and Supervisory Committee, Outside Member of Audit and Supervisory Committee and the manager of the compliance department serve as the contact point and the operation of the system is monitored by an Outside Director in consideration of securing independence from the management. The Director in charge of administration supervises the operation of Ethics Hotline system and regularly reports the operation status to the Board of Directors. In operating the system, the Company strictly adheres to the Ethics Hotline regulations, which stipulate the protection of confidentiality of information on informants and the prohibition of disadvantageous treatment of them.

## Chapter IV Appropriate Information Disclosure

For shareholders and investors, the Company discloses information including earnings summary, securities reports and timely disclosure information as required in accordance with laws and regulations. Through timely and appropriate information disclosure, the Company maintains fair and transparent management. Disclosed information is immediately posted to its website, which serves as a window for ongoing communication about new products and the latest news about business activities. For shareholders, the Company endeavors to promote understanding of its business activities through the "ALPS REPORT," a bulletin for shareholders issued twice a year which, besides reporting on business, introduces new products and technologies. Aiming to engage in greater communication with the capital market, efforts are made to enhance opportunities for face-to-face dialogue between management and market participants. In addition to briefings on each earnings announcement for analysts, institutional investors and the press, and regular visits to overseas investors by Directors, the Company arranges briefings during the biennial "ALPS SHOW" as well as plant tours (on occasion).

## Chapter V Responsibilities of the Board

1. Roles of the Board of Directors and Directors

The Company's Board of Directors is positioned as an organ that deliberates and makes decisions on basic management policy and important managerial matters including mid-term and short-term business plans, and carries out monitoring and supervision of the execution of duties. The Board of Directors convenes once a month for regular meetings and on other occasions as required to thoroughly deliberate on and pass resolutions on all important matters. The Company has appointed an

Outside Director who is required to provide checks on the legal compliance of Directors' execution of duties.

The Company, which is engaged in the electronic components business, has a function-based organizational structure. Due to strong interconnectedness and highly specialized nature of the functions, it ensures quick and appropriate decision-making and execution of duties through mutual exchange of opinions by Directors who are familiar with each business including Directors in charge. The Company believes that clarifying each Director's managerial accountability and mutually supervising the execution of duties ensure the fulfillment of the highly effective supervisory function.

2. Composition of the Board of Directors

To deliberate and determine the management policy and important managerial matters at the Board of Directors meeting and supervise each Director's execution of duties effectively, the Company has appointed persons with ability and qualifications that are considered necessary as Director in accordance with its specified standards for appointment, and a lawyer with legal expertise and a certified public accountant with financial and accounting expertise as Independent Outside Directors.

3. Criteria for Election of Director Candidates

Criteria for election of Director candidates shall be prescribed in the Officer Regulations, and people who meet the following conditions may be elected as candidates.

<Provisions Common to Inside and Outside Directors>

- 1) The candidate has objective determination capabilities regarding management and has outstanding managerial judgment capabilities, foresight, and discernment.
- 2) The candidate has a strong respect for the law.
- 3) The candidate has an outstanding reputation and character and a strong sense of morals.
- 4) The candidate is free of any health constraints that would impede the performance of duties.

<Provisions Relating to Outside Directors>

- 1) The candidate has practical experience as a corporate manager or has experience and broad-ranging knowledge in specialized fields necessary for performing management supervisory functions.
- 2) The candidate is able to secure adequate time to perform duties as a Director.
- 3) The candidate satisfies the independence conditions concerning an independent Outside Director in light of the Company's Outside Director Independence Criteria.

4. Roles of Independent Outside Directors

Taking into consideration all stakeholders and focusing on ensuring legal compliance, the Company's Independent Outside Director will make efforts to proactively exchange information and provide advice at Board of Directors meetings, and strengthen management oversight through the appointment and dismissal of management and managing its compensation, through supervision over conflict of interests between the Company and management, by controlling shareholders, etc., and by making other important decisions at Board of Directors meetings. While regularly visiting the Company's business centers and carrying out information gathering, the Independent Outside Director will exchange information and opinions regularly with other Directors and employees and exercises effective supervision.

5. **Decision on the Successor for the CEO**  
For the medium-term structure of the Board of Directors, the top management including a replacement for CEO and the Director in charge of human resources hold discussions in a timely manner. Specific candidates for Director are determined at the Board of Directors.
6. **Delegation to Management**  
In addition to matters requiring resolution of the Board of Directors that are stipulated in laws and regulations and the articles of incorporation, the management policy, medium-term and short-term business plans and other important matters regarding the business management are also judged and determined at a meeting of the Board of Directors in accordance with standards for items, amount, etc. The Company stipulates the standards for submission of matters and scope of matters delegated to each Director in the rules and bylaws for the Board of Directors.
7. **Roles and responsibilities of Audit and Supervisory Committee and Members of Audit and Supervisory Committee**  
The Company's Members of Audit and Supervisory Committee (Audit and Supervisory Committee), a majority of which are Outside Members of Audit and Supervisory Committee, strive to make appropriate judgments from an objective standpoint, while acting independent from the Board of Directors. Outside Members of Audit and Supervisory Committee who have extensive experience as lawyer with legal expertise and as certified public accountant with financial and accounting expertise and Inside Members of Audit and Supervisory Committee familiar with the Company's business mutually collaborate with the internal audit divisions to efficiently conduct audits and provide opinions to the management at the Board of Directors and other important meetings. In addition, the Company has assigned staffs who assist the Members of Audit and Supervisory Committee and has set up a department assisting the Audit and Supervisory Committee, and ensures independence of the staff from the Directors (excluding Directors who are Members of Audit and Supervisory Committee).
8. **Regarding Concurrent Directors**  
In the event of a Director concurrently serving as an officer of another listed company, limited to a reasonable range in which said Director will be able to ensure the necessary time and labor required to appropriately fulfill his or her roles and responsibilities as a Director of the Company, this shall be permitted upon the approval of the Board of Directors through the prescribed procedures, and important concurrent positions shall be disclosed in the Reference Document for the General Meeting of Shareholders and Business Reports, etc., based on laws and regulations.
9. **Internal Controls**  
The Company has determined a policy for ensuring the appropriateness of operations under the Companies Act, and each responsible department such as the Corporate Planning, the Legal Affairs, the Compliance, the Human Resources, the Corporate Accounting and the Information Systems establishes and implements a specific framework for internal controls under the basic policy.  
For decision on important measures and conclusion of contracts, the Legal Affairs Department confirms the legal compliance and appropriateness in advance under the direction and supervision of the Director in charge of legal affairs. For effectiveness of internal controls for ensuring the appropriateness of financial reporting, the Internal Audit Department coordinates internal controls as the company-wide secretariat. The company-wide risk management (crisis

management) is implemented under the primary responsibility of the General Affairs Department. For supervision of internal controls and risk management structure, each responsible department performs audits of the department's operations, and the Internal Audit Department, which is directly controlled by the President, provides supervision in the form of internal audits.

#### 10. Accounting Auditor

In order to ensure the reliability of information disclosures and responsibilities to shareholders and investors, mutual cooperation is being deepened by arranging sufficient audit time for the performance of high quality audits, and exchanging information as necessary with the Director in charge of accounting, the Internal Audit Department, and Directors who are Members of Audit and Supervisory Committee.

#### 11. Evaluation of Board of Directors

An annual self-evaluation, etc., shall be conducted in regard to the effectiveness and appropriateness of the management by the Board of Directors, as well as on the performance status of duties as a Director of the Company, and this shall be reported to the Board of Directors after the performance of an analysis on the content and the resolution of problems by the Audit and Supervisory Committee and Directors responsible for administration and corporate planning, including Outside Directors. The Board of Directors shall conduct verifications and discussions regarding the effectiveness of the Board of Directors in general, based on the evaluation results, and shall disclose a summary of the results of such activities. For the summary of the evaluation results of the effectiveness of the Board of Directors of the Company for fiscal 2017, please refer to "Evaluation of the Effectiveness of the Board of Directors of ALPS ELECTRIC CO., LTD." on page 62.

#### 12. Policy on Training for Directors

The Company provides opportunities for Directors and Members of Audit and Supervisory Committee to acquire and update necessary knowledge and skills so that they can fulfill their expected roles and duties. Specifically, the Company holds a training workshop for Directors covering topics taking into account the Company's internal and external environments twice a year to acquire knowledge and exchange opinions.

Members of Audit and Supervisory Committee make efforts to collect and share information on the audits by joining related external organizations and other means, and attend seminars and training programs when needed. When an Outside Director takes office, the Company provides information concerning its business activities, management policies, and medium- and short-term business plans.

## Chapter VI Dialogue with Shareholders

The Company's basic approach, placing importance on maximizing benefits for shareholders and all other stakeholders, is to maximize corporate value and deliver benefits directly or indirectly to stakeholders in a balanced way, satisfying their respective interests. Based on this approach, the Company puts emphasis on dialogue with shareholders on a regular basis. For example, the top management regularly visits domestic and overseas investors to explain the Company's financial condition and exchange views.

The Company has established the system for collecting information promptly and exhaustively in-house and examines whether to disclose important corporate information and the content and period of such disclosure based on relevant regulations and rules of securities exchanges. For dialogue (management meetings) with shareholders, the Director in charge of IR, top management and others engage in such dialogue according to the requests and interests of shareholders. The Company strives

to promote opportunities for direct dialogue between the management and market participants or shareholders to foster positive and interactive dialogue. Information obtained through dialogue with shareholders, etc., is periodically reported by the Director in charge of IR to the top management and the Board of Directors.

In accordance with the rules for restrictions on insider trading, the Company strives to manage insider information, including dialogues (management meetings) with shareholders, and to prevent internal and external leakage of information in order to appropriately control insider information.

The Company identifies its shareholder ownership structure on the shareholder register using the shareholder register as of the ends of March and September every year.

Information on the shareholder ownership structure is regularly reported at the Board of Directors and shared. In addition, the Company makes efforts to check on and identify “beneficial shareholders” through the share registrar. Information acquired here is used for overseas IR activities carried out several times a year, IR conferences, regular activities for gathering IR-related information, and other activities.

(Reference) Evaluation of the Effectiveness of the Board of Directors of ALPS  
ELECTRIC CO., LTD.

<Purpose and Intent>

The Company, in addition to fulfilling its responsibilities to stakeholders, including shareholders, customers, employees, and the local community, establishes the Corporate Governance Policy for implementing effective corporate governance with the objectives of sustainable growth and medium- to long-term improvement in its corporate value. Based on this, as evaluations on the effectiveness of the board of directors were also continued in 2016, with the objective of further improving the function of the Board of Directors, a report on these is provided.

<Summary of the Evaluation Results of the Effectiveness of the Board of Directors of the Company for fiscal 2017>

1. Method of Analysis and Evaluation

A non-anonymous questionnaire survey regarding the structure, operation, and deliberations of the Board of Directors, communications among Directors, support systems, and other topics was conducted of all members of the Board of Directors, and the Directors performed self-evaluations, including their impressions. The Audit and Supervisory Committee including outside Directors and the Directors responsible for management and corporate planning, analyzed the results, organized issues, and reported to the Board of Directors, which verified and deliberated on the results.

2. Summary of Analysis and Evaluation Results

The results confirmed that discussions, deliberations, and operations for FY2017 were appropriately and rationally conducted, and verified that effectiveness is secured.

On the other hand, specific opinions and proposals were received regarding the size and structure of the Board of Directors, the preliminary checking of deliberation materials, the enhancement of discussions on business risks and hedging measures, as well as further exchanges between Members of Audit and Supervisory Committee and executive Directors.

3. Future Action

The results described above shall be used in the examinations towards the business integration with Alpine Electronics, Inc. scheduled for January 1, 2019, as well as for developing a business attitude with an even greater sense of unity by the sharing of opinions and evaluations of directors that have made proposals, and for improving corporate governance and corporate value of the Company.