

To Our Shareholders,

Alpine Electronics, Inc.
1-1-8 Nishi-Gotanda,
Shinagawa-ku, Tokyo, Japan
Toru Usami
President and CEO

Notice of Convocation of The 50th Ordinary General Meeting of Shareholders

We express our deepest sympathy to all those affected by the earthquake centered in Kumamoto Prefecture.

You are cordially invited to attend the 50th Ordinary General Meeting of Shareholders of Alpine Electronics, Inc. (“the Company”), which will be held as described hereunder.

In the event that you are unable to attend the meeting, please refer to the “4. Matters Decided upon Convocation” below and exercise your voting rights by no later than 5:00 p.m. on Tuesday, June 21, 2016.

MEETING AGENDA

1. Date and Time 10:00 a.m., Wednesday, June 22, 2016
(Reception will open at 9:00 a.m.)
2. Location Hall on the first floor of Head Office of Alps Electric Co., Ltd.
1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo
3. Purpose of the General Meeting of Shareholders
 - Matters to be reported:
 1. The business report, the consolidated financial statements for the 50th fiscal year (from April 1, 2015 to March 31, 2016) and the audit reports of the Accounting Auditor and the Audit & Supervisory Board regarding the consolidated financial statements for the 50th fiscal year
 2. The non-consolidated financial statements for the 50th fiscal year (from April 1, 2015 to March 31, 2016)
 - Matters to be resolved:
 - Proposal 1: Appropriation of Surplus
 - Proposal 2: Partial Amendments to the Articles of Incorporation
 - Proposal 3: Election of Eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal 4: Election of Four (4) Directors who are Audit and Supervisory Committee Members
 - Proposal 5: Determination of Compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - Proposal 6: Determination of Compensation of Directors who are Audit and Supervisory Committee Members
 - Proposal 7: Determination of Details of Stock-based Compensation Stock Options of Directors (excluding Directors who are Audit and Supervisory Committee Members)

4. Matters Decided upon Convocation

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

5. Regarding the Internet Disclosure

Because the “Consolidated Statements of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements,” which must be attached at the time of providing the Notice of the Convocation of the Ordinary General Meeting of Shareholders, are reported on the Company’s website in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation, they are not provided in the Notice of the Convocation of the Ordinary General Meeting of Shareholders.

The attachments hereto include only a portion of the Consolidated Financial Statements or other statements that were audited by the Audit & Supervisory Board Members or the Accounting Auditor, in producing the audit reports.
(Japanese only)

The Company’s website:

<http://www.alpine.com/e/investor/information/meeting.html>

[To shareholders who will attend the meeting]

- (1) If attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk.
- (2) Please be aware that non-shareholders such as proxies, people accompanying shareholders and children will not be permitted to attend the Ordinary General Meeting of Shareholders.
- (3) In order to help deepen your understanding of the Company, you are cordially invited to attend the Follow-up Meeting with Shareholders following this Ordinary General Meeting of Shareholders.

Information Regarding the Exercise of Voting Rights

Please exercise your voting rights after reviewing the Reference Documents for Ordinary General Meeting of Shareholders on pages 5 to 24.

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 present the enclosed Voting Rights Exercise Form at the reception desk.

In addition, please bring this Notice of Convocation of the 50th 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 proposal on the agenda and return the completed form so that it reaches us without fail by 5:00 p.m., Tuesday, June 21, 2016.

C: Exercise of Voting Rights via the Internet:

Please access the website designated by the Company for the exercise of voting rights (<http://www.evotep.jp/>), enter your approval or disapproval of each proposal on the agenda and send it without fail by 5:00 p.m., Tuesday, June 21, 2016.

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 exercise your voting rights via the Internet multiple times, then only the last vote cast shall be deemed valid. If you exercise your voting rights via the Internet more than once, using a PC, 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 Ordinary 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.

<p>If revisions to the contents of the Reference Documents for Ordinary General Meeting of Shareholders, the business report, the non-consolidated financial statements and the consolidated financial statements are made, the Company shall post the revised content on the Company's website at the following URL: http://www.alpine.com/e/investor/information/meeting.html</p>

Information Regarding the 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 (<http://www.evotep.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: Appropriation of Surplus

The Company regards the return of profits to its shareholders as one of its most important management priorities. The Company has adopted the basic policy of determining the distribution of profits through a balanced approach that comprehensively considers the return of profits to shareholders, proactive capital investment in equipment, research and development to strengthen competitiveness, and retaining internal reserves for future business growth, based on the consolidated business performance.

Under this policy, and in comprehensive consideration of the business performance during the fiscal year under review, future business development and other factors, the year-end dividend for the 50th fiscal year is proposed as follows.

Matters concerning the year-end dividend

(1) Type of dividend

Cash

(2) Allocation and the total amount of dividends

¥15 per share of common stock of the Company

The total amount of dividends: ¥1,034,005,395

As a result, as an interim dividend of ¥15 per share has already been paid, the total annual dividend payment for the fiscal year under review will be ¥30 per share.

(3) Effective date of dividend payment from surplus

June 23, 2016

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

It is requested that the Company make the necessary amendments and deletion to the current Articles of Incorporation for the following reasons. These amendments to the Articles of Incorporation shall take effect at the conclusion of this meeting.

- (1) Amendments relating to the transition, etc. to a Company with an Audit and Supervisory Committee as newly established by the Act for Partial Revision of the Companies Act (Act No. 90 of 2014), which came into force on May 1, 2015
Having determined that such transition would assist in further improving the Company's governance and corporate value by enhancing the supervisory function of Outside Directors over the execution of operations and strengthening their monitoring function, it is requested that the following amendments for the transition to a Company with an Audit and Supervisory Committee be made.
 - (i) It is requested that the Company establish a new provision for the purpose of the transition to a Company with an Audit and Supervisory Committee (Article 4 in the Amendment Proposal).
 - (ii) It is requested that the Company establish new provisions concerning Directors who are Audit and Supervisory Committee Members (Article 18 (2), Article 19 (4) and Article 20 (2) and (3) in the Amendment Proposal).
 - (iii) It is requested that the Company amend the title of Chapter 5 from "Audit & Supervisory Board Members and the Audit & Supervisory Board" to "Audit and Supervisory Committee," and replace provisions concerning the "Audit & Supervisory Board" with provisions concerning the "Audit and Supervisory Committee" (Article 29 to Article 31 in the proposed amendment).
In addition, while the Companies Act does not require the election of full-time Audit and Supervisory Committee Members, the Company will appoint full-time Audit and Supervisory Committee Members, so it is requested that the Company stipulate this (Article 30 in the proposed amendment).
 - (iv) It is requested that the Company establish a new provision to permit the delegation of all or part of a decision regarding execution of important duties (excluding matters set forth in items of Article 399-13, Paragraph 5 of the Companies Act) to a Director by resolution of the Board of Directors (Article 24 in the proposed amendment).
 - (v) In accord with the transition to a Company with an Audit and Supervisory Committee, it is requested that the Company delete provisions concerning Audit & Supervisory Board Members (Article 28 to Article 36 in the proposed amendment).
 - (vi) In accord with the transition to a Company with an Audit and Supervisory Committee, it is requested that the Company make other necessary amendments to the existing provisions (Article 19 (1), Article 23 (1) and (2), Article 25 and Article 26 in the proposed amendment).
- (2) Expansion of the scope of persons targeted for entering into agreements to limit liabilities
It is requested that the Company broaden the scope for entering into agreements to limit liabilities from Outside Directors, as specified in the existing provisions, to non-executive directors and others (Article 28 in the proposed amendment). Each of the Audit & Supervisory Board Members has consented to the amendment.
- (3) Decision-making organ to determine matters including dividend payment from surplus
To enable the Company to make dividend payment from surplus, etc. by resolution of the Board of Directors, in order to facilitate the implementation of flexible dividend and capital policies, it is requested that the Company make the necessary amendments to the existing provisions and establish new provisions (Article 35 and Article 36 in the proposed amendment), and also delete Article 41 (Interim dividends) of the current Articles of Incorporation, which partially duplicates the content of those articles.
- (4) Other
In addition to the above, it is requested that the Company make changes and rearrangements to places throughout such as moving or reducing provisions and amending expressions.

2. Description of the Amendments

The details of amendments are as follows:

(Revised texts are underlined)

Current Articles of Incorporation	Amendment Proposal
Chapter 1: General Provisions	Chapter 1: General Provisions
Article 1 to Article 3 (Omitted)	Article 1 to Article 3 (Unchanged)
Article 4 (Organs) The Company shall have the following organs in addition to General Meeting of Shareholders and Directors. (i) Board of Directors (ii) <u>Audit & Supervisory Board Members</u> (iii) <u>Audit & Supervisory Board</u> (iv) Accounting Auditor	Article 4 (Organs) The Company shall have the following organs in addition to General Meeting of Shareholders and Directors. (i) Board of Directors (ii) <u>Audit and Supervisory Committee</u> (Deleted) (iii) Accounting Auditor
Article 5 (Omitted)	Article 5 (Unchanged)
Chapter 2: Shares of Stock	Chapter 2: Shares of Stock
Article 6 to Article 12 (Omitted)	Article 6 to Article 12 (Unchanged)
Chapter 3: General Meeting of Shareholders	Chapter 3: General Meeting of Shareholders
Article 13 to Article 17 (Omitted)	Article 13 to Article 17 (Unchanged)
Chapter 4: Directors and the Board of Directors	Chapter 4: Directors and the Board of Directors
Article 18 (Number) The Company shall have not more than 16 Directors.	Article 18 (Number) <u>(1) The Company shall have not more than 16 Directors (excluding directors who are Audit and Supervisory Committee Members).</u>
(Newly established)	<u>(2) The number of Directors who are Audit and Supervisory Committee Members of the Company shall be not more than 5.</u>
Article 19 (Election) (1) A Director shall be elected by resolution of a General Meeting of Shareholders.	Article 19 (Election) (1) A Director shall be elected by resolution of a General Meeting of Shareholders, <u>while making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u>
(2) (Omitted)	(2) (Unchanged)
(3) (Omitted)	(3) (Unchanged)
(Newly established)	<u>(4) The effectiveness of the election of an alternate Director who is an Audit and Supervisory Committee Member shall expire at the start of the Ordinary General Meeting of Shareholders for the last business year ending within two years from the time of the election.</u>

Current Articles of Incorporation	Amendment Proposal
<p>Article 20 (Term of Office) The term of office for a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within one year from the time of the election.</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Article 20 (Term of Office) <u>(1) The term of office for a Director (excluding directors who are Audit and Supervisory Committee Members) shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within one year from the time of the election.</u></p> <p><u>(2) The term of office for a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within two years from the time of the election.</u></p> <p><u>(3) The term of office for an alternate Director who is an Audit and Supervisory Committee Member elected to fill a vacancy of another Director who was an Audit and Supervisory Committee Member and retired from office before the expiration of the term of office, shall expire at the expiration date of the term of office of the retired Director who was an Audit and Supervisory Committee Member.</u></p>
<p>Article 21 (Omitted)</p>	<p>Article 21 (Unchanged)</p>
<p>Article 22 (Convener and Chairperson of Meeting of Board of Directors) (1) Convocation notice regarding a meeting of the Board of Directors shall be dispatched to each Director <u>and each Audit & Supervisory Board Member</u> three days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>(2) (Omitted)</p>	<p>Article 22 (Convener and Chairperson of Meeting of Board of Directors) (1) Convocation notice regarding a meeting of the Board of Directors shall be dispatched to each Director three days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>(2) (Unchanged)</p>
<p>Article 23 (Representative Directors and Directors with Title) (1) The Board of Directors shall, by its resolution, appoint Representative Directors.</p> <p>(2) The Board of Directors may, <u>by</u> its resolution, <u>appoint</u> one Director and Chairman, one Director and Vice Chairman, one Director and President, and one or more of each of the following: Director and Vice Presidents, Senior Managing Directors, and Managing Directors.</p>	<p>Article 23 (Representative Directors and Directors with Title) (1) The Board of Directors shall, by its resolution, appoint Representative Directors <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members).</u></p> <p>(2) The Board of Directors may, <u>through</u> resolution, <u>put in place from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> one Director and Chairman, one Director and Vice Chairman, one Director and President, and one or more of each of the following: Director and Vice Presidents, Senior Managing Directors, and Managing Directors.</p>

Current Articles of Incorporation	Amendment Proposal
<p>(Newly established)</p> <p>Article <u>24</u> (Omission of Resolution by Board of Directors) If all the Directors indicate their consent to the proposal, which is the subject of a resolution by the Board of Directors, either in writing or in electronic or magnetic form, the Company shall deem such proposal as having been approved by the Board of Directors. <u>However, this shall not apply in the event that an Audit & Supervisory Board Member voices an objection against the proposal.</u></p> <p>Article <u>25</u> (Compensation, etc.) Compensation, bonus or other economic benefits provided by the Company as a consideration for the performance of the duties (“<u>Compensation, etc.</u>”) to the Directors shall be determined by resolution of a General Meeting of Shareholders.</p> <p>Article <u>26</u> (Omitted)</p> <p>Article <u>27</u> (Agreement to Limit Liabilities for Compensation of <u>Outside Directors</u>) Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each <u>Outside Director</u> to limit liabilities by setting the amount set forth in laws and regulations as the limit for liability for compensation under Article 423, Paragraph 1 of the same act.</p> <p>Chapter 5: <u>Audit & Supervisory Board Members and the Audit & Supervisory Board</u></p> <p><u>Article 28 to Article 36</u> (Omitted)</p>	<p><u>Article 24 (Delegation of Decision regarding Execution of Important Duties)</u> <u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of a decision regarding execution of important duties (excluding matters set forth in items of Paragraph 5 of the same Article) to a Director by resolution of the Board of Directors.</u></p> <p>Article <u>25</u> (Omission of Resolution by Board of Directors) If all the Directors indicate their consent to the proposal, which is the subject of a resolution by the Board of Directors, either in writing or in electronic or magnetic form, the Company shall deem such proposal as having been approved by the Board of Directors.</p> <p>Article <u>26</u> (Compensation, etc.) Compensation, bonus or other economic benefits provided by the Company as a consideration for the performance of the duties to the Directors shall be determined by resolution of a General Meeting of Shareholders, <u>while making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>Article <u>27</u> (Unchanged)</p> <p>Article <u>28</u> (Agreement to Limit Liabilities for Compensation of Directors) Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with each Director (<u>excluding those who are executive directors, etc.</u>) to limit liabilities by setting the amount set forth in laws and regulations as the limit for liability for compensation under Article 423, Paragraph 1 of the same act.</p> <p>Chapter 5: <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p>

Current Articles of Incorporation	Amendment Proposal
(Newly established)	<u>Article 29 (Convocation Notice regarding Meetings of Audit and Supervisory Committee)</u> <u>Convocation notice regarding a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee Member three days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u>
(Newly established)	<u>Article 30 (Full-time Audit and Supervisory Committee Members)</u> <u>The Audit and Supervisory Committee may, by its resolution, appoint several full-time Audit and Supervisory Committee Members.</u>
(Newly established)	<u>Article 31 (Rules of the Audit and Supervisory Committee)</u> <u>Particulars relating to the Audit and Supervisory Committee, except the matters specified by laws and regulations or these Articles of Incorporation, shall be governed by the Rules of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u>
Chapter 6: Accounting Auditor	Chapter 6: Accounting Auditor
Article <u>37</u> to Article <u>38</u> (Omitted)	Article <u>32</u> to Article <u>33</u> (Unchanged)
Chapter 7: Accounts	Chapter 7: Accounts
Article <u>39</u> (Omitted)	Article <u>34</u> (Unchanged)
Article <u>40</u> (Dividend Payment from Surplus) <u>By resolution of the General Meeting of Shareholders, the Company shall make dividend payment from surplus in cash (“year-end dividends”) to the shareholders or registered pledgees of shares listed or recorded on the final shareholder register as of March 31 of each year.</u>	<u>Article 35 (Decision-Making Organ to Determine Matters including Dividend Payment from Surplus)</u> <u>Unless otherwise provided by laws and regulations, by resolution of the Board of Directors, the Company shall determine the matters prescribed in each item of Article 459, Paragraph 1 of the Companies Act, including dividend payment from surplus.</u>
(Newly established)	<u>Article 36 (Record Date for Dividend Payment from Surplus)</u> <u>(1) The record date for the year-end dividends of the Company shall be December 31 of each year.</u> <u>(2) The record date for the interim dividends of the Company shall be September 30 of each year.</u>

Current Articles of Incorporation	Amendment Proposal
<p><u>Article 41 (Interim Dividends)</u> <u>By resolution of the Board of Directors, the Company may make dividend payment from surplus in cash (“interim dividends”) pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act to the shareholders or registered pledgees of shares listed or recorded on the final shareholder register as of September 30 of each year.</u></p> <p>Article <u>42</u> (Expiration Period of Dividend) <u>If year-end dividends or interim dividends are not received after the lapse of three years from the first day of payment thereof, the Company shall be released from the obligation to pay such dividends.</u></p>	<p>(Deleted)</p> <p>Article <u>37</u> (Expiration Period of Dividend) <u>In the case where there is a distribution of dividend property by cash, if payment is not received even after the lapse of three years from the first day of payment, the Company shall be released from its obligation to make such payment.</u></p>

Proposal 3: Election of Eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the Company will make the transition to a company with an Audit and Supervisory Committee. The terms of office of all twelve (12) current Directors will expire at the close of this General Meeting of Shareholders in accordance with Article 20 of the Articles of Incorporation and in conjunction with the transition to a company with an Audit and Supervisory Committee. Accordingly, the Company requests the election of eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members) with a distinction from those Directors who are Audit and Supervisory Committee Members.

This proposal will take effect conditioned on the amendments establishing an Audit and Supervisory Committee (Proposal 2) taking effect.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Status of important concurrent occupations)	Number of shares held in the Company
Re- appointment 1	Toru Usami (May 15, 1950)	<p>April 1974 Joined the Company</p> <p>June 2004 Director of the Company Head of American Operations of the Company</p> <p>June 2008 Managing Director of the Company Head of Engineering & Development of the Company</p> <p>June 2009 Senior Managing Director of the Company</p> <p>June 2010 President & CEO of the Company (incumbent)</p> <p>(Status of important concurrent occupations) President of ALPINE ELECTRONICS (CHINA) CO., LTD. Director of NEUSOFT CORPRATION</p>	10,000
<p>Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)</p> <p>Since being appointed President & CEO in 2010, Mr. Toru Usami has exercised leadership based on his extensive experience and knowledge, working to expand business and formulating “ALPINE VISION2020,” the business vision for the year 2020. Based on this, the Company determined that Mr. Usami is an appropriate human resource for performing business operations and nominates Mr. Usami as a candidate for reelection as a Director.</p>			
Re- appointment 2	Nobuhiko Komeya (September 20, 1955)	<p>April 1981 Joined Alps Electric Co., Ltd.</p> <p>June 2004 Director of Alps Electric Co., Ltd.</p> <p>June 2009 Managing Director of Alps Electric Co., Ltd.</p> <p>October 2009 Production Preparation Executive, MMP Division of Alps Electric Co., Ltd.</p> <p>January 2010 Quality Management Executive of Alps Electric Co., Ltd.</p> <p>June 2011 General Manager of Administration Headquarters of Alps Electric Co., Ltd.</p> <p>June 2012 Senior Managing Director of Alps Electric Co., Ltd.</p> <p>June 2015 Senior Managing Director of the Company (incumbent) Head of Administration of the Company (incumbent)</p>	3,000
<p>Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)</p> <p>Mr. Nobuhiko Komeya has held a range of positions in Alps Electric Co., Ltd. including production, materials, quality, and administration, and he currently oversees the Company’s all administration divisions including corporate planning, accounting, and human resources as a Senior Managing Director of the Company, exercising leadership including strengthening the Company’s business structure through organizational reform. Based on this, the Company determined that Mr. Komeya is an appropriate human resource for performing business operations and nominates Mr. Komeya as a candidate for reelection as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Status of important concurrent occupations)			Number of shares held in the Company
Re- appointment 3	Hitoshi Kajiwara (November 23, 1954)	April 1977	Joined the Company		13,100
		June 2000	Director of the Company		
		June 2003	Managing Director of the Company (incumbent)		
		January 2007	Head of Engineering & Development of the Company		
		June 2011	Head of European Operations of the Company		
		June 2013	Head of Quality Assurance & Environmental Conservation of the Company		
		June 2015	Head of Production and Purchasing of the Company		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Hitoshi Kajiwara oversees production, purchasing, and quality assurance as a Managing Director, exercising leadership including improving production efficiency and maintaining and increasing quality. Based on this, the Company determined that Mr. Kajiwara is an appropriate human resource for performing business operations and nominates Mr. Kajiwara as a candidate for reelection as a Director.					
Re- appointment 4	Naoki Mizuno (February 17, 1955)	October 1984	Joined the Company		5,500
		June 2011	Director of the Company		
		June 2014	Head of Chinese Operations of the Company		
		June 2015	Head of Marketing & Sales of the Company (incumbent)		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Naoki Mizuno oversees the overall operations of the aftermarket business and business with automakers as a Managing Director, exercising leadership including formulating and executing the global marketing strategy. Based on this, the Company determined that Mr. Mizuno is an appropriate human resource for performing business operations and nominates Mr. Mizuno as a candidate for reelection as a Director.					
Re- appointment 5	Toshinori Kobayashi (January 14, 1960)	August 1997	Joined the Company		3,000
		July 2009	General Manager of International OEM Marketing of the Company		
		June 2010	Director of the Company (incumbent)		
		June 2014	Head of Marketing & Sales of the Company		
		June 2015	Head of European Operations of the Company		
			Head of American and European Operations of the Company (incumbent)		
(Status of important concurrent occupations) Chairman of ALPINE ELECTRONICS OF AMERICA, INC. President of ALPINE ELECTRONICS (EUROPE) GmbH					
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Toshinori Kobayashi has exercised leadership including business expansion as the person in charge of the Company's key markets in America and Europe as a Director. Based on this, the Company determined that Mr. Kobayashi is an appropriate human resource for performing business operations and nominates Mr. Kobayashi as a candidate for reelection as a Director.					

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Status of important concurrent occupations)			Number of shares held in the Company
Re- appointment 6	Koichi Endo (April 17, 1961)	April 1986	Joined the Company		5,600
		April 2010	Senior Manager, Deputy Head of Product Development of the Company		
		June 2010	Director of the Company (incumbent) Head of Product Development of the Company		
		June 2015	Deputy Head of Engineering & Development of the Company		
		January 2016	Head of Advanced Development of the Company (incumbent)		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Koichi Endo has exercised leadership including enhancing and promoting advanced engineering development in automotive infotainment, which is rapidly becoming more integrated and sophisticated, as a Director. Based on this, the Company determined that Mr. Endo is an appropriate human resource for performing business operations and nominates Mr. Endo as a candidate for reelection as a Director.					
Re- appointment 7	Shuji Taguchi (November 17, 1958)	April 1981	Joined the Company		3,200
		July 2010	General Manager, Deputy Head of OEM Product Development of the Company		
		June 2013	Director of the Company (incumbent) Head of OEM Product Development of the Company		
		January 2016	Head of Common Engineering of the Company (incumbent)		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Shuji Taguchi has exercised leadership including promoting cross-functional platform development for both hardware and software and working to improve development efficiency as a Director. Based on this, the Company determined that Mr. Taguchi is an appropriate human resource for performing business operations and nominates Mr. Taguchi as a candidate for reelection as a Director.					
Re- appointment 8	Yasuhiro Ikeuchi (February 20, 1957)	March 2004	Joined the Company		3,000
		July 2012	General Manager, Deputy Head of Core Development of the Company		
		April 2013	General Manager of Sound Media Product Development of the Company		
		June 2014	Director of the Company (incumbent) Head of Chinese Operations of the Company		
		January 2016	Head of Product Design of the Company (incumbent)		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Yasuhiro Ikeuchi has exercised leadership in formulating and implementing a technological strategy for mass production design to implement the various technological specifications required by automakers as a Director. Based on this, the Company determined that Mr. Ikeuchi is an appropriate human resource for performing business operations and nominates Mr. Ikeuchi as a candidate for reelection as a Director.					
Re- appointment 9	Yoji Kawarada (January 1, 1958)	April 1980	Joined the Company		6,400
		July 2013	General Manager, Deputy Head of Production and Purchasing of the Company		
		June 2015	Director of the Company (incumbent) Head of Production and Purchasing of the Company (incumbent)		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Yoji Kawarada has exercised leadership including working to enhance the formulation and promotion of global supply chain management in production and purchasing as a Director. Based on this, the Company determined that Mr. Kawarada is an appropriate human resource for performing business operations and nominates Mr. Kawarada as a candidate for reelection as a Director.					

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Status of important concurrent occupations)	Number of shares held in the Company
Re- appointment 10	Masataka Kataoka (June 30, 1946)	April 1972 Joined Alps Electric Co., Ltd. June 1982 Director of Alps Electric Co., Ltd. June 1985 Managing Director of Alps Electric Co., Ltd. June 1986 Director of the Company (incumbent) October 1986 Senior Managing Director of Alps Electric Co., Ltd. June 1988 President of Alps Electric Co., Ltd. June 2012 Chairman of Alps Electric Co., Ltd. (incumbent) (Status of important concurrent occupations) Chairman of Alps Electric Co., Ltd. Director of Alps Logistics Co., Ltd.	50,000
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) As the Chairman of Alps Electric Co., Ltd, Mr. Masataka Kataoka has gained extensive experience and knowledge over many years as a director in the electronic components industry. As Director of the Company, he has worked to enhance the decision-making and oversight functions of the Board of Directors by participating in the promotion of the consolidated management of the Alps Group and the oversight of the execution of duties of directors, etc. Based on this, the Company determined that Mr. Kataoka is an appropriate human resource for further enhancing governance and increasing the corporate value of the Company, and nominates Mr. Kataoka for election as Director.			
New appointment Outside 11	Shinji Inoue (August 22, 1959)	April 1983 Joined Alps Electric Co., Ltd. July 2004 Senior Manager, Manufacturing Division, Automotive Products Division of Alps Electric Co., Ltd. Novem- 2011 General Manager, Engineering Operations, Automotive Division of Alps Electric Co., Ltd. ber April 2012 Deputy Officer in charge of Module, Engineering Headquarters of Alps Electric Co., Ltd. April 2013 Officer in charge of Automotive Module Division and Deputy General Manager, Engineering Headquarters of Alps Electric Co., Ltd. (incumbent) June 2013 Director of Alps Electric Co., Ltd. (incumbent)	0
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) As a Director of Alps Electric Co., Ltd., Mr. Shinji Inoue has extensive experience and knowledge as in charge of the Automotive Module Division, and is well-versed in the automaker business through his concurrent position of Deputy General Manager of Engineering Headquarters. Based on this, the Company determined that Mr. Inoue is an appropriate human resource for performing business operations and nominates Mr. Inoue as a candidate for new election as a Director.			

(Notes) 1. There is no special interest between any of the candidates and the Company.

2. Mr. Masataka Kataoka and Mr. Shinji Inoue are currently corporate executives at Alps Electric Co., Ltd. As the Company's parent company, Alps Electric Co., Ltd. is a specified related business operator of the Company. Their positions and responsibilities at Alps Electric Co., Ltd., currently and in the past five years, are as shown in the table above.
3. Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation) and this Proposal, the Company will enter into a limited liability agreement with Mr. Masataka Kataoka 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. The maximum amount of liability under the agreement is the liability amount stipulated by laws and regulations.

Proposal 4: Election of Four (4) Directors who are Audit and Supervisory Committee Members

Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the Company will make the transition to a company with an Audit and Supervisory Committee. Accordingly, the Company requests the election of four (4) Directors who are Audit and Supervisory Committee Members with a distinction from those Directors who are not Audit and Supervisory Committee Members.

Prior agreement of our Audit & Supervisory Board has been obtained regarding the submission of this proposal.

This proposal will take effect conditioned on the amendments establishing an Audit and Supervisory Committee (Proposal 2) taking effect.

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

	Name (Date of birth)	Career summary, position and responsibility at the Company (Status of important concurrent occupations)	Number of shares held in the Company
New appointment 1	Hirofumi Morioka (August 6, 1952)	April 1975 Joined the Company June 2009 Director of the Company Head of Production and Purchasing of the Company June 2010 Managing Director of the Company (incumbent) June 2013 Head of Engineering & Development of the Company (incumbent)	5,000
Reasons for nomination as candidate for Directors who are Audit and Supervisory Committee Members Mr. Hirofumi Morioka has extensive experience and knowledge overseeing a range of fields including production and purchasing and engineering development relating to overall art of manufacturing. Based on this, the Company determined that Mr. Morioka is an appropriate human resource for performing audit operations and nominates Mr. Morioka as a candidate for election as a Director who is an Audit and Supervisory Committee Member.			
New appointment Outside 2	Hideo Kojima (November 30, 1948)	March 1980 Registered as a Certified Public Accountant May 2000 Executive Director of Century Ota Showa & Co. May 2006 Executive Vice President of Ernst & Young ShinNihon LLC September 2010 Senior Advisor to Ernst & Young ShinNihon LLC (Retired in June 2011) June 2011 Outside Audit & Supervisory Board Member of the Company (incumbent) External Corporate Auditor of Sumitomo Heavy Industries, Ltd. (Retired in June 2015) Established Hideo Kojima CPA Office (incumbent) June 2013 Outside Corporate Auditor of Mitsubishi UFJ Financial Group, Inc. (Retired in June 2015) June 2015 External Director of Sumitomo Heavy Industries, Ltd. (incumbent) (Status of important concurrent occupations) External Director of Sumitomo Heavy Industries, Ltd.	0
Reasons for nomination as candidate for Directors who are Audit and Supervisory Committee Members Mr. Hideo Kojima has both specialized knowledge and broad insight from a long history of involvement in corporate auditing as a Certified Public Accountant and from serving as an External Director at another company. The Company believes he can utilize this experience to contribute to the management of the Company and nominates Mr. Kojima as a Director who is an Audit and Supervisory Committee Member.			

	Name (Date of birth)	Career summary, position and responsibility at the Company (Status of important concurrent occupations)	Number of shares held in the Company
New appointment Outside 3	Satoko Hasegawa (November 27, 1968)	<p>April 1994 Registered as an Attorney at Law Joined Mori Sogo Law Offices (current Mori Hamada & Matsumoto)</p> <p>June 1997 Seconded to Linklaters LLP (London)</p> <p>March 2007 Retired from Mori Hamada & Matsumoto</p> <p>April 2007 Established Sueyoshi Sogo Law Offices (current STW & Partners) (incumbent)</p> <p>June 2014 Outside Director of the Company (incumbent) Outside director of Asahi Net, Inc. (incumbent)</p> <p>June 2015 Outside Auditor of HAKUDO Co., Ltd. (incumbent)</p> <p>(Status of important concurrent occupations) Outside director of Asahi Net, Inc. Outside Auditor of HAKUDO Co., Ltd.</p>	0
Reasons for nomination as candidate for Directors who are Audit and Supervisory Committee Members			
Ms. Satoko Hasegawa has both specialized knowledge and broad insight from a long history of involvement in legal practice as a lawyer, from international experience, and from serving as an outside director at other companies. The Company believes she can utilize this experience to contribute to the management of the Company and nominates Ms. Hasegawa as a Director who is an Audit and Supervisory Committee Member.			
New appointment Outside 4	Naoki Yanagida (February 27, 1960)	<p>April 1987 Registered as an Attorney at Law Joined Yanagida & Nomura law firm (current Yanagida & Partners law firm) (incumbent)</p> <p>June 2004 Outside Corporate Auditor of Nippon Paper Industries Co., Ltd. (Retired in June 2012)</p> <p>June 2014 Outside Audit & Supervisory Board Member of the Company (incumbent) Outside Audit & Supervisory Board Member of Sompo Japan Nipponkoa Holdings, Inc. (incumbent)</p> <p>(Status of important concurrent occupations) Outside Audit & Supervisory Board Member of Sompo Japan Nipponkoa Holdings, Inc.</p>	0
Reasons for nomination as candidate for Directors who are Audit and Supervisory Committee Members			
Ms. Naoki Yanagida has both specialized knowledge and broad insight from a long history of involvement in legal practice as a lawyer and from serving as an outside director at another company. The Company believes she can utilize this experience to contribute to the management of the Company and nominates Mr. Yanagida as a Director who is an Audit and Supervisory Committee Member.			

- (Notes) 1. There is no special interest between any of the candidates and the Company.
2. Mr. Hideo Kojima, Ms. Satoko Hasegawa, and Mr. Naoki Yanagida 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, the Company plans to register Mr. Hideo Kojima, Ms. Satoko Hasegawa, and Mr. Naoki Yanagida as independent officers who satisfy the requirements of the Tokyo Stock Exchange if their elections are approved.
3. The term of office for Mr. Hideo Kojima as an Outside Audit & Supervisory Board Member will have been five (5) years at the conclusion of this General Meeting of Shareholders. Note that while Mr. Hideo Kojima has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Mr. Hideo Kojima is able to properly perform duties as an Outside Director who is an Audit and Supervisory Committee Member of the Company.
4. The term of office for Ms. Satoko Hasegawa as an Outside Director will have been two (2) years at the conclusion of this General Meeting of Shareholders. 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. Satoko Hasegawa is able to properly perform duties as an Outside Director who is an Audit and Supervisory Committee Member of the Company.
5. The term of office for Mr. Naoki Yanagida as an Outside Audit & Supervisory Board Member will have been two (2) years at the conclusion of this General Meeting of Shareholders. Note that while Mr. Naoki Yanagida has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Mr. Naoki Yanagida is able to properly perform duties as an Outside Director who is an Audit and Supervisory Committee Member of the Company.
6. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into a limited liability agreement with Mr. Hideo Kojima, Ms. Satoko Hasegawa, and Mr. Naoki Yanagida that limit liability for damage specified in Article 423, Paragraph 1 of the Companies Act if their elections are approved. The maximum amount of liability under the agreements is the liability amount stipulated by laws and regulations.
7. Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation) and the approval of

this proposal, the Company will enter into a limited liability agreement with Mr. Hirofumi Morioka 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. The maximum amount of liability under the agreement is the liability amount stipulated by laws and regulations.

8. Yanagida & Partners law firm, which is indicated in Mr. Naoki Yanagida's career summary, provided legal services to the Company, however the total amount of consideration received by the law firm from the Company is less than 2% of total annual revenues of the firm, and consequently, the amounts do not constitute large amounts under the Company's independence standards and the Company determined that adequate independence is maintained.

(Reference) Alpine Electronics, Inc. Criteria for Election of Directors

<Both Inside and Outside Directors>

1. A person with a strong ability to make management decisions, foresight, and insight, as well as the ability to make objective decisions regarding management.
2. A person with respect for legal compliance.
3. A person who is highly respected, demonstrates great dignity, and has high ethical standards.
4. A person who has no health-related impediments to the execution of his/her operations.

<Outside Directors>

1. A person with practical experience as a senior corporate manager, or a record of achievement and extensive knowledge in a specific specialist field required to fulfill a supervisory function in regard to management.
2. A person able to dedicate sufficient time to the execution of his/her duties as a Director.
3. To qualify as an Independent Outside Director, Outside Directors must also satisfy the Independence Standards listed below.

<Independence Criteria for Independent Outside Directors>

In the event that none of the following criteria applies to an Outside Director of the Company, the Company will determine that the person is independent and will regard him/her as an Independent Outside Director.

1. A person from the Company or its parent company, consolidated subsidiaries or sister companies (hereinafter referred to as “the Alpine Group”) (Note 1)
2. A major shareholder of the Company (Note 2)
3. An executive of a company, etc. that is a major business partner (Note 3) of the Alpine Group, or an executive of a company, etc. that is a major lender (Note 4) of the Alpine Group
4. A certified public accountant belonging to an auditing firm that is the Accounting Auditor of the Alpine Group
5. A consultant, lawyer, judicial scrivener, certified public tax accountant, patent attorney, or other professional who gains a substantial amount (Note 5) of cash or other assets from the Alpine Group
6. A person who receives substantial donations from the Alpine Group (Note 6)
7. An executive of another company which has a relationship involving cross-assumption of office of Outside Directors (Note 7)
8. A person with a close relative (Note 8) to whom any of the above items from 1 through 7 apply
9. A person to whom any of the aforementioned conditions 2 through 8 have applied over the last three years
10. Notwithstanding the provisions above, a party for whom other special grounds have been found to exist that would cause a conflict of interests with the Company.

- (Notes)
1. An executive director, other person equivalent thereto, or any other employee (hereinafter referred to as “executive”) who currently belongs to the Alpine Group, and any executive who has ever belonged to the Alpine Group in the past.
 2. A major shareholder is a shareholder who holds 5% or more of the voting rights in their own or another person’s name at the end of the most recent fiscal year. In the event that the major shareholder is an organization that is a corporation, partnership, etc., “major shareholder” shall refer to an executive belonging to that organization.
 3. A major business partner is a purchaser or supplier of the Alpine Group whose transactions in the year amount to more than 2% of the consolidated net sales for the most recent fiscal year of the Company or that business partner.
 4. A major lender is a financial institution from which the Alpine Group borrows, where the outstanding debt is more than 2% of the consolidated total assets of the Company or the financial institution in question at the end of the most recent fiscal year.
 5. A substantial amount is defined as set out below, according to the involvement of the professional in question in the provision of services.
 - (1) In the event that the professional in question provides services to the Alpine Group as an individual, the compensation received from the Alpine Group (excluding compensation for Directors) shall be defined as a substantial amount if it exceeds 10 million yen annually.
 - (2) In the event that an organization that is a corporation, partnership, etc. to which the professional in question belongs provides services to the Alpine Group, the total compensation received by the organization in question from the Alpine Group shall be defined as a substantial amount if it exceeds 2% of

that organization's annual gross income. However, even if the 2% threshold is not exceeded, the compensation received by the organization in question shall be regarded as a substantial amount if it exceeds 10 million yen annually for the provision of services in which the professional in question is directly involved.

6. A person who receives donations in excess of 10 million yen annually from the Alpine Group (in the event that said donations are received by an organization that is a corporation, partnership, etc., this shall refer to a person belonging to the organization in question who is directly involved in research or other activities relating to said donations)
7. A relationship in which an executive of the Alpine Group serves as an outside director of another company and an executive of that other company serves as Outside Director of the Company.
8. A close relative is a spouse or relative within the second degree of kinship.

Proposal 5: Determination of Compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members)

On the condition that Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved, the Company will make a transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company proposes that the current limit for compensation of Directors be abolished and that the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) be set as provided for by Article 361, Paragraphs 1 and 2 of the Companies Act, as described in this proposal.

No change has been made to the limit on director pay at the Company since the 48th Ordinary General Meeting of Shareholders on June 19, 2014, when approval was granted for a shift to a pay system comprising fixed compensation, a bonus reflecting profit changes, and stock-based compensation stock options, and regarding the limit on monetary compensation in each fiscal year to be set at 500 million yen per year (10 million yen per year for each Outside Director. Excluding the employee portion of pay for an employee serving as Director).

As described above, the Company will make a transition to a Company with an Audit and Supervisory Committee, so the Company proposes to set the limit on monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) at 600 million yen per year (10 million yen per year for each Outside Director. Excluding the employee portion of pay for an employee serving as Director), taking economic conditions and other factors into consideration.

Although the current number of Directors stands at twelve (12) (including one (1) Outside Director), the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eleven (11) (including zero (0) Outside Director) at the conclusion of this meeting if Proposal 2 and Proposal 3 are approved as originally proposed.

Proposal 6: Determination of Compensation of Directors who are Audit and Supervisory Committee Members

On the condition that Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved, the Company will make a transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company proposes that the amount of compensation for Directors who are Audit and Supervisory Committee Members be set as provided for by Article 361, Paragraphs 1 and 2 of the Companies Act, as described in this proposal.

Directors who are Audit and Supervisory Committee Members not only participate in resolutions of the Board of Directors as Directors and supervise the execution of operations by Directors, but also carry out auditing duties, so we propose that their level of compensation be set at a level commensurate with their responsibilities.

Accordingly, the Company proposes to set the limit on monetary compensation for Directors who are Audit and Supervisory Committee Members at 70 million yen per year.

The number of Directors who are Audit and Supervisory Committee Members will be four (4) at the conclusion of this meeting if Proposal 2 and Proposal 4 are approved as originally proposed.

Proposal 7: Determination of Details of Stock-based Compensation Stock Options of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The current compensation, etc. for Directors was approved at the 48th Ordinary General Meeting of Shareholders on June 19, 2014, when the limit was set at “500 million yen per year (10 million yen per year for each Outside Director. Excluding the employee portion of pay for an employee serving as Director)” and approval was granted for the provision of stock-based compensation stock options using stock acquisition rights within that limit. On the condition that Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved, the Company will make a transition to a Company with an Audit and Supervisory Committee. At the same time, we will decide on the amounts of compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) to replace the current limit for compensation of Directors, on the condition that Proposal 5 is approved. Accordingly, to link pay more closely to the Company’s business performance and stock value and enhance value sharing with shareholders, the Company proposes that, as before, stock acquisition rights be issued in each fiscal year as described below, as stock-based compensation stock options for Directors (excluding Directors who are Audit and Supervisory Committee Members) within the annual compensation limit to be approved in Proposal 5.

Specifically, the Company shall give a Director (excluding Directors who are Audit and Supervisory Committee Members) the same compensation as payments for stock acquisition rights allotted to the Director and allow the Director to acquire the stock acquisition rights by offsetting the payments for the stock acquisition rights with the claim to the compensation.

A fair price per stock acquisition right calculated on the day for stock acquisition right allotment shall be multiplied by the number of stock acquisition rights to be allotted into the amount of the stock-based compensation stock options.

The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eleven (11) at the conclusion of this meeting if Proposal 2 and Proposal 3 are approved as originally proposed.

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

The type of shares subject to stock acquisition rights shall be common stock shares of the Company.

The number of shares subject to stock acquisition rights (hereinafter referred to as the number of allotted shares) shall be 100 shares per stock acquisition right. If the Company implements a stock split (including allotment of shares without contribution for common stock shares of the Company, hereinafter the same for a stock split) or a stock consolidation after the day when the proposal is approved (hereinafter the approval date), the number of allotted shares shall be adjusted according to the following equation:

Adjusted number of allotted shares = Number of allotted shares before adjustment × Stock split or consolidation ratio

Any fraction below one share resulting from the abovementioned adjustment shall be disregarded.

If the number of allotted shares is required to be adjusted due to the Company’s merger, split, equity swap or the like after the approval date, the Company may adjust the number of allotted shares at the Board of Directors.

The number of Company common stock shares at 70,000 shall be the limit on shares to be allotted through the exercise of stock acquisition rights to be issued within one year after the Company’s Ordinary General Meeting of Shareholders for each fiscal year. If the number of allotted shares is adjusted, the adjustment limit shall be the result of multiplying the adjusted number of allotted shares by the total number of stock acquisition rights below.

(2) Total number of stock acquisition rights

The number of stock acquisition rights at 700 shall be the limit on stock acquisition rights to be issued within one year after the Company’s Ordinary General Meeting of Shareholders for each fiscal year.

(3) Amount of payments for stock acquisition rights (issuance price)

A payment (issuance price) for one stock acquisition right shall be determined by the Board of Directors based on a fair stock acquisition right price calculated upon the allotment of stock acquisition rights.

Those receiving their allotment shall offset their claim to compensation from the Company with their liability for payments for stock acquisition rights instead of making any monetary payments.

(4) Value of investment through the exercise of stock acquisition rights

The value of investment through the exercise of stock acquisition rights shall be the result of multiplying the price of one yen per share to be allotted through the exercise of each stock acquisition right by the number of allotted shares.

(5) Period for the exercise of stock acquisition rights

The period for the exercise of stock acquisition rights shall be determined by the Company's Board of Directors within 40 years from the day after stock acquisition rights are allotted.

(6) Restrictions on acquisitions of stock acquisition rights through transfer

Acquisitions of stock acquisition rights through transfer must be approved by the Company's Board of Directors.

(7) Conditions for exercising stock acquisition rights

Stock acquisition right holders shall be allowed to exercise stock acquisition rights only within 10 days from the day after losing their positions as Directors of the Company. Other conditions for the exercise shall be determined by the Company's Board of Directors that fixes details for the invitation of subscriptions to stock acquisition rights.

(8) Other details of stock acquisition rights

The other details shall be determined by the Company's Board of Directors that fixes details for the invitation of subscriptions to stock acquisition rights.

Operating Results

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

In the Japanese economy during the fiscal year ended March 31, 2016, economic activity continued to expand at a moderate pace, supported by improved earnings of the export-related companies due to yen depreciation, recovery in personal consumption, and the purchasing demand of foreigners visiting Japan. Additionally, in the U.S., while the employment situation and personal consumption progressed firmly, normalization of monetary policy proceeded, and in Europe as well, although there was the burden of various risks including the refugee crisis and terrorism, signs of recovery began to be seen. Meanwhile, in China, Brazil and other emerging countries, there is concern over economic slowdown, and uncertainty in the outlook for the global economy further increased for the latter half of the fiscal year.

In the car electronics industry, the market grew owing to increased demand for infotainment systems centering on navigation systems and display products, reflecting not only brisk sales of new cars in the U.S. automobile market attributable to lower crude oil prices, but also the accelerating use of electronics in cars accompanying the enhanced functionalization in cars and the fusion of functions between in-car equipment and smartphones. However, various factors that may adversely affect the industry were causing concern, such as the slowdown observed in the Chinese automobile market, one of the world's largest, and the emergence of further problems concerning diesel-vehicle exhaust emission rigging for large European automakers.

Under these circumstances, aiming to capture business growth, the Alpine Group worked to strengthen efforts to propose new technologies to automakers and secure orders while accelerating product development for business aimed at automakers from which new orders have been received. Alpine Electronics, Inc. (the "Company") exhibited at motor shows held in Thailand, China, and Indonesia where it presented its solutions tailored to specific vehicle models, revolving around navigation systems. Moreover, at the Tokyo Motor Show, the Company exhibited a near-future cockpit concept model for next-generation in-car systems compatible with ADAS (Advanced Driver Assistance System), proposed high-function and high-added-value products, and gave a presentation on the expanding role and growing importance of car electronics technology in the automobile industry. Nevertheless, the Company's income fell, owing to a decline in net sales and deterioration in the product model mix.

As a result, during the fiscal year ended March 31, 2016, consolidated net sales decreased 7.3% compared with the previous fiscal year, to ¥273.0 billion. Operating income decreased 52.8% to ¥5.4 billion, and ordinary income decreased 58.9% to ¥6.1 billion. Profit attributable to owners of parent amounted to ¥10.6 billion, a decrease of 15.8% compared with the previous fiscal year, owing to the recognition of a gain from the sale of shares of an equity method associate in China in association with business restructuring under extraordinary income.

Effective from the fiscal year ended March 31, 2016, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ (Accounting Standards Board of Japan) Statement No. 21, September 13, 2013), etc. and former "net income" is now presented as "profit attributable to owners of parent."

- (i) Segment information related to overall fiscal 2015 business performance by type of business
 - a. Audio Products segment

In the Audio Products segment, facing an environment where sales to the aftermarket as well as to the OEM market are declining as a result of audio functions being combined with information and communications equipment such as navigation systems and display products, the Company tried to expand sales of sound systems such as speakers and amplifiers that offer realistically reproduced high audio quality, and slim-line and lightweight speakers that obtained excellent evaluations due to aiding in reducing vehicle's fuel consumption and environmental footprint. However, sales to the OEM market, the primary driver of the Audio Products segment, declined, and the harsh business environment continued for the segment overall.

Accordingly, segment sales decreased 16.0% compared with the previous fiscal year, to ¥52.8 billion.

- b. Information and Communication Products segment

In the Information and Communication Products segment, the Company worked to expand sales in the domestic aftermarket by launching new products tailored to specific vehicle models, an area in which the Company is an industry forerunner, including 10-inch large screen navigation systems with

high-definition LCD display and large-screen rear vision systems, and proposing to customers, high value added systems optimally designed for the cabin space of specific vehicle models. In addition, the Company worked hard to develop overseas business markets and explore new sales outlets. While working to switch the marketing policy for large-screen navigation systems in the U.S. aftermarket to one that focuses on specific vehicle-model targets, the Company concentrated on sales of models designed for specific vehicle models that obtained excellent evaluations from EISA (European Imaging and Sound Association) in the European aftermarket. Despite these efforts, however, as sales performance did not keep pace with efforts, the harsh business environment continued.

In the OEM market, thanks to strong sales of new cars by European luxury automakers, sales of display products were robust. However, sales for OEM products overall declined due to the impact of model changeovers for some cars of business partner automakers in North America and China.

Accordingly, segment sales decreased 4.9% compared with the previous fiscal year, to ¥220.2 billion.

(ii) Overall fiscal 2016 business performance and segment forecasts

In the outlook for Japan's economy, during the next fiscal year, impacted by normalization of U.S. monetary policy and meanwhile with some signs of slowing growth in the U.S., which has been the driving force in the global economy, and including such things as yen appreciation and the fall in stock prices, there is a risk of a slump. In addition, there is concern about a further slowdown of economies in emerging countries including China, and the state of instability is increasing due to such things as worldwide deflation and low growth rates.

Against this backdrop, the Alpine Group regards the next fiscal year (fiscal year ending March 31, 2017) as a preparatory period for strengthening the business foundation in preparation for great strides in the fiscal year ending March 31, 2018 and thereafter, aiming at further improvements of R&D investment efficiency, meanwhile is making the following efforts in the business.

< Audio Products segment >

In addition to pursuing increased sales of the sound systems that already have been well received in the OEM market, Alpine is targeting higher orders for its speakers by seeking to create added value for its lightweight and slim-line models that aid in reducing the vehicle's fuel consumption and environmental footprint.

< Information and Communication Products segment >

While striving to expand sales of large-screen navigation systems tailored to specific vehicle models rolled out in U.S. and Europe aftermarkets with the aim of fostering fresh demand, as for existing product, Alpine will focus on expanding sales for pick-up trucks and SUVs in the U.S., where strong vehicles sales continue. In addition, Alpine will aim at expansion of sales by rolling out large-screen navigation systems, the largest in the industry, in the domestic aftermarket.

Taking into account factors that can be assumed at the time of writing, our consolidated earnings forecasts for the fiscal year ending March 31, 2017 are as follows:

< Consolidated earnings forecasts >

Net sales	¥262.0 billion	(down 4.0% year on year)
Operating income	¥4.5 billion	(down 17.2% year on year)
Ordinary income	¥4.5 billion	(down 27.1% year on year)
Profit attributable to owners of parent	¥1.5 billion	(down 86.0% year on year)

* Prerequisite exchange rate assumptions for forward-looking statements: US\$1 = ¥110 and €1 = ¥125

(2) Capital investments and financing of the corporate group

Capital investments were made in preparation for the future growth. Already investments of approximately ¥7.4 billion have been implemented, including investments in dies and mechanical equipment for large projects for automakers.

There were no financing activities by issuance of shares or bonds or by long-term loans in the fiscal year under review.

(3) Acquisition and disposal of other companies' shares, equities, subscription rights to shares or others

In line with a comprehensive reorganization of the corporate group of the Company's equity method associate Neusoft Corporation, the Company sold the part of its Neusoft shareholding that was held by the Company's subsidiaries. Then, using the funds of the shares sold, the Company invested in the companies: Neusoft Holdings, a holding company, and, Neusoft Reach Automotive Technology (Shanghai) Co., Ltd., a newly established joint-venture company.

(4) Issues to address

With the advances in creating information terminals in automobiles and in driver support and vehicle automation technologies, and the like, for infotainment systems the importance of collaboration with safety packages that utilize camera systems and sensors, etc. is increasing. Furthermore, new entrants in the field of automated driving from different industry sectors represented by the IT industry, as well as the evolution of advanced information processing such as big data or AI may have the possibility of completely changing not only the business model of the automobile industry, but also the mobility society and lifestyles of consumers as well.

Under these circumstances, Alpine Group will provide products and services to meet the needs of customers more closely, as well as strive to develop products with improved quality and functionalities. Alpine especially recognizes reinforcement of software development capabilities as a key issue for management, further cultivates development of leading-edge technologies by forming business alliances and investing equity in venture companies, and the like, and works to improve efficiency of R&D investment. In addition, Alpine is also taking steps to work more closely with its parent company, ALPS ELECTRIC CO., LTD., and focus on advanced consumer electronics technologies and fusion of devices that will serve as the core for ADAS (Advanced Driver Assistance System) and in-car equipment, and thus to provide total solutions for in-car information systems for automakers. Moreover, as concern over eco-cars including EV (Electric Vehicle) or HV (Hybrid Vehicle) increases, Alpine will enhance development of next-generation products to conform to demand for lightening and electricity saving in automobiles.

Guided by its vision statement "Alpine aims to be a Mobile Media Innovation Company that provides you with an enjoyable car lifestyle," the Alpine Group will aim to improve its corporate value by tackling the challenge of generating value creatively and innovatively as a craftsmanship-oriented manufacturer.