

To Our Shareholders,

Alpine Electronics, Inc.
1-1-8 Nishi-Gotanda,
Shinagawa-ku, Tokyo, Japan
Nobuhiko Komeya
President

**Notice of Convocation of
The 51st Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 51st 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 Wednesday, June 21, 2017.

MEETING AGENDA

1. Date and Time 10:00 a.m., Thursday, June 22, 2017
(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 51st fiscal year (from April 1, 2016 to March 31, 2017) and the audit reports of the Accounting Auditor and the Audit and Supervisory Committee regarding the consolidated financial statements for the 51st fiscal year
 2. The non-consolidated financial statements for the 51st fiscal year (from April 1, 2016 to March 31, 2017)
 - 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)

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 and Supervisory Committee 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 the General Meeting of Shareholders on pages 5 to 12.

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 51st 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., Wednesday, June 21, 2017.

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., Wednesday, June 21, 2017.

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 the 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>
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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 basic policy, and in comprehensive consideration of the business performance, future business development, financial strength and other factors, the year-end dividend for the fiscal year under review 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: ¥1,034,058,255

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, 2017

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

With the aim of achieving “VISION2020,” the business vision for the year 2020, the Company will consolidate the Tokyo Metropolitan Area function, which is currently split between Shinagawa-ku and Ota-ku, into the Ota-ku site, and relocate the headquarters which is currently in Shinagawa-ku, as a part of efforts to strengthen development capabilities in new business areas through the promotion of open innovation and to enhance marketing capabilities through functional integration/consolidation. In addition, the Company will aim to optimize costs by eliminating duplicate office space after consolidating the Tokyo Metropolitan Area function and to increase operating efficiency by working to streamline communication between departments. In conjunction with this, the Company will amend the location of the headquarters as stipulated in Article 3 of the current Articles of Incorporation to Ota-ku, Tokyo.

The effective date for the partial amendments to the Articles of Incorporation is Friday, August 18, 2017.

2. Description of the Amendments

The details of amendments are as follows:

(Revised texts are underlined)

Current Articles of Incorporation	Amendment Proposal
Article 1 to Article 2 (Omitted)	Article 1 to Article 2 (Unchanged)
Article 3 (Location of the Headquarters) The Company shall have its headquarters in <u>Shinagawa-ku</u> , Tokyo.	Article 3 (Location of the Headquarters) The Company shall have its headquarters in <u>Ota-ku</u> , Tokyo.
Article 4 to Article 37 (Omitted)	Article 4 to Article 37 (Unchanged)

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

The terms of office of all eleven (11) current Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the close of this General Meeting of Shareholders in accordance with Article 20 of the Articles of Incorporation. Accordingly, the Company requests the election of eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members).

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows. The Company has determined candidates in accordance with the “Alpine Electronics, Inc. Criteria for Election of Directors” noted on pages 11 and 12. Each candidate meets these criteria, and each has been determined to possess the suitable qualifications as a director of the Company.

This proposal was reviewed by the Audit and Supervisory Committee, but the committee did not find any matters requiring special mention.

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	Nobuhiko Komeya (September 20, 1955)	April 1981	Joined Alps Electric Co., Ltd.		3,000
		June 2004	Director of Alps Electric Co., Ltd.		
		June 2009	Managing Director of Alps Electric Co., Ltd.		
		June 2012	Senior Managing Director of Alps Electric Co., Ltd.		
		June 2015	Senior Managing Director of the Company Head of Administration of the Company		
		June 2016	President of the Company (incumbent)		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Nobuhiko Komeya possesses abundant management experience and knowledge as a director, and, since 2016 as the President of the Company, he has exercised leadership to make organizational reforms, create new businesses, and otherwise strengthen the business base in order to steadily achieve “VISION2020.” Based on this, the Company determined that Mr. Komeya is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company, and nominates Mr. Komeya as a candidate for reelection as a Director.					
Re- appointment 2	Hitoshi Kajiwara (November 23, 1954)	April 1977	Joined the Company		13,600
		June 2000	Director of the Company		
		June 2003	Managing Director of the Company (incumbent) Head of Engineering & Development of the Company		
		January 2007	Head of European Operations of the Company		
		June 2011	Head of Quality Assurance & Environmental Conservation of the Company		
		June 2015	Head of Manufacturing, Purchasing and Quality Assurance of the Company		
		June 2016	Head of Administration of the Company (incumbent)		
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Hitoshi Kajiwara possesses experience and knowledge with respect to engineering, quality assurance and environmental conservation, and manufacturing and purchasing as a Managing Director, and he currently oversees the Company’s all administration divisions, including human resources, general affairs, accounting, finance and legal, and has exercised leadership in strengthening the administration system and in the area of corporate governance. Based on this, the Company determined that Mr. Kajiwara is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Kajiwara 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 3	Naoki Mizuno (February 17, 1955)	October 1984 Joined the Company June 2011 Director of the Company Head of Chinese Operations of the Company June 2014 Head of Marketing & Sales of the Company (incumbent) June 2015 Managing Director of the Company (incumbent) (Status of important concurrent occupations) President of ALPINE ELECTRONICS (CHINA) CO., LTD. President of ALPINE ELECTRONICS MARKETING, INC.	5,500
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Naoki Mizuno oversees matters related to the overall sales operations of the aftermarket business and business with automakers as a Managing Director, and has exercised 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 for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Mizuno as a candidate for reelection as a Director.			
Re- appointment 4	Koichi Endo (April 17, 1961)	April 1986 Joined the Company June 2010 Director of the Company 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 June 2016 Managing Director of the Company (incumbent) Head of Engineering & Development of the Company (incumbent)	5,600
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Koichi Endo oversees matters related to engineering and development as a Managing Director, and has exercised leadership including bolstering research and development in order to create innovation as well as in formulating and executing technological strategies. Based on this, the Company determined that Mr. Endo is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Endo as a candidate for reelection as a Director.			
Re- appointment 5	Toshinori Kobayashi (January 14, 1960)	August 1997 Joined the Company June 2010 Director of the Company (incumbent) Head of Marketing & Sales of the Company June 2014 Head of European Operations of the Company June 2015 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	3,000
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Toshinori Kobayashi has exercised leadership including raising the Company's brand image and striving for business expansion as a Director and as the person in charge of the American and European markets, which are both the Company's key markets as well as strategically important for business. Based on this, the Company determined that Mr. Kobayashi is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Kobayashi as a candidate for reelection as a Director.			
Re- appointment 6	Shuji Taguchi (November 17, 1958)	April 1981 Joined 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 June 2016 Head of Quality & Environmental Assurance of the Company April 2017 Head of Quality Assurance of the Company (incumbent)	3,200
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Shuji Taguchi oversees matters related to quality, such as maintaining and enhancing product quality management as a Director, and has exercised leadership including meeting the stringent quality standard demands from automakers. Based on this, the Company determined that Mr. Taguchi is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Taguchi 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 7	Yasuhiro Ikeuchi (February 20, 1957)	March 2004 Joined 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)	3,000
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Yasuhiro Ikeuchi is in charge of engineering and development for infotainment systems, revolving around navigation systems and new business as a Director, and has exercised leadership including advancing large projects. Based on this, the Company determined that Mr. Ikeuchi is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Ikeuchi as a candidate for reelection as a Director.			
Re- appointment 8	Yoji Kawarada (January 1, 1958)	April 1980 Joined the Company June 2015 Director of the Company (incumbent) Head of Manufacturing and Purchasing of the Company June 2016 Head of Manufacturing and Materials Control of the Company (incumbent)	6,400
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Yoji Kawarada has exercised leadership including formulating and bolstering the advancement of a global supply chain management strategy in the manufacturing innovation and materials procurement fields as a Director. Based on this, the Company determined that Mr. Kawarada is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Kawarada as a candidate for reelection as a Director.			
Re- appointment 9	Shinji Inoue (August 22, 1959)	April 1983 Joined Alps Electric Co., Ltd. June 2013 Director, Officer in charge of Automotive Module Division and Deputy General Manager, Engineering Headquarters of Alps Electric Co., Ltd. June 2016 Director of the Company (incumbent) Deputy Head of Product Design of the Company April 2017 Deputy Head of Marketing & Sales of the Company (incumbent)	3,000
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Shinji Inoue has utilized his experience and knowledge gained in the Automotive Module Division of Alps Electric Co., Ltd., while being in charge of formulating and executing technological strategies for mass production design as a Director of the Company. He also has exercised leadership including being in charge of Marketing & Sales in order to bolster the business base since April 2017. Based on this, the Company determined that Mr. Inoue is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Inoue as a candidate for reelection as a Director.			
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) Mr. Masataka Kataoka has served successively as the President and Chairman of Alps Electric Co., Ltd. over many years, and has gained extensive experience and knowledge 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 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
New appointment 11	Koji Ishibashi (September 25, 1960)	<p>April 1998 Joined the Company</p> <p>October 2009 Senior Manager of Display Product Development Dept. of the Company</p> <p>July 2012 General Manager, Deputy Head of OEM Product Development of the Company</p> <p>July 2014 General Manager, Deputy Head of OEM Product Development of the Company (Head of Display and Sound)</p> <p>January 2016 General Manager, Deputy Head of Product Design of the Company (Head of OEM Marketing in Europe)</p> <p>April 2017 General Manager, Deputy Head of Product Design 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. Koji Ishibashi is in charge of engineering and development for the Company's core business of sound systems and also for display products for which there has been growing demand with respect to automotive interiors as a General Manager and Deputy Head of Product Design of the Company, and has exercised leadership including improving design quality. Based on this, the Company determined that Mr. Ishibashi is an appropriate human resource for performing business operations for further increasing the corporate value and ensuring sustainable growth of the Company and nominates Mr. Ishibashi as a candidate for new election as a Director.</p>			

- (Notes) 1. There is no special interest between any of the candidates and the Company.
2. Mr. Masataka Kataoka is currently a corporate executive at Alps Electric Co., Ltd. As the Company's parent company, Alps Electric Co., Ltd. is a specified related business operator of the Company. His positions and responsibilities at Alps Electric Co., Ltd., currently and in the past five years, are as shown in the table above. Moreover, Mr. Nobuhiko Komeya and Mr. Shinji Inoue have been corporate executives of the Company's parent company, Alps Electric Co., Ltd., over the past five years.
3. The Company has entered 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. If his reelection is approved as originally proposed, the Company plans to maintain the same agreement. The maximum amount of liability under the agreement is the liability amount stipulated by laws and regulations.

(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 Criteria 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, attorney at law, 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.

(Reference) Evaluation Regarding the Effectiveness of the Board of Directors of Alpine Electronics, Inc.

1. Objectives and Aims

With the resolution of the 50th Ordinary General Meeting of Shareholders held on June 22, 2016, the Company made the transition from a company with audit & supervisory board to a company with audit and supervisory committee, and has accordingly been working to strengthen its corporate governance structure with the aims of ensuring sound and transparent execution of duties, as well as achieving greater efficiency and agility. As part of these efforts, the Company has carried out an evaluation regarding the effectiveness of the Board of Directors since fiscal 2016.

2. Analysis and Evaluation Method

Carrying out the evaluation regarding the effectiveness of the Board of directors in fiscal 2016 involved administering to all 15 of the Directors a questionnaire containing survey questions regarding the Board of Directors in terms of its composition, administration, substance of deliberations, communication among the Directors, and supporting system, whereby the Directors performed self-evaluations encompassing respective impressions in that regard. After a process of analysis and sorting out the issues, the content was assessed and discussed in a meeting of the Board of Directors.

3. Overview of Analysis and Evaluation Results

As a result, the findings have affirmed that the Board of Directors operating under its current structure since June 2016 properly engages in discussions, deliberations and administration in a manner that ensures its effectiveness. Accordingly, no substantial problematic issues have been identified in that regard. On the other hand, there is a need for further review focused on diversity among the members of the Board of Directors, while findings of the evaluation have identified issues particularly in terms of streamlining preparation procedures for deliberations of the Board of Directors, further enhancing opportunities for interaction among the inside and outside Directors, sharing awareness of risks that affect business operations as well as strengthening controls in that regard, and with respect to the method of implementing the evaluation.

4. Initiatives Going Forward, etc.

Addressing such issues going forward will involve conducting reviews on a short-term basis as well as on a medium- to long-term basis. Moreover, we now have a greater understanding of commonalities in terms of viewpoints and awareness among the Directors, which we will share in order to develop a more unified approach to management. We will also continue carrying out the evaluation in fiscal 2017 and thereafter with the aim of applying the results to improvements in the Company's governance and its corporate value.

Business Report
(From April 1, 2016 to March 31, 2017)

(1) Progress of business operations and their results

In the global economy during the fiscal year ended March 31, 2017, US domestic demand was firm, and in Europe, economic activity continued to recover in spite of patchy performance from country to country. Meanwhile, concerns intensified about a possible economic downturn in emerging countries, such as China, as well as resource producing countries, due to slowing of growth in those countries. In the Japanese economy, there were signs of a moderate recovery; however a mood of uncertainty surrounded the future outlook due to increased uncertainty in overseas economies, such as fluctuations in exchange rates, caused by the issues arising from the U.K.'s leaving from the EU and the effects of the United States presidential elections, as well as risks in European financial and capital markets.

In the car electronics industry, collaboration between the in-car IT field which centers on infotainment systems, and new fields such as the use of electronics in cars, vehicle automation and AI (artificial intelligence) is expanding and it leads competition to be intensified regardless of business area or type.

Under these circumstances, the Alpine Group (the "Group") regards this fiscal year as a year to implement reforms in order to build the foundation for the growth described in VISION2020, its corporate vision targeting the 2020 fiscal year. To this end, it has worked to enhance its corporate standing through means such as organizational reform of the R&D division, improving efficiency of R&D investment, and promoting to lower cost prices.

Furthermore, on the growth front, the Company exhibited at motor shows in China, which is the world's largest automobile market where it presented its solutions tailored to specific vehicle models, revolving around navigation systems and premium sound systems. In addition, the Company aimed at expansion of sales by rolling out high value added new models in the domestic and overseas aftermarket. In addition, with the EV (Electric Vehicle) market rapidly expanding in China, the Company implemented a capital increase in an entity accounted for using equity method, which has been focusing on EV-related business such as development of next-generation battery control systems, in working to strengthen its development functions. Moreover, the Company has made a strategic move to the future growth, such as by commencing development of next-generation in-car systems in collaboration with IBM Japan, Ltd., in preparation for self-driving cars becoming common place, and by entering a strategic business alliance with TOSHIBA CORPORATION, in order to create new businesses that utilize compact unmanned aerial vehicles, drones, and apply the position control technology fostered through the development of navigation systems. In addition, the Company has worked to strengthen its business platforms by promoting efforts for reorganization of its manufacturing system, in preparation for business integration of domestic manufacturing subsidiaries in April 2017.

Nevertheless net sales declined due to worsening of external conditions, such as abrupt short-term fluctuations in exchange rates. Meanwhile, operating profit increased slightly, mainly due to curtailed non-current expenses.

As a result, during the fiscal year ended March 31, 2017, consolidated net sales decreased 9.3% compared with the previous fiscal year, to ¥247.7 billion. Operating profit increased 3.3% to ¥5.6 billion, and ordinary profit increased 20.6% to ¥7.4 billion, due to an increase in share of profit of entities accounted for using equity method. Profit attributable to owners of parent amounted to ¥7.7 billion, a decrease of 27.5% compared with the previous fiscal year, due to a decrease in gain on sales of shares of subsidiaries and associates that was recorded under extraordinary income.

(Segment information related to overall fiscal 2016 business performance by type of business)

(i) Audio Products segment

In the Audio Products segment, although there was a trend toward a decline in sales to the aftermarket as well as to the OEM market as a result of audio functions being combined with information and communication equipment such as navigation systems and display products, the Company focused on sales expansion by conducting promotion activities for sound systems to the aftermarket, etc. Furthermore, in the OEM market, the Company focused on increasing orders for slim-line and lightweight speakers that aid in the vehicle's fuel consumption and environmental footprint, and its new lightweight and compact free layout speakers that improve freedom of placement in order to adapt to changes in the vehicle's interior design, in addition to speakers and amplifiers that offer realistically reproduced high-quality audio tailored to luxury vehicle models with exceptionally quiet cabins.

However, segment sales overall were impacted by a harsh business environment for the aftermarket as well as the OEM market.

Accordingly, segment sales decreased 13.0% compared with the previous fiscal year, to ¥45.9 billion.

(ii) Information and Communication Products segment

In the Information and Communication Products segment, the Company worked to create differentiation from rival companies by launching the Big X series of new 11-inch large-screen navigation systems in the domestic aftermarket, in which competition has intensified for large-screen navigation systems for minivans, as well as proposing total systems including rear monitors and front cameras to customers, particularly drivers in their child-rearing years. In addition, through alliances with car sharing companies, the Company installed system products in minivans, aiming at acquiring new purchasers. Furthermore, the Company commenced sales of new products that are compatible with Apple CarPlay* and 9-inch screen in-dash systems in the U.S. aftermarket. Sales for the domestic aftermarket were favorable due to these measures implemented, and sales for the aftermarket were robust overall because the Company was able to make up for the slump in businesses tailored to specific vehicle models in the U.S. and Europe aftermarkets. In the OEM market, although sales were robust for display products aimed at European automakers, sales decreased due to the effects of model changeovers for some models produced by Japanese automakers.

Accordingly, segment sales decreased 8.4% compared with the previous fiscal year, to ¥201.7 billion.

*Apple CarPlay is a trademark of Apple Inc., registered in the U.S. and other countries.

(2) Capital investments and financing of the corporate group

Capital investments were made in preparation for the future growth. Already investments of approximately ¥7.9 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 a part of its Neusoft shareholding that was held by the Company's subsidiaries. Then, using the funds from the shares sold, the Company allocated a capital increase for Neusoft Reach Automotive Technology (Shanghai) Co., Ltd., which has been focusing on business related to EVs (Electric Vehicles) such as development of next-generation battery control systems, in working to strengthen its development functions.

(4) Issues to address

In the car electronics industry, the importance of in-car systems is rapidly increasing with the advances in information terminals for automobiles, the progress in driver support and vehicle automation technologies, and the like with a focus on the three policy axes of safety, information and environment. The collaboration of infotainment systems with safety packages that utilize cameras, sensors, etc., and the integration with meter cluster panels exemplify this. In addition the industry has begun to shift away from being a hardware-centric business to focusing on systems that combine hardware with vehicle control and software, such as the sophistication of data transmission systems and map data that is required as competition to develop a Connected Car intensifies. 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, the 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. The Group

especially recognizes reinforcement of software development capabilities as a key issue for management, cultivates development of leading-edge technologies by forming business alliances, investing equity in venture companies, and the like, and works to improve efficiency of R&D investment. In addition, the Group 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 infotainment systems, and thus to provide total solutions for in-car information systems such as Digital Cockpit for automakers. Moreover, as concern over eco-cars including EV (Electric Vehicle) or HV (Hybrid Vehicle) increases, the Group will enhance development of next-generation products to conform to demand for lightening and electricity saving in automobiles.

Concerning fiscal 2017, the Group will conduct structural reforms by reorganization of the group, such as by enhancing its technological development capabilities by absorbing its domestic technological development subsidiaries into the Company and improving manufacturing efficiency by integrating its three domestic manufacturing subsidiaries, and promote the establishment of firmer business platforms with an eye to achieving VISION2020. In addition, in the domestic aftermarket, the Group will strive for further business growth by rolling out customized cars equipped with its large-screen navigation systems, the largest in the industry, and rear monitors, and providing specific design choices for the cabin interior and exterior components.

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