

To Our Shareholders,

Alpine Electronics, Inc.
1-7, Yukigaya-otsukamachi,
Ota-ku, Tokyo, Japan
Nobuhiko Komeya
President

Notice of Convocation of The 52nd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 52nd 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” and “Notes on the Exercise of Voting Rights” below and exercise your voting rights by no later than 5:00 p.m. on Wednesday, June 20, 2018.** The time required for postal mail to arrive sometimes can take longer than regular delivery times due to postal circumstances. **We ask shareholders who exercise their voting rights by sending the Voting Rights Exercise Form to post the form early.**

MEETING AGENDA

- 1. Date and Time** **10:00 a.m., Thursday, June 21, 2018**
(Reception will open at 9:00 a.m.)
- 2. Location** Hall on the first floor of Head Office Building of Alps Electric Co., Ltd.
1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo, Japan
- 3. Purpose of the General Meeting of Shareholders**
Matters to be reported:
 1. The Business Report, the Consolidated Financial Statements for the 52nd fiscal year (from April 1, 2017 to March 31, 2018) and the audit reports of the Accounting Auditor and the Audit and Supervisory Committee regarding the Consolidated Financial Statements for the 52nd fiscal year
 2. The Non-consolidated Financial Statements for the 52nd fiscal year (from April 1, 2017 to March 31, 2018)

Matters to be resolved:

<Company Proposals (Proposal 1 to Proposal 3)>

- Proposal 1: Appropriation of Surplus
- Proposal 2: Election of Ten (10) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 3: Election of Five (5) Directors who are Audit and Supervisory Committee Members

<Shareholder Proposals (Proposal 4 to Proposal 6)>

- Proposal 4: Appropriation of Surplus
- Proposal 5: Election of One (1) Director (excluding Director who is Audit and Supervisory Committee Member)
- Proposal 6: Election of One (1) Director who is Audit and Supervisory Committee Member

Details of each proposal are presented below in the Reference Documents for the General Meeting of Shareholders. **The Board of Directors of the Company opposes the Shareholder Proposals (Proposals 4 through 6).** Please see pages 14 to 27 for the shareholder proposals and the Company’s Board of Directors’ opinions on the shareholder proposals.

4. Matters Decided upon Convocation

- (1) Individual shareholders voting by proxy must, as a general rule, submit documents (i) through (iii) below.
 - (i) The proxy's own Voting Rights Exercise Form
 - (ii) A document substantiating the proxy's right to represent the shareholder (a letter of proxy bearing the signature, or seal and name, of the shareholder who appointed the proxy)
 - (iii) The Voting Rights Exercise Form of the shareholder who appointed the proxy or a photocopy of said shareholder's seal registration certificate for the seal affixed to the letter of proxy, or passport, driver's license, health insurance identification card or other government-issued document that can verify said shareholder's identity
- (2) Corporate shareholders voting by proxy must, as a general rule, submit documents (i) and (ii) below.
 - (i) A document substantiating the proxy's right to represent the shareholder (a letter of proxy or agency notice bearing the signature, or seal and name, of an authorized representative of the corporation that appointed the proxy)
 - (ii) The Voting Rights Exercise Form of the shareholder that appointed the proxy or a seal registration certificate for the representative seal affixed to the letter of proxy or agency notice
- (3) Under the provisions of the Company's Articles of Incorporation, a shareholder may appoint only one proxy and the proxy must be a Company shareholder with voting rights.
- (4) Diverse Exercise of Voting Rights
In the event that you exercise your voting rights diversely, please notify the Company by three days prior to the General Meeting of Shareholders stating your intention of diverse exercise and the reasons.

Other than the above, please refer to "Information Regarding the Exercise of Voting Rights" presented on pages 4 and 5.

5. Regarding the Internet Disclosure

Of the documents which must be attached at the time of providing this Notice of Convocation of the Ordinary General Meeting of Shareholders, "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" are reported (in Japanese only) on the Company's website in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation, and therefore are not provided in this Notice of Convocation.

The original Japanese version of the attachments hereto include only a portion of the Consolidated Financial Statements or Non-consolidated Financial Statements that were audited by the Audit and Supervisory Committee or the Accounting Auditor, in producing the audit reports.

The Company's website:

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

[To shareholders who will attend the meeting]

If attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk. Please also be aware that non-shareholders such as proxies, people accompanying shareholders and children will not be permitted to attend the General Meeting of Shareholders.

[Notes on the Exercise of Voting Rights]

Please note that for this General Meeting of Shareholders, Shareholder Proposals are proposed. The details are presented in page 14 onwards of the Reference Documents for the General Meeting of Shareholders. The Company's Board of Directors **opposes all of these Shareholder Proposals**. For shareholders in agreement with the Board of Directors' views, please vote **in favor of Company Proposals 1 through 3 and against Shareholder Proposals 4 through 6**.

- 1) Please note that when you exercise your voting rights by Voting Rights Exercise Form (or a letter of proxy), if you submit your votes without indicating your approval or disapproval, your vote shall be deemed as approval of the Company Proposal and disapproval of the Shareholder Proposal.
- 2) Proposal 4 was proposed as an addendum to Proposal 1. Accordingly, if a shareholder votes against Company Proposal 1 and in favor of Shareholder Proposal 4, the shareholder's vote on Proposal 4 shall be deemed invalid.
- 3) There are no items to be noted concerning the exercise of voting rights for Proposal 2 and Proposal 5.
- 4) Although Proposal 3 made by the Company and Proposal 6 made by the Shareholder both propose Election of Directors who are Audit and Supervisory Committee Members, the Articles of Incorporation of the Company stipulate the number of the Company's Directors who are Audit and Supervisory Committee Members shall be five (5) or less.
Among the proposals being discussed at this General Meeting of Shareholders, the Board of Directors of the Company proposes the election of Five (5) Directors who are Audit and Supervisory Committee Members, as outlined in Proposal 3, a Company Proposal. However, the election of One (1) Director who is an Audit and Supervisory Committee Member is also being proposed in Proposal 6, a Shareholder Proposal from proposing shareholders. If all of the candidates in the two proposals are elected (six (6) candidates), the number will exceed the maximum number of Directors (5) who are Audit and Supervisory Committee Members stipulated in the Articles of Incorporation. Thus, the two proposals are partially not compatible. Therefore, you are requested, if exercising your voting rights for Election of Directors who are Audit and Supervisory Committee Members, to vote to approve all of the candidates in Proposal 3 (Company Proposal) and disapprove of the candidate in Proposal 6 (Shareholder Proposal), or to choose and approve five (5) or less candidates from among those candidates proposed by the Company and the Shareholder.
Please be aware that if approval is indicated for more than five (5) candidates between both proposals, all of the relevant voting rights that you exercised for Proposal 3 and Proposal 6 shall be deemed invalid.
- 5) If, from among all of the candidates in Proposal 3 and Proposal 6, approval is indicated for only some of the candidates, the Company will deem that the shareholder abstained from voting in regard to the remaining candidates for which approval or disapproval was not indicated.

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 6 to 27.

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 52nd 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 20, 2018.

C: Exercise of Voting Rights via the Internet:

Please access the website designated by the Company for the exercise of voting rights (<https://evote.tr.mufg.jp/>), and send it without fail by 5:00 p.m., Wednesday, June 20, 2018.

For details, please see the following page.

- (i) 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.
- (ii) 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.
- (iii) 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 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>

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 (<https://evote.tr.mufg.jp/>) from a PC, a smartphone, or a mobile phone (i-mode, EZweb or Yahoo! Mobile)*.

However, please note that you cannot exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m. every day.

* "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 Documents for the General Meeting of Shareholders

<Company Proposals (Proposals 1 to 3)>

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: ¥1,034,283,900

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 22, 2018

Proposal 2: Election of Ten (10) 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 ten (10) 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 28 to 29. Each candidate meets these criteria, and each has been determined to possess the suitable qualifications as a Director of the Company (excluding Directors who are Audit and Supervisory Committee Members).

Also, in regard to this proposal, the Audit and Supervisory Committee has carried out an examination of the Director nominations, based on a process of exchanging opinions with the Representative Director. As a result of this, the Audit and Supervisory Committee, after taking into account the composition of the Board of Directors, and the expert knowledge and experience, etc. of each of the candidates, has concluded that each of the candidates proposed in this proposal would make suitable Directors of the Company.

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. 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)	3,000
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	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) (Status of important concurrent occupations) Director of NEUSOFT CORPORATION	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.			

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	Toshinori Kobayashi (January 14, 1960)	August June June June May	1997 2010 2015 2017 2018	Joined the Company Director of the Company (incumbent) Head of Marketing & Sales of the Company Head of American and European Operations of the Company Head of European Operations of the Company Head of Administration of the Company (incumbent)	3,000
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)					
Mr. Toshinori Kobayashi has raised the Company's brand image and striven for business expansion as a Director and as the person in charge of the American and European markets, which are the Company's key markets as well as the strategically important area for business. Since May 2018, he has exercised leadership as the person in charge of supervising the overall administration, strengthening administrative structure and corporate governance. 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 4	Shuji Taguchi (November 17, 1958)	April June January June April	1981 2013 2016 2016 2017	Joined the Company Director of the Company (incumbent) Head of OEM Product Development of the Company Head of Common Engineering of the Company Head of Quality & Environmental Assurance of the Company 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.					
Re- appointment 5	Yasuhiro Ikeuchi (February 20, 1957)	March June January May	2004 2014 2016 2018	Joined the Company Director of the Company (incumbent) Head of Chinese Operations of the Company Head of Product Design of the Company Head of European Operations of the Company (incumbent) (Status of important concurrent occupations) 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. Yasuhiro Ikeuchi is in charge of engineering and development for infotainment systems revolving around navigation systems, and new businesses as a Director, and advanced large projects. Since May 2018, he has exercised leadership as the person in charge of European Operations, which are the Company's key markets as well as the strategically important area for business. 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 6	Yoji Kawarada (January 1, 1958)	April June June	1980 2015 2016	Joined the Company Director of the Company (incumbent) Head of Manufacturing and Purchasing of the Company 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.					

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	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) (Status of important concurrent occupations) President of ALPINE ELECTRONICS (CHINA) CO., LTD.	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 exercising leadership as Director of the Company in charge of matters related to sales in the business targeting automakers. 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 8	Koji Ishibashi (September 25, 1960)	April 1998	Joined the Company June 2017 Director of the Company (incumbent) Deputy Head of Product Design of the Company May 2018 Head of Product Design of the Company (incumbent)	3,100
Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members) Mr. Koji Ishibashi has exercised leadership as Director in charge of development for sound systems, the Company's core business, and also display products for which demands are growing as part of the automotive interiors, leading initiatives to improve design quality such as efficient layout and shape of the products. 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 reelection as a Director.				
Re- appointment 9	Masataka Kataoka (June 30, 1946)	April 1972	Joined Alps Electric Co., Ltd. June 1982 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. June 2017 Director, Executive Adviser of Alps Electric Co., Ltd. (incumbent) (Status of important concurrent occupations) Director, Executive Adviser 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 10	Yasushi Motokawa (June 28, 1964)	<p>April 1988 Joined the Company</p> <p>April 2005 Senior Manager of International OEM Marketing Dept. 1 of the Company</p> <p>April 2008 Senior Manager of International OEM Marketing Dept. 2 of the Company</p> <p>July 2015 General Manager, Deputy Head of Marketing & Sales of the Company (Head of International OEM Marketing)</p> <p>February 2016 General Manager, Head of Chinese Operations of the Company (incumbent)</p>	6,000
<p>Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)</p> <p>Drawing on his experience and knowledge cultivated in automaker business (OEM), Mr. Yasushi Motokawa has exercised leadership as General Manager, Head of Chinese Operations, with responsibility for overseeing the world's largest automobile market, which is expected to grow as market for EV (electric vehicles) and autonomous driving. Based on this, the Company determined that Mr. Motokawa 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. Motokawa 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.

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

The terms of office of all four (4) current 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 five (5) Directors who are Audit and Supervisory Committee Members, increasing the number of Directors by one (1) to enhance corporate governance.

Prior agreement of our Audit and Supervisory Committee has been obtained regarding the submission of this proposal.

The candidates for 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 Outside 1	Hideo Kojima (November 30, 1948)	<p>March 1980 Registered as a Certified Public Accountant</p> <p>May 2000 Executive Director of Century Ota Showa & Co.</p> <p>May 2006 Executive Vice President of Ernst & Young ShinNihon LLC</p> <p>September 2010 Senior Advisor to Ernst & Young ShinNihon LLC (retired in June 2011)</p> <p>June 2011 Outside Audit & Supervisory Board Member of the Company</p> <p>External Corporate Auditor of Sumitomo Heavy Industries, Ltd. (retired in June 2015)</p> <p>Established Hideo Kojima CPA Office (incumbent)</p> <p>June 2013 Outside Corporate Auditor of Mitsubishi UFJ Financial Group, Inc. (retired in June 2015)</p> <p>June 2015 External Director of Sumitomo Heavy Industries, Ltd. (incumbent)</p> <p>June 2016 Outside Director, Audit and Supervisory Committee Member of the Company (incumbent)</p> <p>(Status of important concurrent occupations) External Director of Sumitomo Heavy Industries, Ltd.</p>	0
<p>Reasons for nomination as candidate for Outside Directors who are Audit and Supervisory Committee Members</p> <p>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 outside officer at other companies. The Company believes he can utilize this experience to contribute to the management of the Company and nominates Mr. Kojima as a candidate for reelection as an Outside Director who is an Audit and Supervisory Committee Member.</p>			
Re- appointment Outside 2	Satoko Hasegawa (November 27, 1968)	<p>April 1994 Registered as an Attorney at Law</p> <p>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</p> <p>Outside director of Asahi Net, Inc. (retired in June 2017)</p> <p>June 2015 Outside Auditor of HAKUDO Co., Ltd. (retired in June 2017)</p> <p>June 2016 Outside Director, Audit and Supervisory Committee Member of the Company (incumbent)</p> <p>June 2017 Outside Director, Audit and supervisory committee member of HAKUDO Co., Ltd. (incumbent)</p> <p>(Status of important concurrent occupations) Outside Director, Audit and supervisory committee member of HAKUDO Co., Ltd.</p>	0
<p>Reasons for nomination as candidate for Outside Directors who are Audit and Supervisory Committee Members</p> <p>Ms. Satoko Hasegawa has both specialized knowledge and broad insight from a long history of involvement in legal practice as an attorney at law, from international experience, and from serving as outside officer 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 candidate for reelection as an Outside Director who is an Audit and Supervisory Committee Member.</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 Outside 3	Naoki Yanagida (February 27, 1960)	April	1987 Registered as an Attorney at Law Joined Yanagida & Nomura law firm (current Yanagida & Partners law firm) (incumbent)	0
		June	2004 Outside Corporate Auditor of Nippon Paper Industries Co., Ltd. (retired in June 2012)	
		June	2014 Outside Audit & Supervisory Board Member of the Company Outside Audit & Supervisory Board Member of Sampo Japan Nipponkoa Holdings, Inc. (current Sampo Holdings, Inc.) (incumbent)	
		June	2016 Outside Director, Audit and Supervisory Committee Member of the Company (incumbent) Outside Corporate Auditor of YKK CORPORATION (incumbent)	
Reasons for nomination as candidate for Outside Directors who are Audit and Supervisory Committee Members Mr. Naoki Yanagida has both specialized knowledge and broad insight from a long history of involvement in legal practice as an attorney at law and from serving as outside officer at other companies. The Company believes he can utilize this experience to contribute to the management of the Company and nominates Mr. Yanagida as a candidate for reelection as an Outside Director who is an Audit and Supervisory Committee Member.				
New appointment 4	Shinji Maeda (August 6, 1958)	April	1982 Joined Alps Electric Co., Ltd.	1,200
		August	1991 Transferred to the Company	
		October	2008 Senior Manager, Human Resources Division of the Company	
		July	2013 General Manager, Deputy Head of Administration of the Company (Human Resources, Corporate Planning/Tokyo Office)	
		January	2016 General Manager of Corporate Planning of the Company (incumbent)	
Reasons for nomination as candidate for Directors who are Audit and Supervisory Committee Members Mr. Shinji Maeda has experience and knowledge necessary for healthy and appropriate operation of the Board of Directors through positions he held including Senior Manager of Human Resources Division and General Manager, Deputy Head of Administration and General Manager of Corporate Planning. Based on this, the Company believes that Mr. Maeda can contribute to strengthening effective supervisory function and nominates him as a new candidate for a Director who is an Audit and Supervisory Committee Member.				
New appointment Outside 5	Satoshi Kinoshita (October 17, 1963)	April	1988 Joined Toshiba Tungaloy Co., Ltd. (current Tungaloy Corporation)	0
		May	2005 General Manager, Materials Research & Development Department, Technical Research Division of Tungaloy Corporation	
		May	2011 Executive Officer and Division Director Technical Research Division, General Manager, Cutting Tools Research & Development Department, Technical Research Division of Tungaloy Corporation	
		March	2014 President and CEO of Tungaloy Corporation (incumbent)	
Reasons for nomination as candidate for Outside Directors who are Audit and Supervisory Committee Members Mr. Satoshi Kinoshita has extensive experience and a broad knowledge gained through business management of domestic and international group companies as President and CEO of Tungaloy Corporation, carbide alloy tools manufacturer. Tungaloy Corporation has a similar business model to the Company's as it operates its business globally including business relations with major automobile manufacturers. Based on this, the Company believes that Mr. Kinoshita can provide the Company with effective and useful supervision and advice for the Company to increase the corporate value and ensure sustainable growth. In addition, Tungaloy Corporation has its headquarters in Iwaki-City, Fukushima Prefecture, the same as the Company, and the Company believes that he can contribute to healthy and appropriate operation of the Board of Directors and strengthening corporate governance by providing appropriate advice on corporate management overall including harmonious coexistence with and contribution to local communities, and therefore the Company nominates him as a new candidate for Outside 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, Mr. Naoki Yanagida, and Mr. Satoshi Kinoshita 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.

The Company has registered Mr. Hideo Kojima, Ms. Satoko Hasegawa and Mr. Naoki Yanagida as independent officers who satisfy the requirements of Tokyo Stock Exchange, Inc. In addition, the Company plans to register Mr. Satoshi Kinoshita as an independent officer who satisfies the requirements of Tokyo Stock Exchange, Inc. if his election is approved.

3. The term of office for Mr. Hideo Kojima as an outside Director who is an Audit and Supervisory Committee Member will have been two (2) 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 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 who is an Audit and Supervisory Committee Member 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 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 Director who is an Audit and Supervisory Committee 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 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, Mr. Naoki Yanagida and Mr. Satoshi Kinoshita that limits 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. Yanagida & Partners law firm, which is indicated in Mr. Naoki Yanagida's career summary, provides legal services to the Company. However, the total amount of compensation received by the law firm from the Company is less than 2% of annual gross income of the firm and does not constitute a substantial amount as defined in the Company's Independence Criteria. Therefore, the Company determined that Mr. Naoki Yanagida possesses sufficient independence.
8. Tungaloy Corporation, which is indicated in Mr. Satoshi Kinoshita's career summary, has a business relationship involving sales with consolidated subsidiaries of the Company. However, the annual amount of transactions between those companies is less than 1% of the consolidated net sales for the most recent fiscal year of the Company and its consolidated subsidiaries or of Tungaloy Corporation, and does not constitute a substantial amount as defined in the Company's Independence Criteria. Therefore, the Company determined that Mr. Satoshi Kinoshita possesses sufficient independence.

Shareholder Proposals (Proposals 4 to 6)

Proposals 4 to 6 are proposals made by a shareholder. The proposal content and reasons therefor are presented unchanged in transcribed format herein, as worded in the written shareholder proposals submitted by the proposing shareholder.

The Board of Directors stands opposed to all the aforementioned proposals. Details of opinions of the Company's Board of Directors with respect to the shareholder proposals are stated subsequent to each proposal.

Proposal 4: Appropriation of Surplus

■ Opinion of the Company's Board of Directors: Opposed

(1) The proposal

The appropriation of surplus shall be as follows.

If the Board of Directors of the Company submits the proposal on appropriation of surplus at the 52nd Ordinary General Meeting of Shareholders, this proposal will be submitted to make an additional proposal separately from such proposal.

a. Matters concerning year-end dividends

Year-end dividends for the most recent fiscal year (from April 1, 2017 to March 31, 2018) shall be paid as follows.

(i) Type of dividend

Cash

(ii) Amount of dividends per share

The amount obtained by deducting the amount of dividend payment from surplus per common share of the Company which will be proposed by the Board of Directors of the Company at the 52nd Ordinary General Meeting of Shareholders and approved thereat, from ¥325 (¥325 if the Board of Directors of the Company does not submit a proposal of appropriation of surplus at such ordinary general meeting of shareholders)

(iii) Allocation and the total amount of dividends

The amount of dividends per share set forth in (ii) above regarding common shares of the Company (the total amount of dividends will be the amount obtained by multiplying the amount of dividends per share by the total number of issued common shares of the Company (excluding treasury shares) as of March 31, 2018)

(iv) Effective date of dividend payment from surplus

June 29, 2018

b. Matters concerning other appropriation of surplus

In order to apply to the payment of year-end dividends, the Company will conduct reversal of the reserve as follows.

(i) Item and the amount of surplus to reduce

General reserve: ¥31,450,000,000

(ii) Item of surplus to be increased and amount of increase

Retained earnings brought forward: ¥31,450,000,000

(2) Reasons for the proposal

On July 27, 2017, the Company announced that it had decided to conduct a business integration (the "Business Integration") that involves a reorganization into a holding company structure with Alps Electric Co., Ltd. ("Alps Electric"), which is its parent company and holds 41.16% of the shares in the

Company on a voting-right ownership basis, and as part of the Business Integration it would conduct a share exchange through which Alps Electric will be the wholly owning parent company and Alpine will become the wholly owned subsidiary (the “Share Exchange”). For the Share Exchange, the two companies have agreed on the share exchange ratio (the “Share Exchange Ratio”) being 0.68 shares of the Alps Electric common shares to be allocated and delivered for each share of the Company common shares.

The Share Exchange Ratio suggests that when the Business Integration was announced, the share price of the Company was evaluated at ¥2,108. However, according to the share valuation report that Oasis has received from BVCJ, Co., Ltd. (“BVCJ”), an independent valuation expert, the fair value of the Company is ¥4,180 per share on the DCF analysis, a premium of 98%, and between ¥3,516 and ¥6,734 on the comparable companies analysis, a premium between 67% and 219% to the share price on the day before the announcement of the Business Integration.

Given that the Company has made upward revisions of the full-year consolidated earnings forecasts for the fiscal year ended March 31, 2018 on two occasions as described below after the announcement of the Business Integration, it is considered that the Company’s corporate value has significantly improved further. On the other hand, the market share price of Alps Electrics has greatly fallen as a result of its largest customer’s sluggish sales of new products. Consequently, the theoretical share price of the Company calculated using ¥2,684, which is the closing market share price of Alps Electric on April 19, 2018, is as low as approximately ¥1,825.

In addition, the examination by Oasis has demonstrated that the Share Exchange Ratio agreed between the Company and Alps Electric is unfair to the minority shareholders. The examination by Oasis includes the following.

- The Company is arbitrarily treating cash and deposits of approximately ¥30.0 billion as operating cash, leading to an effective reduction in shareholder value by approximately ¥400 per share and abusing minority shareholder rights. Approximately ¥30.0 billion in operating cash far exceeds the amount of operating cash that Oasis considers to be legitimate.
- The Company states that SMBC Nikko Securities Inc. (“SMBC Nikko Securities”) has been selected by the Company as an independent third-party appraiser, but since Sumitomo Mitsui Banking Corporation, which belongs to the Sumitomo Mitsui Financial Group as SMBC Nikko Securities does, is the main commercial bank for the Company, SMBC Nikko Securities cannot be considered to be independent of the Company.
- SMBC Nikko Securities has selected the methods of analysis and assumptions that would produce as low calculation results as possible as follows.
 - Due to the issues unique to the companies selected by SMBC Nikko Securities as comparable companies, the results of the analysis have been unreasonably lowered in the calculation using the DCF analysis and the multiple method.
 - In the financial forecasts of the Company, which SMBC Nikko Securities used as a basis for its DCF analysis, increases in operating profit of approximately 38.5% and approximately 33.3% are anticipated for the fiscal year ending March 31, 2019 and the fiscal year ending March 31, 2020, respectively. However, if those increases in operating profit are anticipated, SMBC Nikko Securities should extend the period of financial forecasts used in the DCF analysis until the business stabilizes or use a positive perpetual growth rate, instead of using the perpetual growth rate of 0%, in analyzing the terminal value for the DCF analysis.
 - The results of the analysis do not reflect synergies to be received by Alps Electric through the Business Integration, but the synergies should be reflected in the results of the analysis.

The Company made upward revisions to the full-year consolidated earnings forecasts for the fiscal year ended March 31, 2018 on two occasions on October 30, 2017 and January 30, 2018 after the announcement of the Business Integration, and as a result, the operating profit forecast was upgraded from ¥6,500 million to ¥11,000 million by nearly 70%. In contrast, Alps Electric has been adversely affected by its largest customer’s sluggish sales of new products.

The Company announced the Share Exchange with the effective date of January 1, 2019 (scheduled), which is more than one year and five months ahead from the announcement of the Business Integration

on July 27, 2017. This raises a question as to whether there was an intention to announce the Share Exchange Ratio before the Company's share price rises as a result of the improved business environment, and if that is the case, it would mean that the Company deliberately benefited Alps Electric, its parent company, at the cost of the minority shareholders.

Under such circumstances, on February 27, 2018, given the two occasions of upward revisions to the earnings forecasts, the Company announced that with respect to the DCF analysis conducted by SMBC Nikko Securities upon the announcement of the Business Integration, the Company examined whether or not the impact of the revisions to earnings forecasts on the financial forecasts of the Company and Alps Electric that were used as conditions underlying the analysis is as material as to make it necessary for the Company to request Alps Electric to revise the Share Exchange Ratio, and the Company resolved at its Board of Directors meeting that the impact of the revisions to earnings forecasts on the financial forecasts does not make it necessary for the Company to request Alps Electric to revise the Share Exchange Ratio and therefore the Company would not request a revision of the Share Exchange Ratio. The Company announced that SMBC Nikko Securities used the most recent financial forecasts of the two companies as underlying conditions and conducted simulations using the DCF analysis on the basis of reasonably expected multiple assumptions, but neither the details nor assumptions of the simulations that the Company states conducted by SMBC Nikko Securities have been disclosed at all. In addition, the Company did not take into account the problems in the analysis pointed out by Oasis and the other minority shareholders.

A minority shareholder of the Company, cannot possibly accept the Company's decision not to conduct even negotiations with Alps Electric for the revision to the Share Exchange Ratio. The calculation is clearly flawed, and the Company has not fully disclosed the assumptions of the analysis. Under such circumstances, we must consider that the Directors of the Company failed to protect the minority shareholders.

The amount determined in (1) (ii) above is, as described above, not the amount that can fully cover the infringement of the minority shareholder rights, compared with the fact that the Company is arbitrarily treating cash and deposits of approximately ¥30.0 billion as operating cash, leading to an effectively reduction in shareholder value by over ¥400 per share, but it is the amount close to the upper threshold of the distributable amount.

If the Share Exchange is implemented as is, the minority shareholders of the Company will be unduly deprived of their rights to that cash. However, if the Company pays the dividends of surplus, the damage to the minority shareholders of the Company will be mitigated. Oasis believes that the minority shareholders of the Company, or the shareholders other than Alps Electric, should support this proposal of appropriation of surplus with the details set forth in (1) above. Even if the dividends of surplus are paid and the Share Exchange Ratio is effectively rectified, the consideration to be received by the minority shareholders through the Share Exchange would be still lower than the fair price, but it is clearly the right choice as a minority shareholder.

■ Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this proposal (the Shareholder Proposal on a Dividend Increase).

(1) Reasons for the opposition

The Company must maintain at hand a considerable amount of the total cash and deposits it holds as necessary operating cash. Based on the circumstances described below and its past experience, the Company considers that the amount of necessary operating cash would be approximately ¥35.0 billion in light of the scale of sales in the fiscal year ended March 2018. If the Company pays dividends (totaling approximately ¥22.4 billion) as asserted in the Shareholder Proposal on a Dividend Increase, taking into account the Company's current funding requirements, it poses the risk of a shortfall in operating cash, and even if it did not create an immediate shortfall in operating cash, a loss of reserves to cover risks such as credit shrinkage could result in stable sustainability of the Company's business being impaired. Accordingly, from the perspective of securing stable sustainability of the Company's business and

improving corporate value over the medium to long term, the Company believes it is inappropriate to pay the dividends pertaining to the Shareholder Proposal on a Dividend Increase.

(2) Supplemental explanation for reasons for the opposition

a. The Company's Views on the Capital Policy

- (a) In the Company, the collection of accounts receivable peaks at the end of each month, while the payment of accounts payable peaks around the 20th day of each month. Accordingly, the amount of cash and deposits normally tends to peak at month-end. Looking at operating cash on a consolidated earnings basis for the past five years, the account-receivable turnover period was 1.5 to 2.0 months, inventory-asset turnover period was 1.0 to 1.5 months and account-payable turnover period was 1.0 to 1.5 months, and therefore the Company considers the standard period for securing operating cash to be around 1.5 to 2.0 months. This standard is equivalent to approximately ¥35.0 billion to ¥46.0 billion in the scale of sales in the fiscal year ended March 2018.
- (b) Given that the Company is operating globally in the regions such as the Americas, Europe and Asia (As of March 31, 2018, the Company has 42 group companies (36 subsidiaries and 6 affiliates) in 14 countries) and its overseas sales are over 85% of the total sales, in order to smoothly and flexibly facilitate the sales, production, procurement and other operational activities in those regions, the Company considers it necessary to have its major overseas subsidiaries secure a certain level of cash and deposits in multiple currencies, including U.S. dollars, euros, yuans and yen. Of the cash and deposits provided in the consolidated balance sheet as of March 31, 2018 (approximately ¥53.7 billion), the percentage of cash and deposits held in Japan is approximately 30%.
- (c) The Company considers it necessary to secure a certain level of cash and deposits to pay dividends and taxes and be ready for responding to troubles and other issues, which are unique to the automotive industry.
- (d) Most of the automobile manufacturers request their business partners to provide financial data on a regular basis and therefore it is a requisite to secure stable financial footing for maintaining ongoing transaction relationships. This is especially the case with the Company group's OEM business, which sells its products to automobile manufacturers around the world that demand for even better quality, lower prices and shorter deadlines amid the global competition for survival. In order to meet such demand, the Company considers it essential that it maintains its financial soundness at a high level.
- (e) The Company also considers it important to secure the cash funding in order to cover for any needs for potential M&A and other activities for the Company's further growth. Specifically, it is becoming ordinary activities to consider M&A deals of up to ¥10.0 billion that mainly target Japanese and overseas software development companies and audio device companies.

According to the proposing shareholder, it has proposed the Shareholder Proposal on a Dividend Increase because the share exchange ratio (the "Share Exchange Ratio") provided for in the share exchange agreement (the "Share Exchange Agreement") executed between the Company and Alps Electric Co., Ltd. ("Alps Electric" and, together with the Company, the "Companies") dated July 27, 2017 is unfair and therefore it should be effectively rectified. However, a significant increase in dividends may have impact on the share exchange in which Alps Electric will become the wholly owning parent company and Alpine will become a wholly owned subsidiary (the "Share Exchange") because such amount of dividends is different from the amount taken into account in the financial analysis conducted by the respective third-party appraisers of each of the Company and Alps Electric which was used as reference at the time that the Companies agreed upon the Share Exchange Ratio.

b. Fairness of the Share Exchange Ratio

According to the proposing shareholder, it has proposed the Shareholder Proposal on a Dividend Increase because the Share Exchange Ratio is unfair and therefore it should be effectively rectified. However, the Company's Board of Directors believes, as explained below, that the Share Exchange Ratio is fair and there is no need for rectification by paying the dividends as proposed in the Shareholder Proposal on a Dividend Increase by having such proposal resolved at the Ordinary General Meeting of Shareholders.

(i) Background leading to the agreement on the Share Exchange Ratio

Upon executing the Share Exchange Agreement with Alps Electric on July 27, 2017, in order to ensure fairness of the Share Exchange Ratio, the Company obtained a financial analysis report and a fairness opinion dated July 26, 2017 with respect to the Share Exchange Ratio from SMBC Nikko Securities Inc. (“SMBC Nikko Securities”) as its third-party appraiser. The Company also obtained advice from TMI Associates, its legal advisor on the various procedures for the business integration between the Company and Alps Electric (the “Business Integration”), the methods and process of decision-making by the Board of Directors, and other factors, from a legal point of view.

Moreover, in order to avoid conflicts of interest, the Company obtained a written report (toshinsho) (the “July 26, 2017 Written Report”) from a third-party committee (“Third-party Committee”) consisting of members having no interest in Alps Electric, which is the controlling shareholder of Alpine, on July 26, 2017, stating that the resolution by the Board of Directors of the Company to approve the Share Exchange was not disadvantageous to the minority shareholders of the Company.

The Board of Directors of the Company also determined that, according to the financial analysis report received from SMBC Nikko Securities on the Share Exchange Ratio, the Share Exchange Ratio falls within the range analyzed by the discounted cash flow analysis (“DCF Analysis”) and exceeds the respective upper limits of the ranges analyzed by the market share price analysis and comparable company analysis, and that therefore it would not undermine the interests of its shareholders.

As a result of careful discussion and consideration while taking the above into account, the Company concluded at its Board of Directors meeting of July 27, 2017 that conducting the Share Exchange at the Share Exchange Ratio is appropriate.

(ii) Examination of the Share Exchange Ratio in light of the revisions to the financial forecasts

Given the two occasions of upward revisions to the full-year consolidated earnings forecasts (the “Revisions to Earnings Forecasts”) during the fiscal year ended March 31, 2018 after the execution of the Share Exchange Agreement, as the means to take a cautious approach in consummating the Share Exchange and to confirm that the Share Exchange is not disadvantageous to the minority shareholders of the Company, with respect to the DCF Analysis conducted by SMBC Nikko Securities as described above, the Company examined whether or not the impact of the Revisions to Earnings Forecasts on the financial forecasts of the Companies that were used as conditions underlying the DCF Analysis is as material as to make it necessary for the Company to request Alps Electric to revise the Share Exchange Ratio (the “Examination”).

In conducting the Examination, the Company requested SMBC Nikko Securities to analyze the impact that the most recent financial forecasts of each of the Companies has on the results of the DCF Analysis conducted by SMBC Nikko Securities, and obtained advice on such matters as the methods and process of the Examination from TMI Associates (the legal advisor of the Company) from a legal point of view.

The Company also obtained a written report from the Third-party Committee on February 26, 2018, stating that it is judged that the impact of the Revisions to Earnings Forecasts on the financial forecasts of the Companies does not make it necessary for the Company to request Alps Electric to revise the Share Exchange Ratio and that there would be no change in its opinion expressed in the July 26, 2017 Written Report as a result of the Revisions to Earnings Forecasts.

The Company judged that, with respect to the business environment surrounding the Company, it is expected that there would be no major change to the short-term automobile sales forecasts and, as a result, there would be favorable results for the time being, but the medium to long term automobile sales forecasts remain uncertain based on the documents and other materials showing the analysis concerning the automobile sales forecasts as provided by a research company. As a result of careful discussion and consideration while taking the above into account, the Company judged that, based on the results of the simulations by SMBC Nikko Securities using the DCF

Analysis on the basis of reasonably expected assumptions, and employing the Company's most recent financial forecasts reflecting such business environment and Alps Electric's most recent financial forecasts reflecting its business environment, which the Company also reviewed, as underlying conditions, even in light of the Revisions to Earnings Forecasts, the results of the simulation sufficiently support the results of the DCF Analysis as set out in the financial analysis report submitted by SMBC Nikko Securities on July 26, 2017 and that it would not cause a significant change in the Share Exchange Ratio which reflects the comparative assessment of the equity value of Alps Electric.

Having considered the result of the Examination, the Company resolved at its Board of Directors meeting held on February 27, 2018 that the Company will not request a revision of the Share Exchange Ratio as it judged that the impact of the Revisions to Earnings Forecasts on the financial forecasts does not make it necessary for the Company to request Alps Electric to revise the Share Exchange Ratio.

(iii) The view of the Company's Board of Directors on the assertion by the proposing shareholder

A) Necessary operating cash

The proposing shareholder asserts that the Share Exchange Ratio is unfair mainly on the grounds that approximately ¥30.0 billion of cash and deposits of the Company were treated as necessary operating cash in the DCF Analysis conducted by SMBC Nikko Securities as described above.

However, not only is it the mainstream approach under the corporate finance theories but also the common practice in the equity value analysis that necessary operating cash is taken into consideration in the DCF Analysis, and therefore the Company believes it is inappropriate to assert as if the consideration of necessary operating cash is unreasonable.

Moreover, the proposing shareholder only asserts the treatment of necessary operating cash of the Company, but for the purpose of the DCF Analysis conducted by SMBC Nikko Securities, in calculating the equity value of Alps Electric, necessary operating cash was also taken into account on a similar basis to the calculation of the equity value of the Company.

With respect to the amount of necessary operating cash, based on the circumstances described in (a) through (c) in (2)a. above in the fiscal year ended March 2017, which is the most recent fiscal year after the date on which the financial analysis using the DCF Analysis was conducted by SMBC Nikko Securities as well as the Company's past experience, the Company judges that the amount of necessary operating cash would be approximately ¥30.0 billion in light of the scale of sales in the fiscal year ended March 2017, and such amount was taken into consideration as the necessary operating cash in such financial analysis.

B) Independence of SMBC Nikko Securities

The proposing shareholder asserts that SMBC Nikko Securities cannot be considered to be independent from the Company solely on the ground that Sumitomo Mitsui Banking Corporation, which belongs to the Sumitomo Mitsui Financial Group as SMBC Nikko Securities does, is the main commercial bank for the Company.

However, under the Financial Exchange and Instruments Act and other related laws and ordinances, financial instruments business operators must establish a system concerning the management of conflicts of interest or take other necessary measures to ensure that the interests of a customer would not be unjustly impaired by the transactions conducted by the financial instruments business operators or their affiliates. In addition, financial instruments business operators are subject to the duty to be honest and fair and the duty of care of a prudent manager. The Company has confirmed with SMBC Nikko Securities that (1) SMBC Nikko Securities has established such systems or otherwise taken necessary measures with its group companies, and, (2) in becoming the third-party appraiser in connection with the Share Exchange, SMBC Nikko Securities provides its services to the Company in an honest and fair manner, only after having ensured that SMBC Nikko Securities is independent and has no conflict of interest by following the necessary measures as mentioned above.

C) Perpetual growth method

Given that increases in operating profit of approximately 38.5% and approximately 33.3% are anticipated for the fiscal year ending March 31, 2019 and the fiscal year ending March 31, 2020, respectively, in the financial forecasts of the Company, which SMBC Nikko Securities used as a basis for its DCF Analysis described above, the proposing shareholder asserts to extend the period of financial forecasts used in the DCF Analysis until the business stabilizes or to use a positive perpetual growth rate, instead of using the perpetual growth rate of 0%, in analyzing the terminal value for the DCF Analysis.

However, according to SMBC Nikko Securities, SMBC Nikko Securities has not employed a practice of simply referring to short-term growth rate of sales and other metrics that is expected in the periods of the respective business forecasts of the Company or Alps Electric regarding perpetual growth rate in the DCF Analysis described above because, based on the theory of corporate finance, it is necessary to implement growth rate of free cash flow that is expected perpetually after the periods of a business forecasts. Moreover, the proposing shareholder only points out the fact that the perpetual growth rate of 0% is applied in evaluating the equity value of the Company in the DCF Analysis. However, SMBC Nikko Securities also used the perpetual growth rate of 0% for the Alps Electric shares as well in light of such factors as its business phases and business environment.

D) Synergies

The proposing shareholder asserts that the results of the analysis by SMBC Nikko Securities described above do not reflect synergies received by Alps Electric through the Business Integration and therefore the synergies should be reflected in the results of the analysis.

The Company believes that the Share Exchange Ratio of the Share Exchange is fair because it is common in practice to use the financial forecasts that are not based on the implementation of a share exchange as a basis for the DCF Analysis, the premium offered based on the Share Exchange Ratio of the Share Exchange ranks considerably high compared to the standard of premiums offered in other similar business integration cases, the fact that the Company obtained a fairness opinion to the effect that the Share Exchange Ratio of the Share Exchange is fair to the Company from a financial point of view from SMBC Nikko Securities, and the Share Exchange Ratio has been decided taking into account that shares of the Company in the Share Exchange would be exchanged for Alps Electric shares as consideration and that even after the Share Exchange, the existing minority shareholders of the Company would be entitled to receive distribution of synergies from the Share Exchange as shareholders of Alps Electric.

E) Selection of comparable companies

The proposing shareholder asserts that in the above calculation by SMBC Nikko Securities using the DCF Analysis and the comparable company analysis, the results of the analysis have been unreasonably lowered due to the issues unique to the three companies selected as comparable companies (Clarion Co., Ltd., Pioneer Corporation, and JVC KENWOOD Corporation). However, the Company believes that these comparable companies have been selected based on objective and reasonable criteria as described below and are hence appropriate as comparable companies.

(a) Similarities in businesses

- In order to ensure objectivity, companies that belong to the “Car Navigation System” industry were selected using SPEEDA, which is a corporate finance database operated by UZABASE, Inc. Among such selected companies, companies whose manufacturing and sales of car navigation products account for the majority of their businesses were selected, while also taking into account the Company’s size, similarities in the major purchasers of its products as well as business characteristics.
- In addition to the above, we conducted an examination of the reasonableness and comprehensiveness of the companies selected as the above were examined by consulting materials such as those relating to the industry related materials.

- (b) Whether there are any special circumstances such as the existence of abnormalities in share price formation
- The listed companies selected according to the standards set out in (a) were examined for whether they have any circumstances, such as a corporate reorganization, that differed from share price formation in a normal environment.
 - The days traded ratio and floating turnover ratio were also checked.

Proposal 5: Election of One (1) Director (excluding Director who is an Audit and Supervisory Committee Member)

■ Opinion of the Company's Board of Directors: Opposed

(1) The proposal

Mr. Naoki Okada shall be elected as a Director (excluding a Director who is an Audit and Supervisory Committee Member).

(2) Reasons for the proposal

Oasis firmly believes that even more sophisticated corporate governance will be realized if Mr. Naoki Okada, a truly independent Outside Director nominated by a minority shareholder as a candidate, joins as a Director. Oasis also firmly believes that by having an additional independent Outside Director elected, the Company will be able to truly protect the minority shareholder rights, renegotiate the Share Exchange Ratio with Alps Electric and have its minority shareholders receive the consideration that reflects the true shareholder value.

The current Outside Directors of the Company neglect their duties to protect the minority shareholder rights and corporate value. Oasis particularly takes it seriously that Mr. Hideo Kojima, an Outside Director, did not attend the Board of Directors meeting held on February 27, 2018 which resolved that it is not necessary for the Company to request Alps Electric to revise the Share Exchange Ratio. The absence of the meeting that is the most important to protect the right of the minority shareholders indicates that he disrespects the minority shareholder rights. The addition of the new Director who acts for protecting the minority shareholder rights to the Board of Directors of the Company will lead to the true protection of the minority shareholder rights and interests.

Moreover, Oasis is concerned about independence of Mr. Hideo Kojima from Alps Electric. When he belonged to Ernst & Young ShinNihon LLC, he was one of the designated limited liability partners and managing partners who audited Alps Electric. He was also one of its designated limited liability partners and managing partners of Ernst & Young ShinNihon LLC who audited Alps Logistics Co., Ltd, a listed subsidiary of Alps Electric. In other words, Mr. Hideo Kojima has had a close relationship with Alps Electric and its subsidiary for many years, and therefore he cannot protect the rights of the Company's minority shareholders in the truly independent position from Alps Electric.

(3) Name and profile of the candidate pertaining to the proposal

Name (Date of birth)	Career summary, position and responsibility (Status of important concurrent occupations)		Number of shares held in the Company
Naoki Okada (December 21, 1951)	April	1974 Joined Japan Radio Co., Ltd.	0
	February	1985 Joined Yokogawa Electric Corporation	
		Team Leader	
	August	1986 Joined Sony Corporation	
		Europe-Americas Sales Department, General Manager in charge	
	August	1997 Joined TRW Automotive Japan Co., Ltd.	
		Automotive Safety Business Division, Sales Director & Global Key Account Manager	
April	2005 Joined Motorola Japan, Ltd.	0	
	General Manager of Automotive Business Division, Country Manager (Japan and Korea)		
July	2006 Joined Continental Automotive Systems K.K.		
	Business Division General Manager		
October	2007 Representative Director and President of AVL JAPAN K.K.		
	(incumbent)		
	(Status of important concurrent occupations)		
	Representative Director and President of AVL JAPAN K.K.		
<p>Reasons for nomination as candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)</p> <p>Mr. Naoki Okada is the Representative Director and President of AVL Japan K.K., the subsidiary in Japan of AVL LIST GmbH (“AVL”), the world’s top power train engineering company in Austria. He has taken the company to the second largest subsidiary of AVL. He has been deeply involved in business development at AVL Japan K.K., Continental Automotive Systems K.K., Motorola Japan, Ltd., TRW Automotive Japan Co., Ltd. and Sony Corporation. Mr. Okada has strong relationships with Japanese and Korean automobile manufacturers and has expertise in sales and engineering. Furthermore, Mr. Okada has experience in creating new businesses in Japan and Korea amid ongoing structural reforms in the automobile industry. All of these experiences and expertise of Mr. Okada will bring about interests to all stakeholders of the Company. In addition, it is desired that Mr. Okada be elected as a Director (excluding a Director who is an Audit and Supervisory Committee Member) from the perspective of protecting the interests of minority shareholders.</p> <p>Accordingly, Mr. Okada has been elected as a candidate for Outside Director (excluding a Director who is an Audit and Supervisory Committee Member).</p>			

■ **Opinion of the Company’s Board of Directors**

The Company’s Board of Directors is opposed to this proposal (the Shareholder Proposal on the Election of a Director).

(1) Reasons for the opposition

The proposing shareholder is proposing the election of a Director to provide an excessive dividend and to change the share exchange ratio for the main reason of protecting the rights of minority shareholders. However, the Company’s Board of Directors deems this to be a proposal that would not only negatively affect the corporate value of the Company, but also negatively contribute to the protection or improvement of the common interest of the shareholders, including the minority shareholders. Accordingly, the Board of Directors is opposed to this proposal.

In addition, the proposing shareholder states that the reason for the Shareholder Proposal on the Election of a Director is to “realize even more sophisticated corporate governance,” the Board of Directors of the Company believes what is important to realize effective corporate governance is, rather than formally increasing the number of Outside Directors, to substantially secure the effectiveness and appropriateness of the supervision of the Board of Directors’ management by electing Outside Directors who have necessary abilities and competence.

Even in the current Board of Directors of the Company, a structure has already been secured in which the Outside Directors of the Company participate in the deliberation, and ask questions and state opinions as necessary, from the independent standpoint at the Board of Directors meetings and rigorous examination is carried out based on this. Therefore, corporate governance structure of the Board of Directors of the

Company is functioning fully.

Moreover, the Company's Board of Directors has proposed to the Ordinary General Meeting of Shareholders to newly elect Mr. Satoshi Kinoshita who has hands-on experience as a corporate manager as a candidate for an Outside Director, where the Outside Directors have consisted of the experts who have a record of achievement and extensive knowledge in a specific specialist field such as law, finance or accounting to date.

In light of the circumstances described above, the Company believes that it is not necessary to additionally elect Mr. Naoki Okada as a candidate for an Outside Director.

(2) Supplemental explanation for reasons for the opposition

a. The Views of the Company's Board of Directors on Mr. Hideo Kojima, its Outside Director

(i) The activities as the Outside Director

Mr. Hideo Kojima has participated in thirteen of the total of fourteen meetings of the Board of Directors held in the fiscal year ended March 2018. He also participated in two of the total of twelve meetings of the Board of Directors in the fiscal year ended March 2017 as an Audit & Supervisory Board Member and ten of such meetings as an Audit and Supervisory Committee Member. In each of the above meetings, Mr. Kojima provided an expert's viewpoint as a certified public accountant. Also, Mr. Kojima participated in all of the meetings of the Audit and Supervisory Committee in the fiscal year ended March 2018, which were held fourteen times, as well as participating in all of the two meetings of the Audit & Supervisory Board and the eight meetings of the Audit and Supervisory Committee in the fiscal year ended March 2017, contributing necessary statements, as appropriate, from the expert's viewpoint, in the discussions concerning the result of the audit and such other matters.

Furthermore, in the deliberations made concerning the Business Integration, not only did Mr. Kojima participate in the deliberation by the Company's Board of Directors, but also in the Third-party Committee on behalf of the Outside Directors of the Company, participating in all of the thirteen meetings held by such Third-party Committee, where Mr. Kojima proactively deliberated and considered fairness of the Share Exchange from the aspect of the protection of the interests of minority shareholders, and Mr. Kojima has performed his duties as an Outside Director in good faith.

(ii) The independence of Mr. Hideo Kojima

While Mr. Hideo Kojima became the Audit & Supervisory Board Member of the Company in June 2011, the Hideo Kojima CPA Office or other companies at which Mr. Kojima has concurrent positions at present have not had any recent or past business transactions with the Company. In addition, although Mr. Kojima used to belong to Ernst & Young ShinNihon LLC until June 2011, which is the Company's current accounting auditor, when Mr. Kojima belonged to that firm, the Company's accounting auditor was another accounting firm and, when Ernst & Young ShinNihon LLC was elected as the Company's accounting auditor in the fiscal year ended March 2012, Mr. Hideo Kojima had already resigned from Ernst & Young ShinNihon LLC. Accordingly, Mr. Hideo Kojima fulfills the independence criteria of both the Tokyo Stock Exchange and the Company, and the Company believes independence and neutrality of Mr. Hideo Kojima is maintained.

Moreover, it was between the fiscal years ended March 2001 and March 2007 that Mr. Hideo Kojima had been responsible for accounting audits of Alps Electric as a designated partner and engagement partner of Ernst & Young ShinNihon LLC, which is Alps Electric's accounting auditor, and more than ten years have passed since he left his position as the accounting auditor of Alps Electric. The Company therefore believes Mr. Hideo Kojima's independence from Alps Electric is maintained.

b. The Views of the Company's Board of Directors on Mr. Satoshi Kinoshita, the Candidate of an Outside Director in the Company's Proposal

Mr. Satoshi Kinoshita has experience in managing a global company as the President and CEO of Tungaloy Corporation. Tungaloy Corporation has similarities to the Company's business in that it operates globally, including transactions with major automobile manufacturers, and the Company therefore believes that he can perform and provide effective and valuable supervision and advice with respect to the Company's business. Moreover, given that Tungaloy Corporation operates globally, while it has its head office in the City of Iwaki, Fukushima, where the Company has its Iwaki

Headquarters, and seeks coexistence with local communities, the Company expects that he can understand the Company's corporate philosophy and important CSR issues, and at the same time perform and provide effective and valuable supervision and advice that enable the Company to pursue sustainable growth, from the viewpoint of all stakeholders of the Company such as shareholders. It is also recognized that in light of his ability to make business judgments, personality, dignity and sense of ethics, Mr. Kinoshita sufficiently satisfies the Criteria for Election of Directors (pages 28 to 29), and that the independence requirement set forth in such criteria is satisfied because there are no circumstances between the Company and Mr. Satoshi Kinoshita which raise questions about his independence from the Company. The Company's Board of Directors therefore believes that Mr. Satoshi Kinoshita is the candidate for an Outside Director who has necessary and appropriate abilities and competence as set forth in such criteria.

Proposal 6: Election of One (1) Director who is an Audit and Supervisory Committee Member

■ Opinion of the Company's Board of Directors: Opposed

(1) The proposal

Ms. Nao Miyazawa shall be elected as a Director who is an Audit and Supervisory Committee Member.

(2) Reasons for the proposal

The current Audit and Supervisory Committee of the Company does not fulfill its duty to treat all shareholders fairly and equally.

Ms. Nao Miyazawa is completely independent of the Company as an attorney at law, able to rectify the flaw of the current Audit and Supervisory Committee, and cover the lack of independence of Mr. Hideo Kojima, a Director who is an Audit and Supervisory Committee Member. Moreover, Ms. Miyazawa is able to perform appropriate oversight of and provide fair advice to the Board of Directors, and as a result, she can realize the best interests of not only Alps Electric, the Company's parent company, but also all shareholders of the Company.

Engaged in legal practice as an attorney at law and also serving as an outside director of another company, Ms. Miyazawa has extensive knowledge in addition to expertise. Moreover, Ms. Miyazawa assuming the post of officer of the Company will help in promoting diversity and advancement of female at the Company.

Accordingly, Ms. Miyazawa has been elected as a candidate for Outside Director who is an Audit and Supervisory Committee Member.

(3) Name and profile of the candidate pertaining to the proposal

The career summary of Ms. Nao Miyazawa is as follows:

Name (Date of birth)	Career summary, position and responsibility (Status of important concurrent occupations)	Number of shares held in the Company
Nao Miyazawa (May 25, 1982)	April 2005 Joined PIA Corporation September 2016 Registered as an Attorney at Law September 2016 Joined TF Law Office February 2018 Established OMM Law Office (incumbent) February 2018 External Director of S-Pool, Inc. (incumbent) (Status of important concurrent occupations) External Director of S-Pool, Inc.	0

■ Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this proposal (the Shareholder Proposal on the Election of an Audit and Supervisory Committee Member).

(1) Reasons for the opposition

The proposing shareholder is proposing the election of an Audit and Supervisory Committee Member to provide an excessive dividend and to change the share exchange ratio for the main reason of protecting the rights of minority shareholders. However, the Company's Board of Directors deems this to be a proposal that would not only negatively affect the corporate value of the Company, but also negatively contribute to the protection or improvement of the common interest of the shareholders, including the minority shareholders. Accordingly, the Board of Directors is opposed to this proposal.

In accordance with the Criteria for Election of Directors set forth by the Company (pages 28 to 29), the Company selects candidates for Outside Directors who have necessary and appropriate abilities and competence.

Ms. Nao Miyazawa was registered as an attorney at law in September 2016. However, the Company believes that significant years of experience would be generally required to have a record of achievement and extensive knowledge in a field of specific expertise. From such viewpoint, the Company's Board of

Directors has selected Mr. Naoki Yanagida and Ms. Satoko Hasegawa as candidates for reappointment as the Outside Directors who are Audit and Supervisory Committee Members, who are more experienced with a record of achievement and have extensive knowledge in the same field of law.

Furthermore, considering that Principle 4.11 of Japan's Corporate Governance Code (established on June 1, 2015) provides that "(...) at least one person who has appropriate expertise on finance and accounting should be appointed as *kansayaku*," and that Paragraph 2 of Article 8 (Criteria of Selection, etc. of Candidates for Audit and Supervisory Committee Members) of the Code of Audit and Supervisory Committee Auditing Standards (established on September 29, 2015) by Japan Audit & Supervisory Board Members Association provides that "it is also desirable that at least one audit and supervisory committee member has a significant level of knowledge of financial and accounting matters," as well as taking into consideration the balance, the knowledge of expertise, the experience and such other matters of the Company's Audit and Supervisory Committee as a whole, the Company believes that such candidates for the Directors who are the Audit and Supervisory Committee Members proposed by the Company are the most appropriate candidates.

Therefore, it is considered to be unnecessary to elect Ms. Nao Miyazawa as a candidate for an Outside Director who is an Audit and Supervisory Committee Member.

(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 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 of the Effectiveness of the Board of Directors of Alpine Electronics, Inc.

1. Purpose and Intent

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

2. Method of Analysis and Evaluation

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

3. Summary of Analysis and Evaluation Results

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

On the other hand, issues were identified particularly in regard to the efficiency of preparation procedures for deliberations of the Board of Directors, the diversity among the members of the Board of Director, and the quality of materials used by the Board of Directors.

4. Future Action

The results described above shall be used in the examinations towards the business integration with Alps Electric Co., Ltd. scheduled for next year, as well as for developing a business attitude with an even greater sense of unity by the sharing of opinions and evaluations of directors from this evaluation, and for improving corporate governance and corporate value of the Company.

Business Report
(From April 1, 2017 to March 31, 2018)

(1) Progress of business operations and their results

In the Japanese economy during the fiscal year ended March 31, 2018, there was a moderate trend of recovery, and the gradual expansion of the U.S. and European economic activities continued. However, the outlook for the global economy remained uncertain owing to the policy direction of the new administration in the U.S., as well as rising geopolitical risks in the Far East.

In the car electronics industry, amid the accelerating use of electronics in cars, collaboration between the in-car IT field which centers on infotainment systems, and new fields such as autonomous driving and AI (artificial intelligence) is expanding, leading to intensified competition among companies regardless of business area or type.

Under these circumstances, the Alpine Group (the “Group”) regards this fiscal year as a year to accomplish structural reforms in order to achieve VISION2020, its corporate vision targeting the 2020 fiscal year, and it has developed the “14th Medium-term Management Plan,” which commenced in the fiscal year ended March 31, 2017. Based on this plan, the Group has enhanced its technological development capabilities by absorbing its domestic technological development subsidiaries and the Company has acquired C’s Lab Co., Ltd. as a subsidiary to strengthen its capital and business alliances because software performance and quality are important elements that affect a product’s competitiveness. In addition, with the aim of achieving volume production of a HUD (head-up display) utilizing 3D AR (augmented reality) technology developed by Konica Minolta, Inc., we began joint development with that company. Furthermore, the Group has worked to construct a more robust business platform and has been moving ahead to reorganize the group through structural reforms, such as by improving productivity at the three domestic manufacturing subsidiaries that were integrated at the beginning of the fiscal year. On the business front, as a means of realizing the enjoyable car lifestyle demanded by users, the Company has commenced a new business consisting of sales of “Alpine Style Customized Cars.” In addition to implementing these measures, the Group recorded firm sales of products tailored to specific vehicle models under the Alpine brand in the domestic aftermarket, and growth in OEM sales to European automotive manufacturers in China, which, together with a contribution from yen depreciation, led to an increase in net sales. Also, operating profit, in addition to benefiting from higher sales, posted an increase as a result of efforts to reduce non-current expenses, such as by streamlining R&D.

As a result, during the fiscal year ended March 31, 2018, consolidated net sales increased 11.1% compared with the previous fiscal year, to ¥275.2 billion. Operating profit increased 145.0% to ¥13.7 billion, ordinary profit increased 83.8% to ¥13.6 billion, and profit attributable to owners of parent amounted to ¥9.3 billion, an increase of 20.2% compared with the previous fiscal year.

(Segment information related to overall fiscal 2017 business performance by type of business)

(i) Audio Products segment

In the Audio Products segment, a trend of contraction continued in the audio market as a result of audio functions being combined with information and communication equipment such as navigation systems and display products in the aftermarket as well as in the OEM market. However, amid the signs of a resurgence in analog audio and attention being focused on sound quality, the Company carried out aggressive promotional activities with the aim of increasing aftermarket sales, such as by exhibiting demonstration cars fitted with sound systems at domestic exhibitions dedicated to audiovisual equipment “OTOTEN -AUDIO VISUAL FESTIVAL2017-.”

Furthermore, in the OEM market, the Company focused on increasing orders for slim-line and lightweight speakers that aid in reducing the vehicle’s fuel consumption and environmental footprint, and its 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.

Accordingly, segment sales increased 17.5% compared with the previous fiscal year, to ¥54.0 billion.

(ii) Information and Communication Products segment

In the Information and Communication Products segment, the “Big-X series” of large-screen navigation systems that was launched in the domestic aftermarket continued to record robust sales, and in addition to taking steps to gain new users by exhibiting at the 45th Tokyo Motor Show 2017 and

Tokyo Auto Salon 2018, we made efforts to strengthen the Alpine brand. We also focused on activities to win orders for “Alpine Style Customized Cars,” which are equipped with system products built around navigation systems, as well as high-quality vehicle interiors. Moreover, as a result of launching new products in the U.S. and European aftermarkets tailored to specific vehicle models, sales were firm.

In the OEM market, due to the effect of the end-phase of model lifecycles for orders, there was a decline in sales to some automotive manufacturers of certain display products that are becoming standard equipment for luxury vehicle models. However, sales of navigation systems to European luxury automotive manufacturers in China were favorable and sales increased as a result.

Accordingly, segment sales increased 9.7% compared with the previous fiscal year, to ¥221.2 billion.

(2) Capital investments and financing of the corporate group

Capital investments were made in preparation for the future growth. Already investments of approximately ¥8.6 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) Issues to address

The current automobile industry has entered an era of great change, which some people say occurs once a century. Particularly, in four areas called CASE (Connected, Autonomous, Shared & Services, Electric), significant changes that are unseen in other industries are taking place in a short period of time, including a constant connection to the Internet (Connected), autonomous driving (Autonomous), car-sharing services (Shared & Services) and the shift to electrically driven vehicles such as hybrid cars and EV (electric vehicles) (Electric). In addition, as epitomized by the advancement of IT companies into the automobile industry, movement of alliances beyond the framework of the automobile industry is being accelerated much more dramatically than before.

In having contact with its customers, automotive manufacturers, the Company has come to realize that the concentration of management resources into CASE (Connected, Autonomous, Shared & Services, Electric) will continue to be a trend in the entire automobile industry in the fiscal 2018 and the following years, and suppliers of HMI (human machine interface), etc. are even expected to propose HMI systems for the entire vehicle, rather than just delivering module products. In light of this rapidly changing market environment for in-car equipment, the development of new products through the fusion of strengths of the Company and Alps Electric Co., Ltd. and the reduction of time to market are both pressing tasks. The Group will deal with these tasks swiftly and respond to the expectations of customers by speeding up the business integration with Alps Electric Co., Ltd. and steadily generating synergies.