

For Immediate Release (Translation only)

Company name: Alps Electric Co., Ltd.
President: Masataka Kataoka
(Code 6770, TSE 1st Section)
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Business alliance with Innovation Network Corporation of Japan and establishment of a new company

Alps Electric Co., Ltd. (Ota-ku Tokyo, President and representative director Masataka Kataoka, “Alps”) resolved, at its board meeting held on March 26, 2010, that it will implement a company split of its business with regard to power conversion devices and power control devices relating to “Green Devices” such as inductors in power supplies and current sensors (“Business”) and will transfer the Business (“Company Split”) to Alps Green Devices Co., Ltd. (“New Company”), with a condition president that Innovation Network Corporation of Japan (Chiyoda-ku Tokyo, President and representative director Kimikazu Noumi, “INCJ”) resolves at its Industrial Innovation Committee held on March 30, 2010 to underwrite the issue of New Company’s share. As said decision had been made by INCJ yesterday and the contracts were signed by INCJ and Alps this morning, both parties reached the formal agreement on the business alliance.

1. Reason for the alliance and the establishment of the New Company (Company Split)

Alps has conducted concrete studies together with INCJ, since December 2009, for joint operation of the Business, of which technology core are the management resources in relation to magnetic material technology that has been developed and accumulated by Alps through joint development etc. together with Tohoku University and others, and thin-film process technology.

The aim of the Business is to encourages an “open-innovation” style with the widely open involvement of “Green Devices” related industries and research institutions, which will lead improvement of the competitiveness of the power-electronics industry through the development and commercialization of power conversion and power control devices with small and high-efficient performance, ultimately contributing to the realization of a low-carbon society.

Objective evaluation through technology due diligence by specialists and so forth had been made, and both INCJ and Alps reached the agreement concerning establishment of the New Company by the Company Split and INCJ’s underwriting of the New Company’s share, which were resolved by the Alps’ board meeting and the INCJ’s Industrial Innovation Committee.

Alps will resource the magnetic material technology and the thin-film process technology, in addition, will provide supports manufacturing, sales and administration on the New Company, on the other hand, INCJ will invest in the New Company, in parallel, will serve its networks, which will aim to establish a company having strong constitution and expand the business dramatically through innovative marketing of products.

The New Company will target the business commencement in June this year, and will, for the future, positively enhance capital and technology alliance with “Green Devices” related industries and research institutions from the perspective of the “open-innovation” with a target to obtain the global standard.

2. Profile of the New Company

① Profile of the New Company

| | | | |
|------|--|--|-------|
| (1) | Company name | Alps Green Devices Co., Ltd. | |
| (2) | Head office | 1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo | |
| (3) | Name and the title of the representative | President and representative director, Yasuhiro Fujii (Incumbent director of Alps) | |
| (4) | Business purpose | Development, manufacture and sale of parts, half-finished products and materials used for power conversion devices, power control devices, and electric measurement equipments | |
| (5) | Capital amount | 1,580 million JPY | |
| (6) | Date of incorporation | May 17, 2010 | |
| (7) | Number of issued shares | 13,529 shares | |
| (8) | Date of accounting settlement | March 31 | |
| (9) | The number of employee | 64 (subject to sequential intensification) | |
| (10) | Shareholding ratio (after the allotment of the new shares) | Alps | 73.9% |
| | | INCJ | 26.1% |
| (11) | Relationship among Alps, INCJ and the New Company | | |
| | Capital relationship | Alps will hold more than half of New Company's shares | |
| | Personal relationship | Three directors of the New Company will be sent by Alps, and employment agreements with employees engaged in the Business will be transferred to the New Company. Three directors of the New Company will be sent by INCJ as well. | |
| | Transactional relationship | Manufacture and sale of the products as well as a part of administrative functions will be commissioned to Alps by the New Company. | |
| | Applicability to "related party" | The New Company will be a consolidated subsidiary of Alps, thus will be a "related party". | |

(Note) The capital amount and the number of issued shares at the time of the Company Split will be eighty million Japanese Yen and ten thousand shares. The numbers above will be after the allotment of the new shares to INCJ.

② Business description

- Inductors in power supplies business (Development, manufacture and sale of electric parts based on magnetic material technology)
- Current sensor business (Development, manufacture and sale of electric parts based on thin-film process technology)

③ Business plan

- Target market: consumer devices, automobile devices, social infrastructures and industrial equipments
- Product group: inductors in power supplies, reactors for automobiles, reactors for industrial equipments, current sensors for smart meters, and current sensors for automobiles
- Sales target: 23 billion JPY (fiscal year 2015)

④ Items and values of assets and liabilities to be split (as of March 31, 2010) (Unit: thousand JPY)

| Assets | | Liabilities | |
|--------------------|---------|-------------------------|---------|
| Current assets | 120,704 | Current liabilities | 58,908 |
| Non-current assets | 89,998 | Non-current liabilities | 71,794 |
| Total | 210,702 | Total | 130,702 |

(Note) In addition to the above, employment agreements belonging to sections subject to the Company Split will be transferred to the New Company. Further, intellectual properties such as patents (including rights to apply for patents), trademarks, and trade secrets, as well as liabilities for claims on reasonable value of employee inventions stipulated in the section 35-3 of the Patent Act, which are not shown in the balance sheet, will be transferred to the New Company.

⑤ Schedule

| | |
|---|--------------------------|
| Board meeting for the approval of the Company Split | March 26, 2010 |
| Preparation of the Company Split Plan | March 31, 2010 |
| Date of the Company Split | May 17, 2010 (scheduled) |

(Note) Alps will implement the Company Split with its board meeting resolution based on the section 805 of the Companies Act

⑤ Rights and obligations to be succeeded to and by the New Company

The New Company will succeed all assets, liabilities, and other rights and obligations belonging to the Business as of the Date of the Company Split. (with exceptions specified in the Company Split Plan dated March 31, 2010)

3. Outline of share allotment to INCJ

① Outline of the subscription

Total amount of the subscription: 10 billion JPY (commitment)

Method of the subscription: Subscription partitioned into four times

First subscription

- Time of the capital increase: May, 2010
- Total amount to be subscribed: 3 billion JPY
- Number of shares to be issued: 3,529 shares
- Issuance price of the share: 850,000 JPY per share
- Allocation rate to the capital: 50%
- Amount of the capital to be increased: 1.5 billion JPY
- Payment date: May 17, 2010 (scheduled)
- Allotee: INCJ
- Shareholding ratio: Alps 73.9%, INCJ 26.1%
- Use of the fund: start-up and development fund of the Business

Subsequent subscription

Will be determined through mutual consultation among INCJ, the New Company and Alps.

② Method of the capital increase

Third-party allotment of New Company's shares subscribed by INCJ

4 Outline of the parties

| | Company to be split (as of December 31) | Allotee (as of March 31, 2010) |
|--|--|--|
| (1) Company name | Alps Electric Co., Ltd. | Innovation Network Corporation of Japan |
| (2) Head office | 1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo | 1-6-5 Marunouchi, Chiyoda-ku, Tokyo |
| (3) Name and the title of the representative | President and representative director Masataka Kataoka | President and representative director Kimikazu Noumi |
| (4) Business description | Manufacture and sale of electric parts | "Open-innovation" style investment on businesses |
| (5) Capital amount | 23,623 million JPY | 46,005 million JPY |
| (6) Date of incorporation | November 1, 1948 | July 27, 2009 (commencement of the business) |

| | | | | |
|--|--|-------|--|------------|
| (7) Number of issued shares | 181,559,956 shares | | 1,840,200 shares | |
| (8) Date of accounting settlement | March 31 | | March 31 | |
| (9) The number of employee | 5,926 employees | | Not disclosed | |
| (10) Major shareholders and shareholding ratio | Japan Trustee Service Bank, Ltd. (trust account) | 7.92% | Japanese government | 89.12% |
| | The Master Trust Bank of Japan, Ltd. (trust account) | 6.11% | Development bank of Japan Inc. | 1.09% |
| | Mitsui Sumitomo Insurance Co., Ltd. | 2.30% | The Shoko Chukin Bank, Ltd. and others | 0.54% each |
| | Toshiba Corporation | 2.24% | | |
| | Mitsui Life Insurance Co., Ltd. | 1.97% | | |

5 Operating results and financial situations of Alps (Unit: million JPY unless otherwise specified)

| Fiscal term | Fiscal year ended March 31, 2007 | Fiscal year ended March 31, 2008 | Fiscal year ended March 31, 2009 |
|----------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net assets | 294,017 | 280,317 | 184,791 |
| Total assets | 548,043 | 494,755 | 375,285 |
| Net assets per share (JPY) | 1,135.14 | 1,081.63 | 620.04 |
| Net sales | 708,126 | 692,656 | 538,995 |
| Operating income | 22,077 | 19,876 | - 26,056 |
| Ordinary income | 24,631 | 13,123 | - 23,305 |
| Net income | 4,918 | 4,418 | - 70,064 |
| Net income per share (JPY) | 27.40 | 24.65 | - 390.93 |
| Dividend per share (JPY) | 20 | 20 | 10 |

6. Prospects of the future

Impact on earnings forecast of Alps by this Company Split is under scrutiny. It will be notified if any substantial impact on prospects of the future is found.

(Reference) Forecasted consolidated financial result for the fiscal year ended March 2010 (as of February 9, 2010) and consolidated financial result for previous fiscal year (actual)

(Unit: million JPY)

| | Net sales | Operating income | Ordinary income | Net income |
|--|-----------|------------------|-----------------|------------|
| Consolidated financial result for current fiscal year (Forecast) (Fiscal year ended March, 2010) | 480,000 | 1,500 | - 3,000 | - 7,500 |
| Consolidated financial result for previous fiscal year (Actual) (Fiscal year ended March, 2009) | 538,995 | - 26,524 | - 23,305 | - 70,064 |



Alps Electric Press Conference Materials

Business Alliance with Innovation Network Corporation of Japan (INCJ)
and Establishment of a New Company
March 31, 2010

Perfecting the Art of Electronics
ALPS[®]

ALPS

Today's Program



- Green Device Business Initiatives
- New Company Profile
- Technology & Product Development
- Question & Answer Session

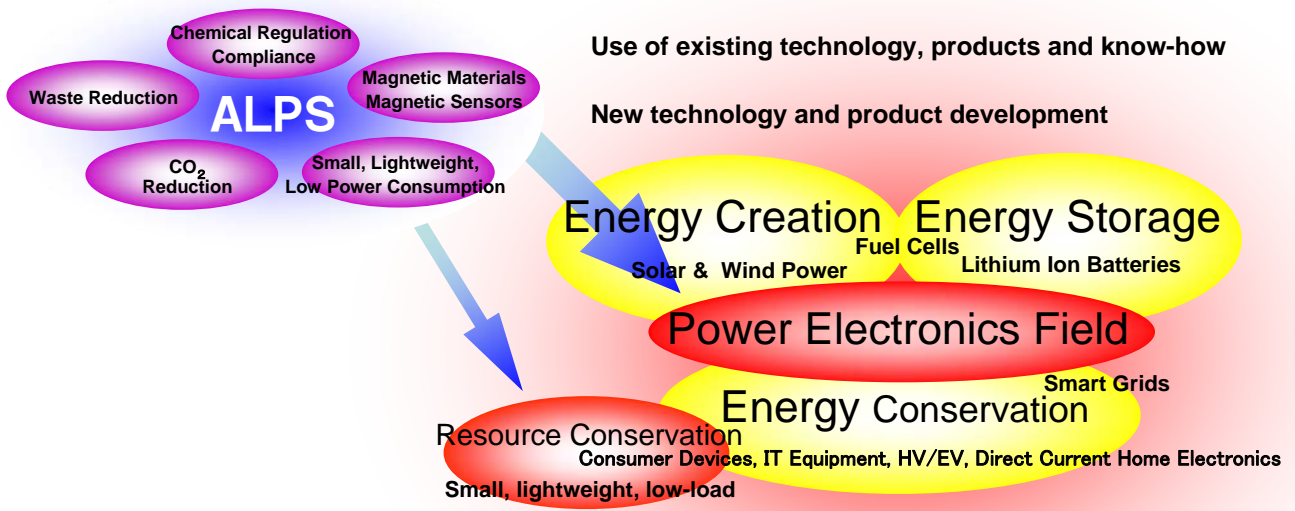
Green Device Business Initiatives



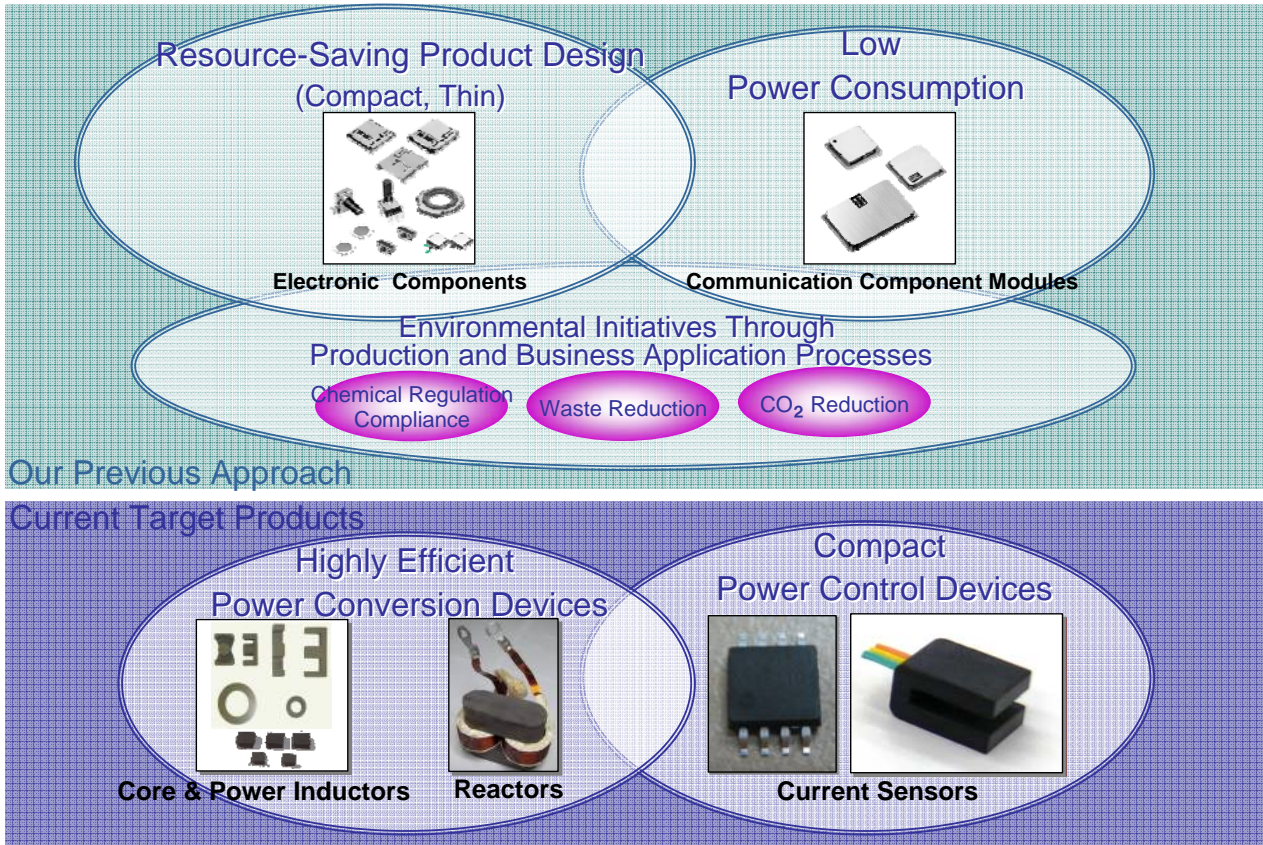
1. Our Approach for a Low Carbon Society

Environmentally-friendly Products (Green Devices)

Realizing a Low Carbon Society



2. Our Green Devices



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3. Background of the Alliance and New Company Establishment



Past Progress and Future Schedule

December 2009 Consideration of Joint Management with INCJ

- Alps and INCJ begin considering joint management of the core magnetic material and thin-film process technologies Alps has accumulated through development with Tohoku University and others

March 2010 Conclusion of Business Alliance, New Company Finalized

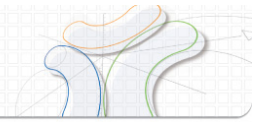
- Establishment of the new company by means of a partial spin-off as well as agreement with INCJ on the underwriting of the new company's subscription rights
- Alps Electric contributes magnetic material and thin-film process technologies and provides manufacturing, sales and administrative support while INCJ provides investment to the new company

May 2010 Official Establishment of New Company (Planned)

June 2010 Operations to Commence (Planned)

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4. New Company Objectives



New Company Objectives

- **Expansion in a new market of which Alps has little familiarity**

- **In order to widen the enterprise sphere and promote business**
 - Create an open innovation style of business and development
 - Partner with INCJ, which is most suitable to create business
 - Utilize INCJ's network
 - Enable funding and business partnerships for future Green Device-related industry and research institutions, etc.

- **With our technology and products at the core, we will cultivate business through open innovation that contributes to reducing carbon emissions and saving resources**



New Company Profile

5. New Company Profile

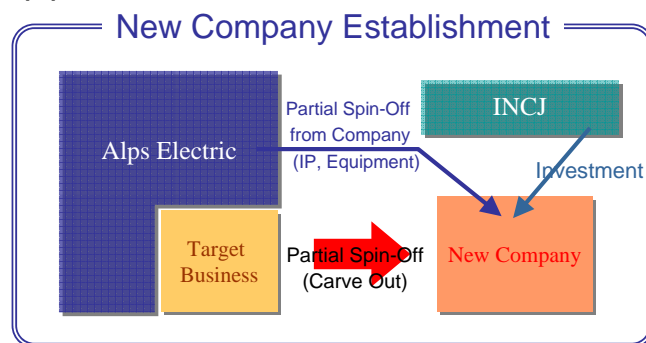


Target Business of Partial Spin-Off

Business regarding power conversion devices and power control devices relating to green devices such as power supply inductors and current sensors

New Company Profile (After the First Increase in Capital)

| | |
|-------------------------------|---|
| Company Name | : Alps Green Devices Co., Ltd. |
| Head Office | : 1-7, Yukigaya-Otsukamachi, Ota-ku, Tokyo |
| Representative | : President and Representative Director, Yasuhiro Fujii (Current director of Alps) |
| Business Purpose | : Development, manufacture and sale of parts, half-finished products and materials used for power conversion devices, power control devices, electric measurement equipment |
| Capital Amount | : JPY 1.58 billion |
| Date of Incorporation | : May 17, 2010 |
| Number of Issued Shares | : 13, 529 shares |
| Date of Accounting Settlement | : March 31 |
| Number of employees | : 64 (with systematic increases) |



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6. New Company Business Plan



Business Description

| | |
|--------------------------------|---|
| Power Supply Inductor Business | : Development, manufacture and sale of electric parts based on magnetic material technology |
| Current Sensor Business | : Development, manufacture and sale of electric parts based on thin-film process technology |

Business Plan

| | |
|---------------|--|
| Target Market | : Consumer Devices, Automobile Devices, Social Infrastructure and Industrial Equipment |
| Product Group | : Power inductors, automobile reactors, industrial equipment reactors, smart meter current sensors, and automobile current sensors |
| Sales Target | : JPY 23 billion (FY2015) |

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7. Outline of Share Allotment to INCJ

Capital Increase Outline

- Total Subscription Amount** : JPY 10 billion (commitment)
Subscription Method : Subscription partitioned four times
- First Subscription**
- Capital Increase Date : May 2010
 - Total Subscription Amount : JPY 3 billion
 - Shares Issued : 3, 529
 - Issuance Share Price : JPY 850,000 per share
 - Allocation Rate to Capital : 50%
 - Amount of Capital Increase : JPY 1.5 billion
 - Payment Date : May 17, 2010 (Planned)
 - Allottee : INCJ
 - Shareholding Ratio : Alps 73.9%, INCJ 26.1%
 - Use of Funds : Business Start-up and Development Funds
- Subsequent Subscriptions**
- Will be determined through mutual consultation among Alps Electric, INCJ and the new company

Capital Increase Method

- Third Party Allotment of the new company's shares subscribed by INCJ

Technology & Product Development

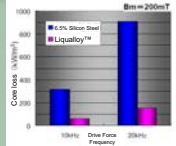
8. Technological Elements for Product Development

Material Development, Practical Technology

Development and Application of Alps' Proprietary Glassy Alloy



Development of Fe-based glassy alloy powder with good soft magnetic properties and 3D forming ability by compression molding.



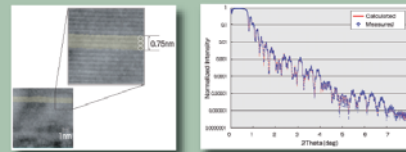
Core Losses of Proprietary Material and Existing Material Cores

Thin Film Process Technology

Fusion of this technology with magnetic material



Atomic level precision can achieve a film thickness of 1nm



Promotion of Green Devices to Reduce Carbon and Save Resources

Along with existing efforts to make energy-saving electronic components, we are strengthening application and development of the key parts needed in next generation power electronics by using magnetic material and thin film process technologies developed from our magnetic head business.

9. Development of Highly Efficient Power Conversion Inductors

Development & Use of Magnetic Powder Material "Liquialloy™"

Development of Alps's Proprietary Glassy Alloy/ Amorphous Alloy

- ① Easy to Prepare Fine Powder > 3D forming by compression molding
- ② Ferromagnetism Appears up to 200°C > Suitable for Automotive Environment
- ③ Excellent Soft Magnetic Properties, Low Iron Loss > Becomes Good Core Material

| | Bs(T) | Iron Loss (kW/m ³)@100kHz•100mT |
|----------------------|-------|---|
| Liquialloy™ Material | 1.3 | 300~400 |
| 6.5% Silicon Steel | 1.6 | ~2000 |
| Ferrite | 0.5 | 200~500 |



*1 Notes

- Received the "31st Technology Development Award" from the Japan Institute of Metals
 - Received the "New Technology, New Product Award" from the Japan Society of Powder and Powder Metallurgy
- as a result of joint research between Tohoku University and Alps Electric

Highly Efficient Power Conversion Devices

Compact • Low Loss

HV/EV Application



Reactor Core for Step Up/ Step Down Converter

PC Power Supply Application



Power Inductor

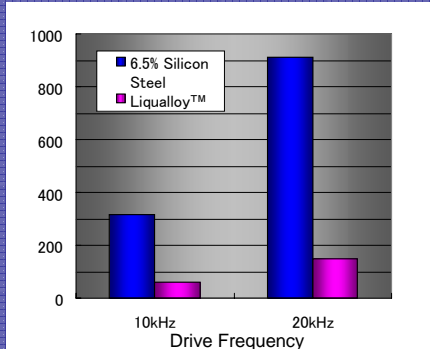
10. Development of Highly Efficient Power Conversion Inductors

Application in HV/EV Reactors



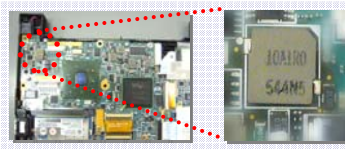
Licalloy™ Inductor for Boost Up Voltage Circuits

Core Losses of Proprietary and Existing Material Cores



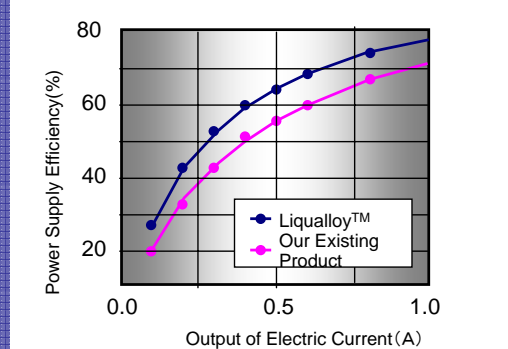
- Licalloy™ material has a 1/5 or less low iron loss compared to existing materials
- Little heat generation, esp. when frequency is high

Application in Notebook PCs



Licalloy™ Inductor for Power Supplies

Power Supply Efficiencies of Power Inductors with Proprietary and Existing Material



- Low Loss in Alps' Proprietary Materials Increases CPU Power Supply Efficiency by 10%
- High Saturation Magnetic Flux Density in Alps' Proprietary Materials Can Support Large Electric Current

11. Development of Compact Power Control Electric Current Sensors

Fusion of Thin Film Process and Magnetic Material Technologies



Fusion of Our Long Experience With Thin Film Process and Magnetic Material Technologies

- Thin Film Process Technology > Compact Shape
- Magnetic Circuit Design Technology > High Precision
- Magnetic Material Technology > High Reliability, Temperature Stability

Development of New Current Sensor



New Original Core Loss Structure Compared to Current Market Products *1

- Compact 1/5~1/10
- Greatly improved hysteresis and temperature properties
- Supports small to large electric current (~1000A)

*1: According to Alps research on open loop/closed loop/CT type current sensors in the market

Compact High Precision Temperature Stability

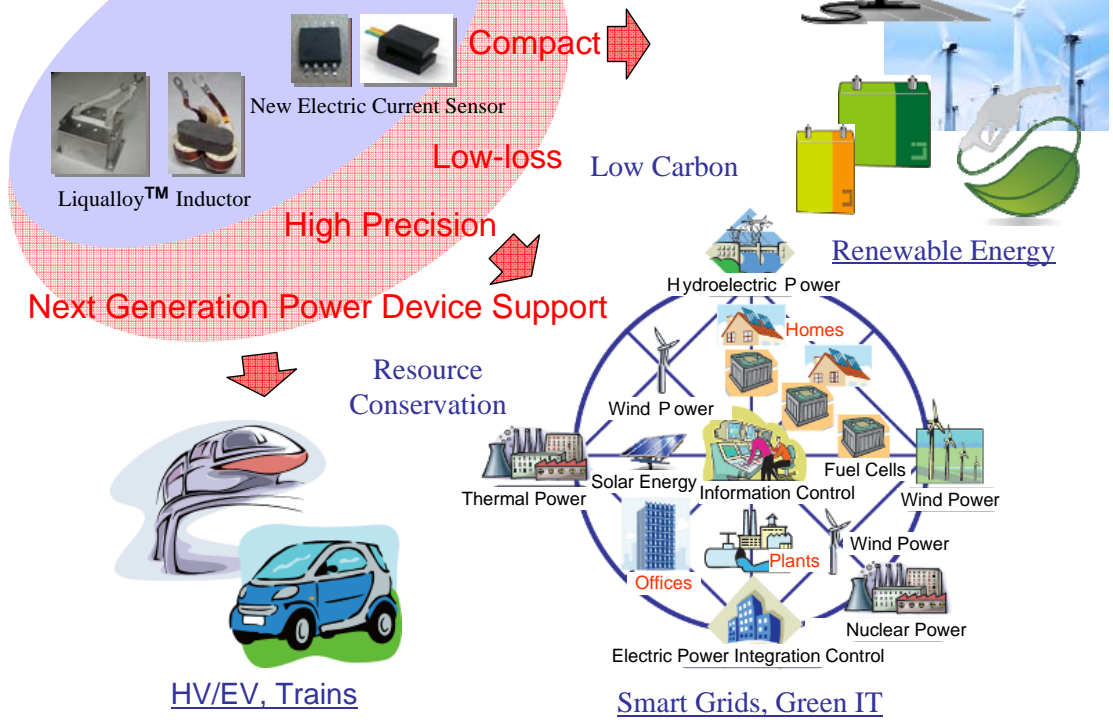
Smart Meters

Inverter Motor Controls

Lithium Ion Battery Charge-Discharge Controls

12. Increase Advancement and Application

Promoting Development and Expansion of Compact, Highly Efficient Power Conversion and Power Control Devices



Alps Electric

Perfecting the Art of Electronics

