

Notice to Shareholders:

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

Notice of Convocation of
The 83rd Ordinary General Meeting of Shareholders

Dear Shareholders,

We would like to express our sincere condolences to all of the victims of the recent earthquake in Kumamoto Prefecture.

You are cordially invited to attend the 83rd Ordinary General Meeting of Shareholders to be held at the time and venue as described below.

If you are unable to attend the meeting, you are kindly requested to refer to “4. Matters Decided upon Convocation” below and to exercise your voting rights no later than 5:00 p.m. on Wednesday, June 22, 2016.

Yours faithfully,
Toshihiro Kuriyama
President

The 83rd Ordinary General Meeting of Shareholders

1. **Date and time:** Thursday, June 23, 2016, at 10:00 a.m.
(The reception desk will open at 9:00 a.m.)
2. **Location:** Alps Electric Co., Ltd. Headquarters
the Hall on the Ground Floor
1-7, Yukigaya-Otsukamachi, Ota-ku, Tokyo
(Please refer to the attached map, in Japanese only)
3. **Purpose of the Meeting:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements, Audit Reports of Consolidated Financial Statements by Accounting Auditor and the Audit & Supervisory Board for the 83rd fiscal year (from April 1, 2015 to March 31, 2016)
 2. Non-Consolidated Financial Statements for the 83rd fiscal year (from April 1, 2015 to March 31, 2016)

Matters to be resolved:

- Proposal 1** Approval of the Proposed Appropriation of Surplus
- Proposal 2** Partial Amendments to the Articles of Incorporation
- Proposal 3** Election of Twelve Directors (excluding Directors who are Members of Audit and Supervisory Committee)
- Proposal 4** Election of Five Directors who are Members of Audit and Supervisory Committee
- Proposal 5** Election of One Alternate Director who is a Member of Audit and Supervisory Committee
- Proposal 6** Determination of Compensation of Directors (excluding Directors who are Members of Audit and Supervisory Committee)
- Proposal 7** Determination of Compensation of Directors who are Members of Audit and Supervisory Committee
- Proposal 8** Determination of Details of Stock-based Compensation Stock Options of Directors (excluding Directors who are Members of Audit and Supervisory Committee)

4. Matters Decided upon Convocation

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

5. Regarding the Internet Disclosure

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

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

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

- 1) You are requested to present the enclosed Voting Rights Exercise Form at the reception desk on arrival to the Meeting.
- 2) Please be aware that non-shareholders such as people accompanied by shareholders and children will not be permitted to attend the Meeting.
- 3) Before or after the Meeting, the attendees of the Meeting may visit and see the exhibition on the 2nd floor of our office building, which shows our historical products and technical materials.

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

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders on pages 5 to 38.

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

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

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

In addition, please bring this Notice of Convocation of the 83rd Ordinary General Meeting of Shareholders.

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

Please indicate, on the enclosed “Voting Rights Exercise Form,” your approval or disapproval of each item on the agenda and return the completed form so that it reaches us without fail by **5:00 p.m., Wednesday, June 22, 2016.**

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

Please access the website designated by the Company for the exercise of voting rights (<http://www.evotep.jp/>), enter and send your approval or disapproval of each item on the agenda without fail by **5:00 p.m., Wednesday, June 22, 2016.**

For details, please see the following page.

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

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

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

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

If revisions to the contents of the “Reference Documents for the General Meeting of Shareholders,” the “Business Reports,” the “Non-Consolidated Financial Statements” and the “Consolidated Financial Statements” are required, the Company shall publish a notification on the Company website at the following URL:  
<http://www.alps.com/j/> (Japanese only)

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

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

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| <p style="text-align: center;"><b>For further assistance, regarding the system, etc., please contact:</b><br/>Transfer Agent Department (Help Desk)<br/>Mitsubishi UFJ Trust and Banking Corporation<br/>Phone: 0120-173-027 (9:00 to 21:00 (Japan Time); toll free only within Japan)</p> |
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### **[For Institutional investors]**

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

## Reference Document for the General Meeting of Shareholders

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

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

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

Matters concerning year-end dividends

(1) Type of dividend

Dividends shall be paid in cash.

(2) Allocation and the total amount of dividends

The Company proposes to pay a dividend of ¥15 per share of the Company's common stock. Please note that, if approved, the total amount of dividends will be 2,938,464,645 yen. This would result in an interim dividend of ¥10 per share and an annual dividend of ¥25 per share, for a dividend increase of ¥10 per share year on year.

(3) Effective date of the dividend payment from surplus

June 24, 2016

## **Proposal 2 Partial Amendments to the Articles of Incorporation**

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

Necessary revisions to and deletions from the current Articles of Incorporation will be made for the following reasons. This resolution will take effect at the conclusion of this General Meeting of Shareholders.

#### **(1) Provisions relating to the transition to a company with an Audit and Supervisory Committee created pursuant to the Act for Partial Revision of the Companies Act (Act No. 90 of 2014), which came into effect on May 1, 2015.**

The Board of Directors determined that making the transition to a company with an Audit and Supervisory Committee will contribute to further strengthening corporate governance and raising corporate value by enhancing the supervisory functions performed by Outside Directors and strengthening monitoring functions, and to make that transition, the Articles of Incorporation will be revised as indicated below.

- 1) New provisions will be added to make the transition to a company with an Audit and Supervisory Committee (Article 4 of the proposed amendments).
- 2) New provisions will be added concerning Directors who are Members of Audit and Supervisory Committee (Article 19, Paragraph 2 and Article 21, Paragraphs 2 and 3 of the proposed amendments).
- 3) The title of Chapter 5 will be changed from “Audit & Supervisory Board Members and Audit & Supervisory Board” to “Audit and Supervisory Committee” and provisions relating to the Audit & Supervisory Board will be replaced with provisions relating to the Audit and Supervisory Committee (Articles 30 to 32 of the proposed amendment). In addition, although the Companies Act does not require the election of full-time Members of Audit and Supervisory Committee, a provision shall be created explicitly indicating that the Company shall appoint full-time Members of Audit and Supervisory Committee (Article 31 of the proposed amendment).
- 4) New provisions will be added to the effect that all or some decisions relating to the execution of important operations (excluding matters listed under each item of Article 399-13, Paragraph 5 of the Companies Act) may be delegated to Directors pursuant to a resolution of the Board of Directors (Article 25 of the proposed amendment).
- 5) In conjunction with the transition to a company with an Audit and Supervisory Committee, provisions relating to Audit & Supervisory Board Members will be deleted (Articles 29 to 37 of the current Articles of Incorporation).
- 6) In conjunction with the transition to a company with an Audit and Supervisory Committee, other necessary revisions and new establishment will be made to existing provisions (Article 20, Paragraphs 1 and 4, Article 24, Paragraphs 1 and 2, Article 26, and Article 27 of the proposed amendment).

#### **(2) Expansion of the scope of application of limited liability agreements**

The scope of application of limited liability agreements shall be expanded from Outside Directors to non-executive Directors (Article 29 of the proposed amendment). Each of the Audit & Supervisory Board Members has consented to this change.

(3) Decision-making body regarding distribution of surplus, etc.

In order to facilitate execution of dynamic dividend policies and capital policies, necessary revisions shall be made to provisions and new provisions shall be added to allow the Board of Directors to distribute surplus through dividends and so on by resolution (Articles 36 and 37 of the proposed amendment) and Article 42 (Interim Dividends) of the current Articles of Incorporation, which contains some duplicative content, will be deleted.

(4) Other

In addition to the above, necessary revisions and adjustments including relocation and deletion of provisions and correction of expression will be made throughout the Articles of Incorporation.

2. Details of amendments  
The details are as follows:  
(Changes are underlined.)

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Amendment Proposal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <p>Chapter 1 General Provisions<br/> Article 1 to Article 3 (Omitted)</p> <p>Article 4 (Organs)<br/> In addition to a general meeting of shareholders and Directors, the Company shall have the following institutions:<br/> (1) Board of Directors<br/> (2) <u>Audit &amp; Supervisory Board Member</u><br/> (3) <u>Audit &amp; Supervisory Board</u><br/> (4) Accounting Auditor</p> <p>Article 5 (Omitted)</p> <p>Chapter 2 Shares of Stock<br/> Article 6 to Article 12 (Omitted)</p> <p>Chapter 3 General Meeting of Shareholders<br/> Article 13 to Article 18 (Omitted)</p> <p>Chapter 4 Directors and Board of Directors<br/> Article 19 (Number)<br/> 1. The Company shall have up to eighteen (18) Directors.<br/><br/> <u>(Newly established)</u></p> <p>Article 20 (Election)<br/> Directors shall be elected by resolution of the general meeting of shareholders.</p> | <p>Chapter 1 General Provisions<br/> Article 1 to Article 3 (Unchanged)</p> <p>Article 4 (Organs)<br/> In addition to a general meeting of shareholders and Directors, the Company shall have the following institutions:<br/> (1) Board of Directors<br/> (2) <u>Audit and Supervisory Committee</u><br/> (Deleted)<br/> (3) Accounting Auditor</p> <p>Article 5 (Unchanged)</p> <p>Chapter 2 Shares of Stock<br/> Article 6 to Article 12 (Unchanged)</p> <p>Chapter 3 General Meeting of Shareholders<br/> Article 13 to Article 18 (Unchanged)</p> <p>Chapter 4 Directors and Board of Directors<br/> Article 19 (Number)<br/> 1. The Company shall have up to eighteen (18) Directors <u>(excluding Directors who are Members of Audit and Supervisory Committee).</u><br/> <u>2. The Company shall have up to seven (7) Directors who are Members of Audit and Supervisory Committee.</u></p> <p>Article 20 (Election)<br/> Directors shall be elected by resolution of the general meeting of shareholders, <u>with a distinction between Directors who are Members of Audit and Supervisory Committee and other Directors.</u></p> |



| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Amendment Proposal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <p>2. (Omitted)<br/>3. (Omitted)<br/><u>(Newly established)</u></p> <p>Article 21 (Term of Office)<br/>1. The term of office of a <u>Director</u> shall be until the close of the ordinary general meeting of shareholders for the last business year ending within one (1) year after appointment.</p> <p><u>(Newly established)</u></p> <p><u>(Newly established)</u></p> <p>Article 22 (Omitted)</p> <p>Article 23 (Person with Right to Convene and Chairman of the Board of Directors)<br/>1. The notice to convene a meeting of the Board of Directors shall be issued <u>to each Director and Audit &amp; Supervisory Board Member</u> three (3) days prior to the day of the meeting. However, when necessary due to urgency, such period may be shortened.<br/>2. (Omitted)</p> <p>Article 24 (Representative and Titled Directors)<br/>1. Representative Directors shall be elected by resolution of the Board of Directors.</p> <p>2. One (1) Chairman-Director, one (1) Vice-Chairman-Director, one (1) President-Director, and several Vice-President-Directors, Executive Managing Directors, and Managing Directors may be elected by resolution of the Board of Directors.</p> <p><u>(Newly established)</u></p> | <p>2. (Unchanged)<br/>3. (Unchanged)<br/><u>4. The validity period of the election of a substitute Director who is a Member of Audit and Supervisory Committee shall be until the commencement of the ordinary general meeting of shareholders for the last business ending within two (2) years after appointment.</u></p> <p>Article 21 (Term of Office)<br/>1. The term of office of a <u>Director (excluding Directors who are Members of Audit and Supervisory Committee)</u> shall be until the close of the ordinary general meeting of shareholders for the last business year ending within one (1) year after appointment.<br/>2. <u>The term of office of a Director who is a Member of Audit and Supervisory Committee shall be until the close of the ordinary general meeting of shareholders concerning the last business year ending within two (2) years after appointment.</u><br/>3. <u>The term of office of a Director who is a Member of Audit and Supervisory Committee who has been elected to fill a vacancy of a Director who is a Member of Audit and Supervisory Committee and who steps down before the completion of his or her term, is the same as the remaining term of office of the Director who is a Member of Audit and Supervisory Committee who has been replaced.</u></p> <p>Article 22 (Unchanged)</p> <p>Article 23 (Person with Right to Convene and Chairman of the Board of Directors)<br/>1. The notice to convene a meeting of the Board of Directors shall be issued <u>to each Director</u> three (3) days prior to the day of the meeting. However, when necessary due to urgency, such period may be shortened.<br/>2. (Unchanged)</p> <p>Article 24 (Representative and Titled Directors)<br/>1. Representative Directors shall be elected by resolution of the Board of Directors <u>from among the Directors (excluding Directors who are Members of Audit and Supervisory Committee).</u><br/>2. One (1) Chairman-Director, one (1) Vice-Chairman-Director, one (1) President-Director, and several Vice-President-Directors, Executive Managing Directors, and Managing Directors may be elected <u>from among the Directors (excluding Directors who are Members of Audit and Supervisory Committee)</u> by resolution of the Board of Directors.</p> <p><u>Article 25 (Delegation of Decisions Regarding Execution of Important Operations)</u><br/><u>The Company may delegate all or some of its decisions regarding execution of important operations to Directors (excluding those matters listed under Article 399-13, Paragraph 5 of the Companies Act) under Article 399-13, Paragraph 6 of the Companies Act.</u></p> |

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                           | Amendment Proposal                                                                                                                                                                                                                                                                                                                                                                                                           |
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| <p>Article <u>25</u> (Omission of Resolution of the Board of Directors)<br/>           In the cases where all Directors agree in writing or by electromagnetic record regarding a matter subject to a resolution of the Board of Directors, the Company may deem that a resolution of the Board of Directors approving that matter was adopted; <u>provided, however, that this shall not apply if an Audit &amp; Supervisory Board Member objects.</u></p> | <p>Article <u>26</u> (Omission of Resolution of the Board of Directors)<br/>           In the cases where all Directors agree in writing or by electromagnetic record regarding a matter subject to a resolution of the Board of Directors, the Company may deem that a resolution of the Board of Directors approving that matter was adopted.</p>                                                                          |
| <p>Article <u>26</u> (Compensation, etc.)<br/>           Property benefits received from the Company by Directors as compensation, bonuses, and other compensation for performance of duties <u>(Hereinafter referred to as compensation, etc.)</u> shall be determined by resolution of the general meeting of shareholders.</p>                                                                                                                           | <p>Article <u>27</u> (Compensation, etc.)<br/>           Property benefits received from the Company by Directors as compensation, bonuses, and other compensation for performance of duties shall be determined by resolution of the general meeting of shareholders, <u>with a distinction between Directors who are Members of Audit and Supervisory Committee and other Directors.</u></p>                               |
| <p>Article <u>27</u> (Omitted)</p>                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Article <u>28</u> (Unchanged)</p>                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>Article <u>28</u> (Limited Liability Agreement of <u>Outside Directors</u>)<br/>           The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into agreements with <u>Outside Directors</u> limiting the liability of Outside Directors under Article 423, Paragraph 1 of the Companies Act to the minimum amount of liability specified by laws and regulations.</p>                                                     | <p>Article <u>29</u> (Limited Liability Agreement of <u>Directors</u>)<br/>           The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into agreements with <u>Directors (excluding executive Directors, etc.)</u> limiting the liability of Directors under Article 423, Paragraph 1 of the Companies Act to the minimum amount of liability specified by laws and regulations.</p>        |
| <p><u>Chapter 5 Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</u></p>                                                                                                                                                                                                                                                                                                                                                             | <p><u>(Deleted)</u></p>                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><u>Article 29 to Article 37 (Omitted)</u></p>                                                                                                                                                                                                                                                                                                                                                                                                            | <p><u>(Deleted)</u></p>                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><u>(Newly established)</u><br/> <u>(Newly established)</u></p>                                                                                                                                                                                                                                                                                                                                                                                           | <p><u>Chapter 5 Audit and Supervisory Committee</u><br/> <u>Article 30 (Notice to Convene Meeting of the Audit and Supervisory Committee)</u><br/> <u>The notice to convene a meeting of the Audit and Supervisory Committee shall be issued to each Member of Audit and Supervisory Committee three (3) days prior to the day of the meeting. However, when necessary due to urgency, such period may be shortened.</u></p> |
| <p><u>(Newly established)</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                           | <p><u>Article 31 (Full-Time Members of Audit and Supervisory Committee)</u><br/> <u>Full-time Members of Audit and Supervisory Committee are elected by resolution of the Audit and Supervisory Committee.</u></p>                                                                                                                                                                                                           |
| <p><u>(Newly established)</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                           | <p><u>Article 32 (Audit and Supervisory Committee Rules)</u><br/> <u>Matters relating to the Audit and Supervisory Committee shall be governed by laws and regulations and the Articles of Incorporation, as well as the Audit and Supervisory Committee Rules established by the Audit and Supervisory Committee.</u></p>                                                                                                   |

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Amendment Proposal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| <p>Chapter 6 Accounting Auditor<br/>Article <u>38</u> to Article <u>39</u> (Omitted)</p> <p>Chapter 7 Accounts<br/>Article <u>40</u> (Omitted)</p> <p>Article <u>41</u> (Distribution of Surplus)<br/><u>The Company shall distribute surplus in the form of cash to shareholders or registered share pledgees entered or recorded in the final register of shareholders on March 31 of each year (“year-end dividends”) pursuant to a resolution of the general meeting of shareholders.</u></p> <p>(Newly established)</p> <p>Article <u>42</u> (Interim Dividend)<br/><u>The Company may distribute monies as specified in Article 454, Paragraph 5 of the Companies Act to shareholders or registered share pledgees entered or recorded in the final register of shareholders on September 30 of each year (“interim dividends”) pursuant to a resolution of the Board of Directors.</u></p> <p>Article <u>43</u> (Expiration Period of Dividend)<br/><u>If year-end dividends or interim dividends are not received even after the lapse of three years from the first day of payment, the Company shall be released from its obligation to pay those dividends.</u></p> | <p>Chapter 6 Accounting Auditor<br/>Article <u>33</u> to Article <u>34</u> (Unchanged)</p> <p>Chapter 7 Accounts<br/>Article <u>35</u> (Unchanged)</p> <p>Article <u>36</u> (<u>Decision-Making Organ for Distribution of Surplus, etc.</u>)<br/><u>Each item listed in Article 459, Paragraph 1 of the Companies Act relating to distribution of surplus of the Company, etc. can be determined by resolution of the Board of Directors, except when otherwise provided in laws and regulations.</u></p> <p>Article <u>37</u> (<u>Record Date of Distribution of Surplus</u>)<br/><u>1. The record date of distribution of the Company’s year-end dividend shall be March 31 each year.</u><br/><u>2. The record date of distribution of the Company’s interim dividend shall be September 30 each year.</u></p> <p>(Omitted)</p> <p>Article <u>38</u> (Expiration Period of Dividend)<br/><u>In the case where there is a distribution of dividend property by cash, if payment is not received even after the lapse of three years from the first day of payment, the Company shall be released from its obligation to make such payment.</u></p> |

**Proposal 3 Election of Twelve Directors (excluding Directors who are Members of Audit and Supervisory Committee)**

Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the Company will make the transition to a company with an Audit and Supervisory Committee. The terms of office of all thirteen current Directors will expire at the close of this General Meeting of Shareholders in accordance with Article 21 of the Articles of Incorporation and in conjunction with the transition to a company with an Audit and Supervisory Committee. Accordingly, the Company requests the election of twelve Directors (excluding Directors who are Members of Audit and Supervisory Committee) with a distinction from those Directors who are Members of Audit and Supervisory Committee.

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

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

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Name<br>(Date of birth)            | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                               | No. of Company shares held |
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| Re-nominated<br>1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Masataka Kataoka<br>(Jun 30, 1946) | Apr 1972    Joined the Company<br>Mar 1981    General Manager, Kakuda Division<br>Jun 1982    Director<br>Jun 1985    Managing Director<br>Oct 1986    Senior Managing Director<br>Jun 1988    President, Chairman of the Board of Director<br>Jun 2012    Chairman (-present)<br>(Status on major concurrent holding of positions)<br>Director, Alpine Electronics, Inc.<br>Director, Alps Logistics Co., Ltd. | 900,000                    |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Masataka Kataoka has acquired extensive managerial experience over many years and has performed his duties as a Director since appointment as a Director of the Company.</p> <p>Based on this, the Company determined that Mr. Kataoka is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Kataoka as a candidate for reelection as a Director.</p> |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                 |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Name<br>(Date of birth)              | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | No. of Company shares held |
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| Re-nominated<br><br>2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Toshihiro Kuriyama<br>(Apr 25, 1957) | Apr 1980    Joined the Company<br>Apr 2004    General Manager, Magnetic Devices Division<br>Jun 2004    Director<br>Apr 2007    General Manager, Business Development Headquarters<br>Apr 2009    General Manager, Engineering Headquarters<br>Engineering & Quality Management Executive<br>Oct 2009    Component Products Business, MMP Division<br>Jun 2011    Managing Director<br>Apr 2012    General Manager, Engineering Headquarters<br>Jun 2012    President, Chairman of the Board of Director (-present)<br>(Status on major concurrent holding of positions)<br>Chairman, Alps (China) Co., Ltd. | 16,300                     |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Toshihiro Kuriyama has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a representative Director, Mr. Kuriyama has exercised leadership including contributing to reinforcement of the Company's business and raising profits.</p> <p>Based on this, the Company determined that Mr. Kuriyama is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Kuriyama as a candidate for reelection as a Director.</p> |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                            |

| Nominee No.  | Name<br>(Date of birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                              | No. of Company shares held |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Re-nominated | Takashi Kimoto<br>(Oct 1, 1958)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Apr 1981    Joined the Company<br>Jul 2006    Deputy General Manager, Sales & Marketing Headquarters<br>Jun 2008    Director<br>Apr 2009    General Manager, Automotive Division<br>Apr 2010    European and American Business Executive<br>Apr 2012    General Manager, Sales & Marketing Headquarters (-present)<br>Jun 2012    Managing Director (-present) | 21,432                     |
| 3.           | <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Takashi Kimoto has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a Managing Director, Mr. Kimoto has exercised leadership including overseeing matters relating to sales and formulating and executing marketing strategies globally.</p> <p>Based on this, the Company determined that Mr. Kimoto is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Kimoto as a candidate for reelection as a Director.</p> |                                                                                                                                                                                                                                                                                                                                                                |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Name (Date of birth)          | Biography, title and position in the Company (Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | No. of Company shares held |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Re-nominated<br>4.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Yasuo Sasao<br>(Feb 10, 1959) | <p>Apr 1983    Joined the Company</p> <p>Apr 2007    General Manager, Strategic Sales &amp; Marketing Operations, Sales &amp; Marketing Headquarters</p> <p>Jan 2009    Deputy General Manager, Component Products Business Division</p> <p>Apr 2009    Deputy Officer in charge of Component Products Business, MMP Division</p> <p>Jun 2010    Director</p> <p>Apr 2012    General Manager, Component, Engineering Headquarters</p> <p>Jun 2013    Officer in charge of Component Business<br/>Deputy General Manager, Engineering Headquarters</p> <p>Jun 2014    Officer in charge of Component Business<br/>General Manager, Engineering Headquarters (-present)</p> <p>Jun 2015    Managing Director (-present)</p> | 10,400                     |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Yasuo Sasao has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a Managing Director, Mr. Sasao has exercised leadership including overseeing matters relating to technology and development as well as promoting and integrating technology and formulating and executing development strategies globally.</p> <p>Based on this, the Company determined that Mr. Sasao is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Sasao as a candidate for reelection as a Director.</p> |                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Name<br>(Date of birth)              | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | No. of Company shares held |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Re-nominated<br><br>5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Yoshitada Amagishi<br>(Feb 11, 1956) | Apr 1980    Joined the Company<br>Apr 2003    Director & President, Alps Electric (Malaysia) SDN. BHD.<br>Jun 2007    General Manager, Peripheral Products Division (of Alps Electric)<br>Jun 2008    Director (-present)<br>Apr 2009    Deputy General Manager, Automotive Division<br>Jun 2011    Engineering Executive and Quality Management Executive<br>Apr 2012    Officer in charge of Module Engineering Headquarters<br>Jun 2012    General Manager, Module Engineering Headquarters<br>Apr 2013    Officer in charge of New Business & Consumer Modules General Manager, Engineering Headquarters<br>Jun 2014    Quality Management Executive and Material Control Executive, Production Headquarters<br>May 2016    Deputy General Manager, and Quality Management Executive, Production Headquarters (-present) | 5,700                      |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Yoshitada Amagishi has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a member of the management team, Mr. Amagishi has exercised leadership including overseeing matters relating to quality and materials as well as maintaining and improving quality control.</p> <p>Based on this, the Company determined that Mr. Amagishi is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Amagishi as a candidate for reelection as a Director.</p> |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                            |



| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Name<br>(Date of birth)          | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | No. of Company shares held |
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| Re-nominated<br><br>6.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Junichi Umehara<br>(Mar 5, 1957) | <p>Mar 1987    Joined the Company</p> <p>Sep 2004    Deputy Officer in charge of Legal &amp; Intellectual Property<br/>Deputy Officer in charge of Corporate Export &amp; Import Administration</p> <p>Jun 2006    Director (-present)</p> <p>Jul 2006    Officer in charge of Legal &amp; Intellectual Property<br/>General Manager, Corporate Export &amp; Import Administration (-present)</p> <p>Apr 2009    Deputy General Manager, Administration Headquarters<br/>Deputy General Manager, Engineering Headquarters<br/>Officer in charge of Intellectual Property</p> <p>Jun 2011    Officer in charge of Legal &amp; Intellectual Property</p> <p>Apr 2012    Officer in charge of Legal &amp; Intellectual Property, Administration Headquarters</p> <p>Jul 2015    Officer in charge of Human Resource, Legal &amp; Intellectual Property (-present)</p> | 3,000                      |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Junichi Umehara has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a member of the management team, Mr. Umehara has exercised leadership including formulating and executing strategies relating to human resources, legal affairs, intellectual property, and trade control.</p> <p>Based on this, the Company determined that Mr. Umehara is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Umehara as a candidate for reelection as a Director.</p> |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Name<br>(Date of birth)          | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | No. of Company shares held |
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| Re-nominated<br><br>7.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Hitoshi Edagawa<br>(May 7, 1959) | Apr 1983    Joined the Company<br>Apr 1998    General Manager, Engineering Division 3, Magnetic Application Division<br>Jun 2008    Quality Management Executive<br>Apr 2009    Product Engineering Executive<br>General Manager, Production Engineering Operations, MMP Process Division<br>Jun 2011    Director (-present)<br>Deputy Officer in charge of Production, MMP Process Division<br>Production Engineering Executive, MMP Process Division<br>Apr 2012    Production Engineering Executive, Production Headquarters<br>Jun 2013    Quality Management and Production Engineering Executive, Production Headquarters<br>Jun 2014    Production Engineering Executive, Production Headquarters (-present) | 3,000                      |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Hitoshi Edagawa has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a member of the management team, Mr. Edagawa has exercised leadership including overseeing matters relating to production technology as well as globally deepening and strengthening process technologies for product manufacture.</p> <p>Based on this, the Company determined that Mr. Edagawa is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Edagawa as a candidate for reelection as a Director.</p> |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Name<br>(Date of birth)            | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | No. of Company shares held |
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| Re-nominated<br><br>8.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Takeshi Daiomaru<br>(Feb 17, 1959) | Apr 1981    Joined the Company<br>Apr 2000    Senior Manager, Sales Dept. 1,<br>Sales & Marketing<br>Headquarters<br>Apr 2005    General Manager, Global Sales<br>& Marketing Operation, Sales<br>& Marketing Headquarters<br>Jan 2006    General Manager, Mobile Sales<br>Operations, Sales & Marketing<br>Headquarters<br>Apr 2007    Seconded General Manager,<br>Alps (China) Co., Ltd.<br>Apr 2012    General Manager, Sales &<br>Marketing Headquarters<br>Apr 2013    Deputy General Manager, Sales<br>& Marketing Headquarters<br>General Manager, Global Sales<br>& Marketing Operation<br>Jun 2014    Director (-present)<br>Officer in charge of New<br>Business & Consumer Module<br>Division and Deputy General<br>Manager, Engineering<br>Headquarters (-present) | 3,600                      |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Takeshi Daiomaru has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a member of the management team, Mr. Daiomaru has exercised leadership including formulating and executing sales strategies and development plans in new markets.</p> <p>Based on this, the Company determined that Mr. Daiomaru is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Daiomaru as a candidate for reelection as a Director.</p> |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Name<br>(Date of birth)           | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | No. of Company shares held |
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| Re-nominated<br><br>9.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Akihiko Okayasu<br>(Dec 17, 1958) | Apr 1981    Joined the Company<br>Apr 2004    Senior Manager, Sales Dept. 1,<br>Sales & Marketing<br>Headquarters<br>Apr 2007    General Manager, Home &<br>Mobile Sales Operation, Sales<br>& Marketing Headquarters<br>Apr 2009    General Manager, Sales Dept.<br>1, Home, Mobile & Industry<br>Division<br>Jan 2012    Seconded General Manager,<br>Alps Electronics Taiwan Co.,<br>Ltd.<br>Jul 2013    Seconded General Manager,<br>Alps (China) Co., Ltd.<br>June 2015    Director (-present)<br>Officer in charge of China<br>Business, Alps (China)<br>May 2016    Officer in charge of China<br>Business, Alps (China) Co.,<br>Ltd.; Material Control<br>Executive, Production<br>Headquarters; General<br>Manager of Material Control,<br>Production Headquarters Alps,<br>(China) (-present) | 3,000                      |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Akihiko Okayasu has properly performed his roles as a Director including making important managerial decisions and supervising the conduct of business.</p> <p>In addition, as a member of the management team, Mr. Okayasu has made efforts to strengthen business and formulating and executing materials strategies in China and Taiwan, which are undergoing rapid economic growth and has exercised leadership.</p> <p>Based on this, the Company determined that Mr. Okayasu is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Okayasu as a candidate for reelection as a Director.</p> |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Name<br>(Date of birth)           | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                           | No. of Company shares held |
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| Newly-nominated<br><br>10.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Tetsuhiro Saeki<br>(Jun 30, 1959) | Apr 1983    Joined the Company<br>Apr 2003    Managing director, ALPS ELECTRIC CZECH, s.r.o.<br>Jul 2009    Division Director, Production Planning, MMP Division<br>Apr 2012    Division Director, Production Planning, Production Headquarters<br>Mar 2013    General Manager, Procurement Division, Production Headquarters<br>Jun 2014    General Manager, Global Sales & Marketing Operation, Sales & Marketing Headquarters (-present) | 3,106                      |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Tetsuhiro Saeki worked primarily in production planning and has experience contributing to the improvement of production efficiency. As General Manager of Global Sales, he currently works to expand sales in global markets and has gained extensive experience and knowledge.</p> <p>Based on this, the Company determined that Mr. Saeki is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Saeki as a candidate for new election as a Director.</p> |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                             |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Name<br>(Date of birth)        | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | No. of Company shares held |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Newly-nominated<br><br>11.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Yoichiro Kega<br>(May 4, 1960) | Apr 1984    Joined the Company<br>Apr 2002    Senior Manager, Sales Dept. 4,<br>Sales & Marketing<br>Headquarters<br>Apr 2004    Project Manager, Global Sales<br>Dept., Sales & Marketing<br>Headquarters<br>Jul 2005    Business Planning Manager,<br>Peripheral Products Division<br>Feb 2007    Project Manager, Peripheral<br>Products Division<br>Jan 2009    Director and President, Alps<br>Electric Europe GmbH<br>Oct 2013    General Manager, Sales<br>Planning Office, Sales &<br>Marketing Headquarters<br>Feb 2015    General Manager, Corporate<br>Planning Office (-present) | 4,281                      |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Yoichiro Kega worked primarily in domestic and overseas sales activities and has experience proposing sales strategies and expanding business in the European market while serving as president of the Company's European subsidiary. As General Manager of the Corporate Planning Office, he currently oversees the Company's overall corporate planning, gaining extensive experience and knowledge.</p> <p>Based on this, the Company determined that Mr. Kega is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Kega as a candidate for new election as a Director.</p> |                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Name<br>(Date of birth)         | Biography, title and position in the Company<br>(Status on major concurrent holding of positions) | No. of Company shares held |
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| Newly-nominated<br><br>12.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Hiroyuki Sato<br>(Jul 17, 1962) | Apr 1985    Joined the Company                                                                    | 3,063                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                 | Oct 2003    General Manager, Engineering Dept. 2, Automotive Products Division                    |                            |
| Apr 2006    General Manager, Engineering Dept. 3, Automotive Products Division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                 |                                                                                                   |                            |
| Apr 2009    General Manager, Engineering Dept. 1, Automotive Division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                 |                                                                                                   |                            |
| Oct 2010    General Manager, Development Dept., Automotive Division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                 |                                                                                                   |                            |
| Nov 2011    President, Alps Electric (North America), Inc. (-present)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                 |                                                                                                   |                            |
| <p><b>【Reasons for nomination as candidate for Directors (excluding Directors who are Members of Audit and Supervisory Committee)】</b></p> <p>Mr. Hiroyuki Sato worked primarily in development operations and has experience with responsibility for products for the automotive market including the computerization of those products. As president of Alps Electronics (North America), he currently works to expand business in North America, gaining extensive experience and knowledge.</p> <p>Based on this, the Company determined that Mr. Sato is an appropriate human resource for further increasing the corporate value of the Company, achieving continued growth, and performing business operations and nominates Mr. Sato as a candidate for new election as a Director.</p> |                                 |                                                                                                   |                            |

Note:

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

**Proposal 4 Election of Five Directors who are Members of Audit and Supervisory Committee**

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

Prior agreement of our Audit & Supervisory Board has been obtained regarding the submission of this proposal. This proposal will take effect conditioned on the amendments establishing an Audit and Supervisory Committee (Proposal 2) taking effect.

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

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Name<br>(Date of birth)                                                  | Biography, title and position in the Company<br>(Status on major concurrent holding of positions) | No. of Company shares held |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------|
| Newly-nominated<br><br>1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Shuji Takamura<br>(Aug 25, 1952)                                         | Apr 1975                                                                                          | 7,600                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                          | Joined the Company                                                                                |                            |
| Mar 2004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Director & President, Alps Electric Korea Co., Ltd.                      |                                                                                                   |                            |
| Jun 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | General Manager, Component Products Business Division (of Alps Electric) |                                                                                                   |                            |
| Jun 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Director                                                                 |                                                                                                   |                            |
| Apr 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Officer in charge of Component Products Business, MMP Division,          |                                                                                                   |                            |
| Oct 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Production & China Executive, MMP Division                               |                                                                                                   |                            |
| Jun 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Managing Director (-present)                                             |                                                                                                   |                            |
| Jun 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Deputy General Manager, Production Innovation                            |                                                                                                   |                            |
| Apr 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | General Manager, Production Headquarters (-present)                      |                                                                                                   |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | General Manager, China Planning                                          |                                                                                                   |                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Jun 2012                                                                 | General Manager, Production Innovation (-present)                                                 |                            |
| <p><b>【Reasons for nomination as candidate for Directors who are Members of Audit and Supervisory Committee】</b><br/>           Mr. Shuji Takamura has extensive experience and knowledge in production fields including undertaking measures to innovate production with the aim of raising productivity.<br/>           Based on this, the Company determined that Mr. Takamura is an appropriate human resource for participating in the Company's management within the Board of Directors and performing audit operations while pursuing the continued sound development and growth of the Company and nominates Mr. Takamura as a candidate for election as a Director who is a Member of Audit and Supervisory Committee.</p> |                                                                          |                                                                                                   |                            |



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

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

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                               | Name<br>(Date of birth)          | Biography, title and position in the Company<br>(Status on major concurrent holding of positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | No. of Company shares held |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Newly-nominated<br><br>4.                                                                                                                                                                                                                                                                                                                                                                                                                 | Hiroshi Akiyama<br>(Dec 3, 1946) | Apr 1984 Registered Attorney at Law<br>Oct 1985 Joined Yanagida & Nomura law firm (Current: Yanagida & Partners)<br>Jan 1998 Partner of Yanagida & Nomura law firm<br>Apr 2005 Outside Director, People Co., Ltd. (Nomination Committee, Auditing Committee) (resigned April 2010)<br>Jun 2006 Outside Audit & Supervisory Board Member, Alps Electric (-present)<br>Jun 2007 Outside Audit & Supervisory Board Member, YKK Corporation (-present)<br><br>(Status on major concurrent holding of positions)<br>Outside Audit & Supervisory Board Member, YKK Corporation | 0                          |
| <p><b>【Reasons for nomination as candidate for Directors who are Members of Audit and Supervisory Committee】</b></p> <p>Mr. Hiroshi Akiyama is proposed as a candidate for Outside Director who will also be a Member of Audit and Supervisory Committee so that his many years of experience as an attorney and his specialized knowledge, experience, and broad-ranging know-how can be incorporated into the Company's management.</p> |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                            |

| Nominee No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Name<br>(Date of birth)             | Biography, title and position in the Company<br>(Status on major concurrent holding of positions) | No. of Company shares held |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------|
| Newly-nominated<br><br>5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Takushi Kuniyoshi<br>(Jul 28, 1948) | Jul 1981 Registered as certified public accountant                                                | 0                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                     | Jan 1991 Partner, Ernst & Young GmbH                                                              |                            |
| May 1998 Senior Partner, Ota Showa Audit Corporation (Currently Ernst & Young ShinNihon LLC)                                                                                                                                                                                                                                                                                                                                                                                                   |                                     |                                                                                                   |                            |
| Jun 2001 Resigned from Ernst & Young GmbH and Ernst & Young ShinNihon LLC                                                                                                                                                                                                                                                                                                                                                                                                                      |                                     |                                                                                                   |                            |
| Jun 2011 Outside Audit & Supervisory Board Member, Alps Logistics Co., Ltd. (resigned in June 2015)                                                                                                                                                                                                                                                                                                                                                                                            |                                     |                                                                                                   |                            |
| Jun 2013 Outside Audit & Supervisory Board Member (-present)                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                     |                                                                                                   |                            |
| <p><b>【Reasons for nomination as candidate for Directors who are Members of Audit and Supervisory Committee】</b><br/> Mr. Takushi Kuniyoshi has broad-ranging knowledge accumulated through many years of international experience working as a certified public accountant at accounting firms and is proposed as a candidate for Outside Director who will also be a Member of Audit and Supervisory Committee so that this knowledge can be incorporated into the Company's management.</p> |                                     |                                                                                                   |                            |

Notes:

- There is no special interest between any of the candidates and the Company.
- Mr. Takashi Iida, Mr. Hiroshi Akiyama, and Mr. Takushi Kuniyoshi are candidates for Outside Director pursuant to the stipulations of Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.  
In addition, if Messrs. Iida, Akiyama, and Kuniyoshi elections are approved, the Company plans to register them as independent officers who satisfy the requirements of the Tokyo Stock Exchange.
- The term of office for Mr. Takashi Iida as an Outside Director will have been three years at the conclusion of this General Meeting of Shareholders. Note that while Mr. Takashi Iida has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Mr. Takashi Iida is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory Committee of the Company.
- The term of office for Mr. Hiroshi Akiyama as an Outside Audit & Supervisory Board Member will have been ten years at the conclusion of this General Meeting of Shareholders. Note that while Mr. Hiroshi Akiyama has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Mr. Hiroshi Akiyama is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory Committee of the Company.
- The term of office for Mr. Takushi Kuniyoshi as an Outside Audit & Supervisory Board Member will have been three years at the conclusion of this General Meeting of Shareholders. Note that while Mr. Kuniyoshi has not been involved with corporate management other than as an Outside Officer, for the reasons described above, the Company determined that Mr. Kuniyoshi is able to properly perform duties as an Outside Director who is a Member of Audit and Supervisory Committee of the Company.

6. If the elections of Mr. Takashi Iida, Mr. Hiroshi Akiyama, and Mr. Takushi Kuniyoshi are approved, the Company plans, pursuant to Article 427, Paragraph 1 of the Companies Act, to enter into limited liability agreements with each of them that limit liability for damage specified in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the agreements will be the liability amount stipulated by laws and regulations.
7. Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the Company will enter into limited liability agreements with both Mr. Shuji Takamura and Mr. Yasuhiro Fujii that limit liability for damage specified in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the Companies Act.
8. Yanagida & Nomura, with which Mr. Hiroshi Akiyama was respectively affiliated as indicated in his biographies, provided legal service to the Company, however the total amount of consideration received by the law firm from the Company is less than 2% of total annual revenues of the firm, and consequently, the amounts do not constitute large amounts under the Company's criteria on independence and the Company determined that adequate independence is maintained.

**Proposal 5 Election of One Alternate Director who is a Member of Audit and Supervisory Committee**

Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the company will make the transition to a company with an Audit and Supervisory Committee. In preparation for the situation in which a vacancy occurs among the Outside Directors who are Members of Audit and Supervisory Committee, the Company requests the election of one alternate Director who is a Member of Audit and Supervisory Committee.

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

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

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

Notes:

1. There is no special interest between the candidate and the Company.
2. Mr. Takatoshi Yamamoto, the candidate for alternate Outside Director who is a Member of Audit and Supervisory Committee, satisfies the requirement of the Tokyo Stock Exchange that a candidate be an independent officer.

3. In the event that Mr. Takatoshi Yamamoto takes office as an Outside Director who is a Member of Audit and Supervisory Committee, the Company plans to enter a limited liability agreement with Mr. Yamamoto that limits liability for damage specified in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act and Article 28 of the Articles of Incorporation. Furthermore, the maximum liability amount in accordance with the agreement shall be the liability amount stipulated by laws and regulations.
4. CASIO COMPUTER CO., LTD., Fuji Heavy Industries Ltd., and Tokyo Electron Limited listed in Mr. Takatoshi Yamamoto's biography above all have business relationships with the Company. However, as the value of the Company's annual transactions with each company accounts for less than 2% of the Company's consolidated net sales and of each company's consolidated net sales, none qualify as major business partners.
5. Mr. Takatoshi Yamamoto plans to resign as an Outside Corporate Auditor of Fuji Heavy Industries Ltd. effective June 28, 2016. In addition, Mr. Yamamoto is a candidate for election as Outside Director at the general meeting of shareholders of Hitachi, Ltd. scheduled for June 22 of this year.

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

<Provisions Common to Inside and Outside Directors>

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

<Provisions Relating to Outside Directors>

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

<Outside Director Independence Criteria>

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

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

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

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

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



Note 4: A major lender is a financial institution from which the Company Group has borrowed money in the case where the balance of loans outstanding exceeds 2% of the Company's consolidated total assets or the financial institution's consolidated total assets at the end of the Company's most recent business year.

Note 5: A large amount means the following according to the participation in the provision of services by the specialist.

- (1) In the case where the relevant specialist provides services to the Company Group as an individual, consideration received from the Company Group (excluding Director compensation) in excess of 10 million yen annually constitutes a large amount.
- (2) In the case where the relevant specialist is affiliated with a corporation, association, or other organization that provides services to the Company Group, when the total amount of consideration received by that organization from the Company Group exceeds 2% of that organization's annual income, this constitutes a large amount; provided, however, that even if the amount of consideration does not exceed 2%, if the amount received by the organization as consideration for the provision of services in which the relevant specialist is directly involved exceeds 10 million yen annually, this constitutes a large amount.

Note 6: A person who receives donations in excess of 10 million yen annually from the Company Group (in the case of a corporation, association, or other organization, a person affiliated with such organization who is directly involved in research or other activities relating to those donations).

Note 7: The situation where a Person Engaged in the Execution of Business for the Company Group who is an Outside Director of another company and a Person Engaged in the Execution of Business for that other company is an Outside Director of the Company.

Note 8: A close relative means a spouse or a relative within two degrees of consanguinity.

**Proposal 6 Determination of Compensation of Directors (excluding Directors who are Members of Audit and Supervisory Committee)**

Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the Company will make the transition to a company with an Audit and Supervisory Committee. Accordingly, the current compensation framework for Directors will be abolished and amounts of compensation paid to Directors (excluding Directors who are Members of Audit and Supervisory Committee) will be set as specified in this proposal in accordance with Article 361, Paragraphs 1 and 2 of the Companies Act.

With regard to the maximum amount of compensation paid to the Company's Directors, at the 81st Ordinary General Meeting of Shareholders held on June 20, 2014, a proposal was approved to adopt a Director compensation structure comprising salaries, variable bonuses based on profits, and stock-based compensation stock options and to set the maximum amount of compensation paid in a single business year at 700 million yen (including a maximum of 10 million yen per director in annual compensation paid to Outside Directors; this amount does not include employee salaries paid to Directors who concurrently hold positions as employees). This framework has remained in place to the present.

As discussed above, the Company will make the transition to a company with an Audit and Supervisory Committee, and consequently, taking into consideration economic circumstances and other factors, the Company wishes to set the maximum amount of compensation paid to Directors (excluding Directors who are Members of Audit and Supervisory Committee) at 700 million yen (including a maximum of 10 million yen in annual compensation paid to Outside Directors; this amount does not include employee salaries paid to Directors who concurrently hold positions as employees).

The Company currently has thirteen Directors (including one Outside Director), but if Proposal 2 and Proposal 3 are approved as proposed, the number of Directors (excluding Directors who are Members of Audit and Supervisory Committee) will become twelve (including no Outside Directors) as of the conclusion of this general meeting of shareholders.

**Proposal 7 Determination of Compensation of Directors who are Members of Audit and Supervisory Committee**

Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the Company will make the transition to a company with an Audit and Supervisory Committee. Accordingly, the amounts of compensation paid to Directors who are Members of Audit and Supervisory Committee will be set as specified in this proposal in accordance with Article 361, Paragraphs 1 and 2 of the Companies Act.

Directors who are Members of Audit and Supervisory Committee participate as Directors in resolutions of the Board of Directors, supervise the performance of business operations by Directors, and perform the audit duties, and therefore, the Company wishes to set compensation levels appropriate for those duties.

Accordingly, the Company proposes to set the maximum amount of compensation to Directors who are Members of Audit and Supervisory Committee at 80 million yen annually.

If Proposal 2 and Proposal 4 are approved as proposed, the Audit and Supervisory Committee will have five members.

**Proposal 8 Determination of Details of Stock-based Compensation Stock Options of Directors (excluding Directors who are Members of Audit and Supervisory Committee)**

The current amount of compensation paid to Directors of no more than 700 million yen annually (including a maximum of 10 million yen per director in annual compensation paid to Outside Directors; this amount does not include employee salaries paid to Directors who concurrently hold positions as employees) was approved at the 81st Ordinary General Meeting of Shareholders held on June 20, 2014 and stock-based compensation in the form of stock options using subscription rights to stocks within those amounts was approved. Conditioned on approval of Proposal 2 (Partial Amendments to the Articles of Incorporation), the Company will make the transition to a company with an Audit and Supervisory Committee. Furthermore, the Company will set the amount of compensation paid to Directors (excluding Directors who are Members of Audit and Supervisory Committee) in place of the existing Director compensation framework, conditioned on approval of Proposal 6. Accordingly, going forward, the Company would like to issue to Directors who are not Outside Directors (excluding Directors who are Members of Audit and Supervisory Committee) stock acquisition rights as stock-based compensation in the form of stock options within the scope of the annual amounts approved pursuant to Proposal 6 in each fiscal year in order to clarify the link between the Company's performance and its share price and to increase the shared value of Directors with shareholders.

Specifically, the Company will cause the acquisition of stock acquisition rights by Directors (excluding Directors who are Members of Audit and Supervisory Committee) who received allocations of stock acquisition rights by paying compensation in the amount of the pay-in and setting off the compensation rights and the pay-in amounts of the stock acquisition rights.

The amount of compensation and so on paid as stock-based compensation in the form of stock options will be the amount derived by multiplying the total number of allocated stock acquisition rights by the fair value per stock acquisition right calculated on the date of allocation of the stock acquisition rights.

Accordingly, if Proposal 2 and Proposal 3 are approved as proposed, the number of Directors who are not Outside Directors (excluding Directors who are Members of Audit and Supervisory Committee) will become twelve as of the conclusion of this general meeting of shareholders.

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

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

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Stock split ratio or reverse stock split ratio

Fractional shares of less than one that arise as a result of the above adjustment shall be rounded down. Furthermore, in addition to the cases indicated above, in cases where the Company implements a merger, company split, or share exchange or in any other case where an adjustment of the Number of Shares Granted is necessary as in a merger, company split, or share exchange, the Company may implement, by resolution of the Company's Board of Directors, the adjustment to the Number of Shares Granted that is deemed necessary.

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

(2) Total number of stock acquisition rights

The upper limit on stock acquisition rights issued within one year from the day of the Company's Ordinary General Meeting of Shareholders in each fiscal year shall be 2,000 rights.

(3) Pay-in amount for stock acquisition rights (issue price)

The pay-in amount per stock acquisition right (issue price) shall be the amount determined by the Board of Directors of the Company on the basis of the fair value of a stock acquisition right that was calculated at the time of allotment of stock acquisition rights.

Furthermore, in lieu of monetary payment, a person who receives an allotment shall offset the compensation receivables that he holds against the Company and his payment obligations for the stock acquisition rights.

(4) Value of the property to be contributed upon exercise of stock acquisition rights

The value of the property to be contributed upon exercise of each stock acquisition right shall be the amount derived by taking the exercise price per share of the shares that can be received through exercise of each stock acquisition right as one yen and then multiplying this exercise price per share by the Number of Shares Granted.

(5) Period during which stock acquisition rights can be exercised

The period during which stock acquisition rights can be exercised shall be a period of no more than 40 years from the day following the day of allotment of the stock acquisition rights to be determined by the Board of Directors of the Company.

(6) Restriction on the acquisition of stock acquisition rights by transfer

Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors of the Company.

(7) Conditions for the exercise of stock acquisition rights

Holder of stock acquisition rights may exercise those stock acquisition rights within 10 days from the day on which they lose their status as a director of the Company. Other conditions are determined by the Board of Directors, which establishes stock acquisition rights subscription terms and other matters.

(8) Other matters concerning stock acquisition rights

Other matters concerning stock acquisition rights shall be determined by the Board of Directors of the Company when the Board of Directors determines the subscription requirements, etc. for the stock acquisition rights.