



July 27, 2018

To all parties concerned

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**Notice Regarding the Execution of the Basic Agreement on the Business Collaboration
between Alps Electric Co., Ltd. and Alpine Electronics, Inc.**

Alps Electric Co., Ltd. (“Alps Electric”) and Alpine Electronics, Inc. (“Alpine”) (collectively, the “Companies”) hereby announce that at each of the Company’s Board of Directors’ meeting on July 27, 2018, the Board of Directors of the respective companies authorized to carry out the business collaboration as follows.

1. Reasons for the Business Collaboration

As announced in the press release titled “Notice Regarding Business Integration between Alps Electric Co., Ltd. and Alpine Electronics, Inc. (Execution of Share Exchange Agreement between Alps Electric Co., Ltd. and Alpine Electronics, Inc. (Simplified Share Exchange), Reorganization into a Holding Company Structure through the Company Split of Alps Electric Co., Ltd., Change of Company Name and Partial Amendments to the Articles of Incorporation of Alps Electric Co., Ltd.)” (the “Business Integration Press Release”) dated July 27, 2017, in order to reorganize into a holding company structure (the “Business Integration”), Alps Electric had executed a share exchange agreement concerning a share exchange through which Alps Electric will become a wholly owning parent company of Alpine and Alpine will become a wholly owned subsidiary (the “Share Exchange”). Following the execution, as announced in the press release titled “Notice Regarding Change to the Transaction Structure of the Business Integration between Alps Electric Co., Ltd. and Alpine Electronics, Inc. and Change of the Name of the Holding Company (Partial Amendment to the Share Exchange Agreement between Alps Electric Co., Ltd. and Alpine Electronics, Inc. (Simplified Share Exchange), Cancellation of the Company Split of Alps Electric Co., Ltd., Change of the Company Name and Partial Amendments to the Articles of Incorporation of Alps Electric Co., Ltd.)” dated February 27, 2018, the Companies decided to change the management structure following the Business Integration from a pure holding company structure to an operating holding company structure and introduce an in-house company system (the “Change”). In view of such Change, the Companies executed a memorandum of understanding to amend the share exchange agreement to implement the changes that are necessary in connection with such Change. The Companies hereby announce that, having filed notices concerning a business combination to relevant competition authorities both in Japan and overseas for its approval and clearance of this Business Integration, all such procedures completed by June 2018.

In connection with this, Alps Electric and Alpine executed a basic agreement on the business collaboration (“Basic Agreement on the Business Collaboration”) today in order to cooperate with each other in business operations upon the Business Integration in product areas other than where the Companies compete, and with an aim to increase corporate value of both companies and realize steadily the synergy effects of the business collaboration.

2. Details of the Business Collaboration

Based on the Basic Agreement on the Business Collaboration, aside from the product areas where the Companies compete in, the Companies intend to accelerate the schedule, from the aspect of sales, to jointly promote the strategic products, from the aspect of development, to formulate development road map concerning strategic products and promote joint development, from the aspect of manufacturing, to promote mutual utilization of manufacturing technologies and production sites, from the aspect of quality assurance, to promote the mutual utilization of evaluation and analysis facilities and, from the aspect of procurement, to strengthen the functions of integrated purchasing and development purchasing. In addition, the Companies intend to accelerate the centralization and optimization of personnel in common functions and cooperative business operations and make steady and speedy commitments in the areas of business operation that can realize the synergy effects at comparatively early point in time. Furthermore, as an organization, the existing business integration preparation committee, which has discussed the business integration until today, will be renamed the business integration promotion committee, taking this opportunity of executing the Basic Agreement of the Business Collaboration. By composing a strong committee and enhancing its function, from the practical standpoint, the Companies intend to pursue steady realization of the synergy effects in various areas toward the consummation of the Business Integration scheduled on January 1, 2019.

3. Schedule

(1)	Resolution date of the Board of Directors	July 27, 2018
(2)	Execution date of the Basic Agreement on the Business Collaboration	July 27, 2018
(3)	Commencement date of the Business Collaboration based on the Basic Agreement on the Business Collaboration	July 27, 2018

4. Future outlook

The Companies do not expect that the execution of the Basic Agreement on the Business Collaboration would materially affect the consolidated financial results of the Companies for the fiscal year ending March 31, 2019.

End

Alps Electric may file a registration statement on Form F-4 (“Form F-4”) with the U.S. Securities and Exchange Commission (the “SEC”) in connection with the possible Share Exchange with Alpine. The Form F-4 (if filed) will contain a prospectus and other documents. If a Form F-4 is filed and declared effective, the prospectus contained in the Form F-4 will be mailed to U.S. shareholders of Alpine prior to the shareholders’ meeting at which the Share Exchange will be voted upon. The Form F-4 and prospectus (if a Form F-4 is filed) will contain important information about the Companies, the Share Exchange and related matters. U.S. shareholders of Alpine are urged to read the Form F-4, the prospectus and other documents that may be filed with the SEC in connection with the Share Exchange carefully before they make any decision at the shareholders’ meeting with respect to the Share Exchange. Any documents filed with the SEC in connection with the Share Exchange will be made available when filed, free of charge, on the SEC’s website at www.sec.gov. In addition, upon request, the documents will be mailed to shareholders for free of charge. To make a request, please refer to the following contact information.

Contacts for inquiries regarding the Business Integration

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Forward-Looking Statements

This document includes “forward-looking statements” that reflect the plans and expectations of Alps Electric and Alpine in relation to, and the benefits resulting from, their business integration described above. To the extent that statements in this document do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Companies in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of one or both of the Companies (or the integrated group) to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

The Companies undertake no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by the Companies (or the integrated group) in their subsequent domestic filings in Japan and filings with the U.S. Securities and Exchange Commission.

The risks, uncertainties and other factors referred to above include, but are not limited to:

- (1) economic and business conditions in and outside Japan;
- (2) changes in demand for and material prices of automobiles, smart phones and consumer electrical equipment and machines, which are the main markets of the Companies’ products, and changes in exchange rates;
- (3) changes in the competitive landscape, including the changes in the competition environment and the relationship with major customers;
- (4) further intensified competition in the electronic components business, automotive infotainment business and logistics business;
- (5) increased instability of the supply system of certain important components;
- (6) change in the product strategies or other similar matters, cancellation of a large-quantity order, or bankruptcy, of the major customers;
- (7) costs and expenses, as well as adverse impact to the group’s reputation, resulting from any product defects;
- (8) suspension of licenses provided by other companies of material intellectual property rights;
- (9) changes in interest rates on loans and other indebtedness of the Companies, as well as changes in financial markets;
- (10) adverse impact to liquidity due to acceleration of indebtedness;
- (11) changes in the value of assets (including pension assets) such as securities and investment securities;
- (12) changes in laws and regulations (including environmental regulations) relating to the Companies’ business activities;
- (13) increases in tariffs, imposition of import controls and other developments in the Companies’ main overseas markets;
- (14) unfavorable political factors, terrorism, war and other social disorder;
- (15) interruptions in or restrictions on business activities due to natural disasters, accidents and other causes;
- (16) environmental pollution countermeasures costs;
- (17) violation of laws or regulations, or the filing of a lawsuit;
- (18) the Companies being unable to complete the Business Integration due to reasons such as the Companies not being able to implement the necessary procedures including approval of the agreement with regard to the Business Integration by the shareholders’ meetings of the Companies, and any other reasons;
- (19) delays in the review process by the relevant competition law authorities or the clearance of the relevant competition law authorities’ or other necessary approvals’ being unable to be obtained; and
- (20) inability or difficulty of realizing synergies or added values by the Business Integration by the integrated group.