



## Dear Stockholders,

In the fiscal year that ended on March 31, 2009, our Group was severely affected by the sudden onset of a global recession. Our business climate worsened far more than had been predicted. Not only did domestic and foreign auto manufacturers reduce their orders, individual consumption also slumped. The impact of these events includes the large losses stated in this annual report. We have paid a ¥10 per stock interim dividend but will not, to our regret, be paying an end-of-term dividend.

Confronted with these drastic changes in our business environment, we are taking both defensive and aggressive steps. Our revised **CHALLENGE 30+** plan calls both for lowering our break-even point and for urgent steps to improve our bottom line as part of our strategy for future growth. By advancing these plans throughout our company, we are aiming to strengthen our fundamentals and return to profitability.

We thank all of our stockholders and count on your continued support and encouragement.

Seizo Ishiguro  
President & CEO



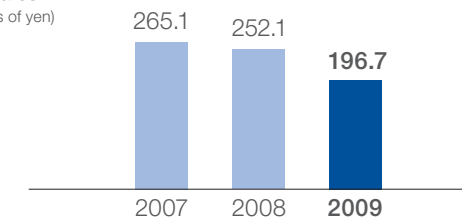
Driving Mobile Media Solutions

Years ended March 31, 2007, 2008 and 2009

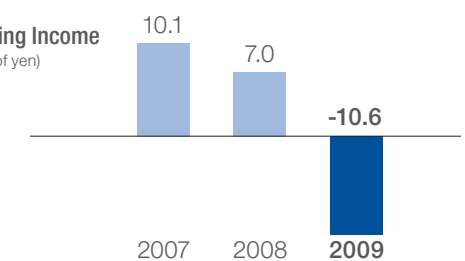
	millions of yen		2009	thousands of U.S. Dollars
	2007	2008	2009	2009
<b>For the year</b>				
Net sales	¥265,055	¥252,072	¥196,667	\$2,002,107
Overseas sales	228,379	219,056	166,873	1,698,799
Operating income	10,110	7,012	(10,645)	(108,368)
Net income	5,729	3,554	(9,291)	(94,584)
Cash flows from operating activities	16,399	9,963	10,680	108,724
Free cash flow	4,512	-4,138	(2,170)	(22,091)
Capital expenditures	12,620	13,673	10,160	103,431
R&D expenses	30,347	29,337	28,266	287,753
ROA (Return on assets) (%)	3.3	2.0	(6.2)	(6.2)
ROE (Return on equity) (%)	5.0	3.0	(8.8)	(8.8)
<b>Amounts per share of common stock</b>				
Net income (¥)	82.12	50.95	(133.17)	(1.36)
Cash dividends applicable to the year (¥)	25.00	25.00	10.00	0.10
<b>At year-end</b>				
Working capital	61,175	55,491	44,635	454,393
Total net assets	120,908	116,265	96,874	1,160,445
Total assets	181,185	167,785	132,423	1,348,091

Notes: 1. R&D expenses include labor and other expenses reported as cost of sales.  
 2. Total shareholders' equity and total assets for 2000 are reclassified to conform to the "Standard for Accounting for Transactions by Foreign Currency, etc." effective from the year ended March 31, 2001. Accordingly, ROA and ROE for 2000 are recalculated. With the standard adopted prior to 2001, total shareholders' equity, total assets and shareholders' equity per share of common stock for 2000 were ¥58,533 million, ¥121,694 million and ¥1,019.91, respectively. Also, ROA, ROE and equity ratio for 2000 were 2.6%, 5.7% and 48.1%, respectively.  
 3. Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard for presentation of net assets ("Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance" issued by the Business Accounting Deliberation Council on December 9, 2005).

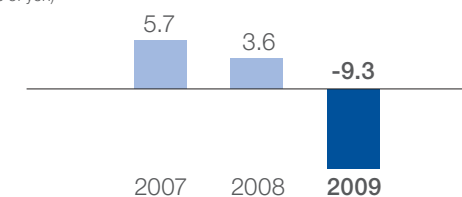
**Net Sales**  
(Billions of yen)



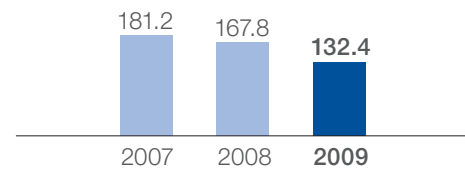
**Operating Income**  
(Billions of yen)



**Net Income**  
(Billions of yen)



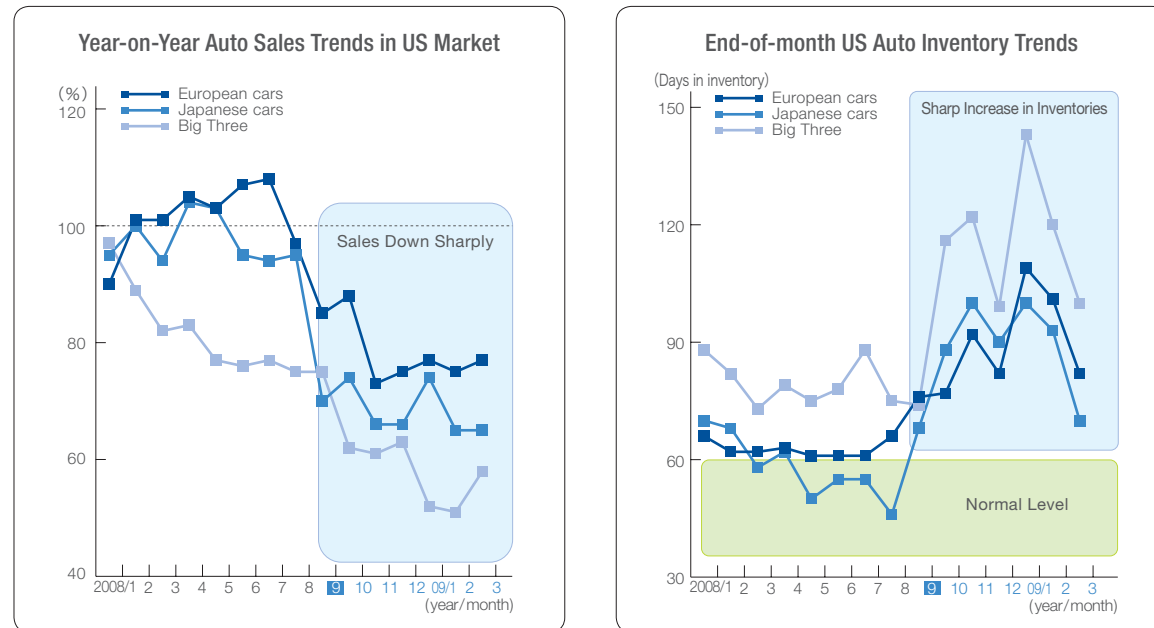
**Total Assets**  
(Billions of yen)



# Market Trends

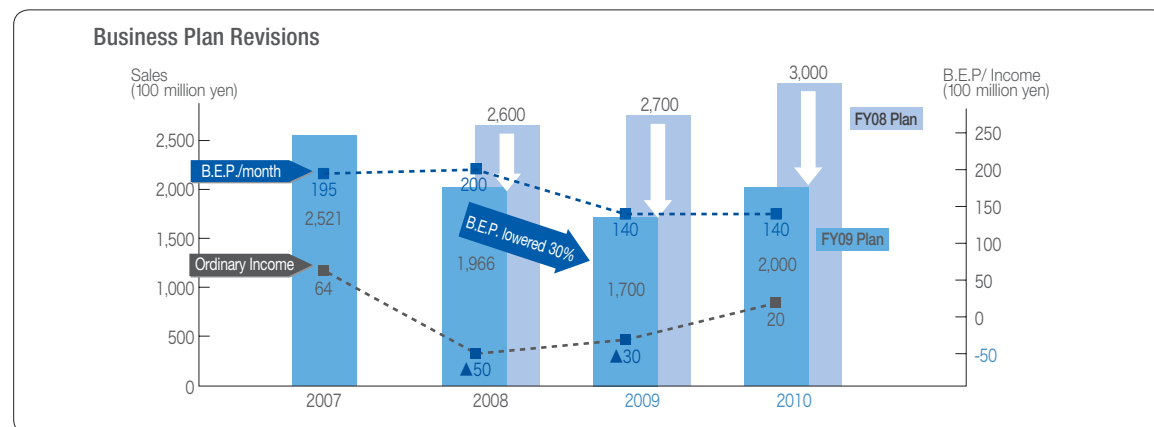
## Dramatically Changing Auto Market

During this period the financial crisis that first erupted in the USA drove the global economy into recession. Car sales, which had been strong, dropped precipitately during the second half. As inventories rose sharply, auto makers around the world found themselves facing catastrophic conditions.



\*Compared to previous fiscal year =100%

# Revised Business Plan



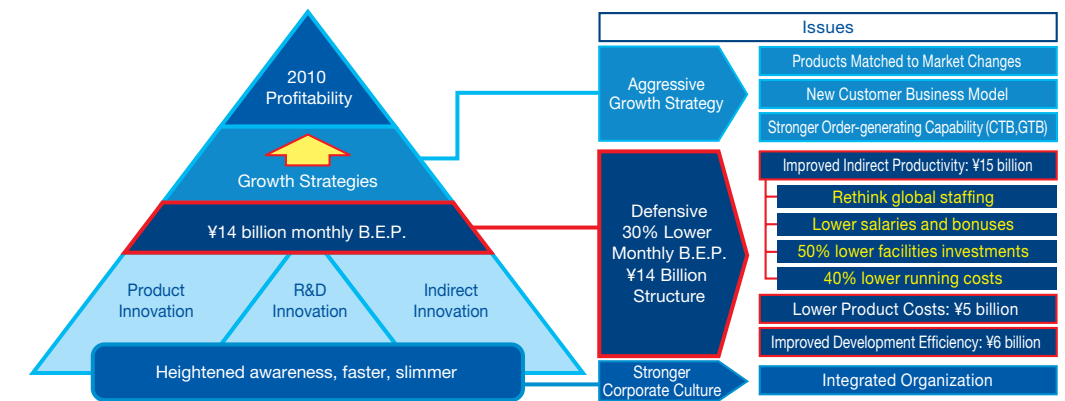
The car electronics industry did not escape the effects of the global recession. Auto manufacturer OEM orders have slumped dramatically. As a result, we have suffered a 22% year-on-year decline in Alpine's consolidated sales, to ¥196.6 billion.

Anticipating continued economic stagnation, we have revised previously released plans to create a system (personnel, facilities, investments) that would target sales of ¥300 billion in 2010. After reducing sales forecasts for both 2009 and 2010 by ¥100 billion annually compared to the previous plan, we aim to achieve a 30% reduction in our break-even point (B.E.P.), primarily by reducing fixed costs.

# Plans for the Future

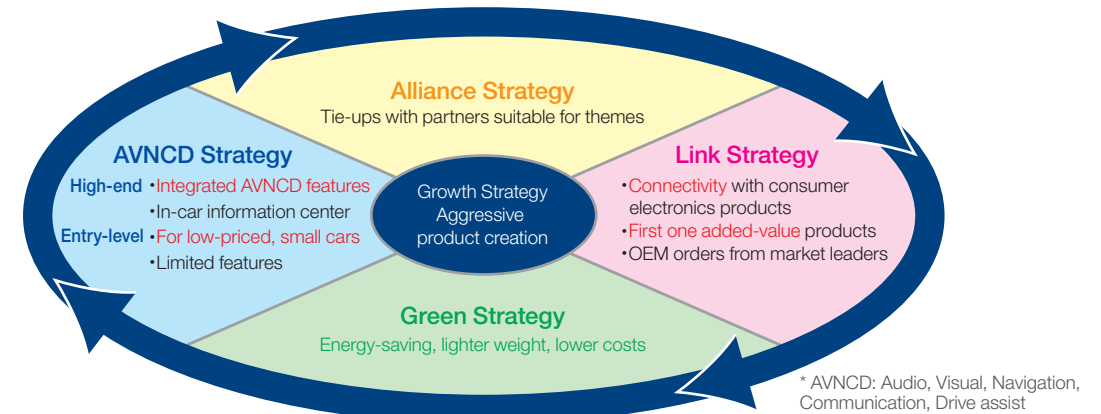
## Implementing CHALLENGE 30+

Since fiscal 2008, the Alpine Group has been executing the **CHALLENGE 30** medium term business plan, a plan to sustain profitability through accelerated restructuring. Now, in response to a dramatically changed business environment, we are implementing **CHALLENGE 30+**, taking emergency steps to improve profitability and ensure future growth. The medium term restructuring plan incorporated in **CHALLENGE 30+** calls for cutting costs a total of ¥26 billion: ¥15 billion through indirect restructuring, ¥5 billion by reducing product-related costs, and ¥6 billion by restructuring R&D.



As defensive measures, we are taking steps to lower our break-even point by 30%, in line with lower sales, and strengthening our corporate culture. At the same time, we are focusing the company as a whole on achieving an aggressive growth target of ¥20 billion sales in 2010.

## Growth Strategy



Anticipating growing demand for electric and hybrid vehicles and highly fuel-efficient small cars, Alpine has designated four key areas for its aggressive growth strategy.

1. On the AVNCD strategy, Alpine will, in addition to systems for high-end models, focus effort on development of entry-level equipment with limited feature sets for low-priced cars.
2. On the alliance strategy, Alpine will tie-up with development partners whose capabilities match project objectives and complement Alps group technologies.
3. Our link strategy will start with the ability to connect to a wider range of mobile devices, adding value to on-board equipment, and creating more appealing products.
4. Our green strategy will focus on becoming the best choice for environment-friendly cars, with 50% reductions in both weight and energy consumption.

## Driving Mobile Media Solutions

Alpine is committed to offering new and advanced value propositions that will enhance our customers' lifestyles. We will offer exciting new innovations in all the product categories in which we are active.

Our aim is exciting advances in every product category, products that combine the highest quality and craftsmanship with the most advanced technology, continuing a tradition that began with our founding in 1967. We got our start in car audio and have since become a leader in car navigation and other systems that combine audio, visual and communication advances. Now we are moving forward with Drive Assist and other multifunction systems. Through single-minded focus on equipment for cars, we have accumulated expertise and built a reputation for excellence among auto manufacturers around the world. Many now turn to us for the OEM equipment they build into their cars. Through consistent leadership in advanced technology, equipment sold under our own Alpine brand has become the choice of drivers in North America, Europe, Japan, and the rapidly growing economies of Asia.

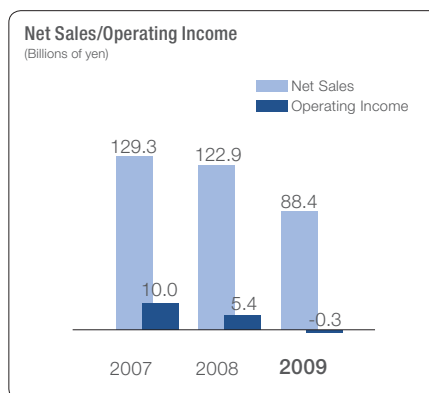
## Audio Products Segment

In this segment, Alpine's iPod-LINK Digital media head unit, which was selected for the Fiscal 2008 Good Design Awards (G-Mark) in recognition of its innovative design, continued to post favorable after-market sales in Japan, the United States and Europe. However, sluggish market conditions and intensifying price competition caused sales of digital media head units to decrease. Such factors also led to a dramatic falloff in sales of our mainstay CD players from the second half of the fiscal year.

Sales of high-end speakers for minivans also faced challenging conditions during the second half, despite the favorable record to date resulting from aggressive proposal-based domestic after-market sales.

Genuine products for automobile manufacturers also faced a significant second-half downturn, led by the impact of cuts in the production of compact cars on orders for CD audio systems. This was in spite of the excellent reputation for quality of Alpine's CD audio systems, culminating in a first-place ranking in the North American Multimedia Quality and Customer Satisfaction Survey.

Furthermore, audio products for the after-market and automobile manufacturers are undergoing structural changes in the wake of rapid development of products integrating visual and navigation systems. Accordingly, sales for such integrated products are now accounted for under Information and Communication Equipment. As a result of the above factors, sales by the Audio Products segment during the term decreased by 28.1% compared to the corresponding period of the previous fiscal year, to ¥88.4 billion (US\$900.0 million).

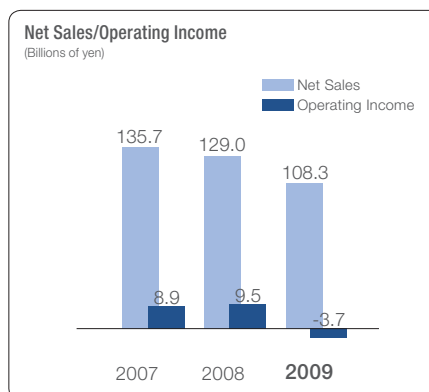


## Information and Communication Products Segment

In this segment, we introduced the wide-screen, high-quality monitor Rear Vision TMX-R1500/ R1100 to boost domestic after-market sales. Attuned to user needs and facilitating rearseat viewing of terrestrial digital broadcasts and DVDs, this new product was awarded the 2008 Product Grand Prize, sponsored by the Nikkan Jidosha Shinbun (a national automotive newspaper), for superior product planning and development.

In step with customer lifestyles, Alpine also focused on its solutions business, which contributes to adding higher value to products. Activities included showcasing the Rear Vision X077, which packages a large, high-resolution screen with a next-generation car navigation system, at various trade exhibitions. This initiative, targeting minivan users, was successful in boosting sales. However, deteriorating global market conditions, exacerbated by the widespread adoption of portable navigation devices (PNDs) that drove down prices, resulted in a decline in after-market sales.

Sales of genuine products for automobile manufacturers also declined, owing to lower sales of luxury and larger cars in the crucial North American market. A high percentage of these models employ navigation systems and visual products; accordingly, with sales negatively impacted accordingly. We enjoyed growth in orders of large-scale systems, centering on car navigation systems, to high-end European automobile manufacturers. However, production cutbacks by automobile manufacturers from second half led to a falloff in orders for genuine products. As a result of the above factors, segment sales decreased by 16.1% year on year, to ¥108.3 billion (US\$ 1,102.1 million).



## Alpine Introduces the New Rear Vision Navi X08 Premium

While overall car sales in Japan have fallen, sales of minivans, which now make up a quarter of the market, remain healthy. The minivan is becoming the standard family car. Alpine quickly recognized and responded to this auto market trend by introducing Rear Vision, a rear seat entertainment system combining terrestrial digital broadcasting and DVD and delivering both with high image quality.

Since the fiscal 2006 introduction of Mobile Media Station X07, Alpine has continuously won high praise for advanced features and beautiful screen quality in its car navigation systems. Now the new Rear Vision Navi X08 Premium combines the highly acclaimed Rear Vision entertainment system with a car navigation system in which both image and sound quality have been further refined. This remarkable package makes the time that families spend in their treasured minivans even more enjoyable, while at the same time providing the comfort and security of advanced car navigation.

If forecasts are correct, the auto market will continue to be challenging. Alpine expects to meet that challenge, to strengthen its brand and to grow its share, by introducing new products tailored to customer needs.



REARVISION

## Presence at Global Events Enhances Alpine Brand Appeal

Alpine continues to display its products proactively at motor shows and other major events around the world. The Alpine booth at the Beijing Motor Show targeted the fast-growing Chinese market. Alpine products were also displayed at the Consumer Electronics Show in Las Vegas, the world's largest consumer electronics trade show, and the Bangkok Motor Show in Thailand. Booths at all three shows powerfully communicated Alpine's "Driving Mobile Media Solutions" concept.

The auto industry's business climate is expected to remain daunting. But this is a climate in which Alpine, with new hit products that offer innovative solutions to meet user needs, can become even more competitive.



Quanzhou Motor Show

Beijing Motor Show

Bangkok Motor Show

## Corporate Social Responsibility (CSR) and Environment-Friendly Activities

Alpine has made protecting the environment a pillar of its CSR policy. We see protecting the environment as a vital part of our mission. By showing drivers the shortest routes to their destinations, our car navigation systems reduce traffic jams and the amount of time and fuel expended on the road. By making our equipment as lightweight as possible, we are also helping to improve car fuel efficiency.

In addition, we began last year to take steps to reduce CO<sub>2</sub> emissions from the cars in which many of our employees commute to our Iwaki headquarters. As part of our Eco-Drive campaign, we held workshops and distributed materials to raise employee consciousness. This year we are going a step further, promoting eco-friendly cars by providing priority parking for commuters who use more eco-friendly vehicles.

In addition to protecting the environment, Alpine makes a special effort to address safety issues in developing new products. We also listen carefully to all our stakeholders, looking for new ways to deepen and expand our CSR activities.



Eco-Car priority parking lot

Eco-Drive consciousness-raising sticker

## Directors and Auditors



Seizo Ishiguro  
President & CEO



Toru Usami  
Senior Managing Director



Hitoshi Kajiwara  
Managing Director



Takumi Sato  
Managing Director



Toji Tanaka  
Managing Director



Kazuo Nakamura  
Managing Director

(As of June 24, 2009)

**President & CEO**  
**Senior Managing Director**  
**Managing Directors**  
**Directors**  
**Auditors**

Seizo Ishiguro	
Toru Usami	
Hitoshi Kajiwara	Takumi Sato
Toji Tanaka	Kazuo Nakamura
Masataka Kataoka	Satoshi Soma
Kenji Igari	Shigekazu Hori
Hirofumi Morioka	
Kaname Kurashima	Naotaka Okuyama
Kenji Yoshino	Yoshitake Masuda

## Alpine Electronics, Inc.

### Iwaki Headquarters

20-1, Yoshima-Kogyodanchi, Iwaki,  
Fukushima 970-1192  
Phone: +81-246-36-4111

### Tokyo Headquarters

1-1-8, Nishi-Gotanda, Shinagawa-ku,  
Tokyo 141-8501  
Phone: +81-3-3494-1101

### Date of Establishment

May 1967

### Paid-in Capital

¥25,920 million

### Stock Exchange Listing

Tokyo Stock Exchange

### Total Issued Stocks

69,784,501 (As of March 31,2009)

### Number of Stockholders

3,893 (As of March 31,2009)

### Number of Employees (Consolidated)

11,573 (As of March 31,2009)

### Alpine on the Internet

<http://www.alpine.com/e/investor/>

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation  
Corporate Agency Department  
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081  
Phone: 0120-232-711

## The Alps Group

Alpine Electronics, Inc. is a consolidated subsidiary of Alps Electric Co., Ltd., one of the world's leading manufacturers of electric components. The Alps Group comprises Alps Electric Co., Ltd., 81 consolidated subsidiaries, and other affiliates around the globe. The Group categorizes its operations into three product categories: electronic components; audio equipment; and logistics and others. Alpine is the Alps Group's specialized supplier of quality car audio and navigation systems.



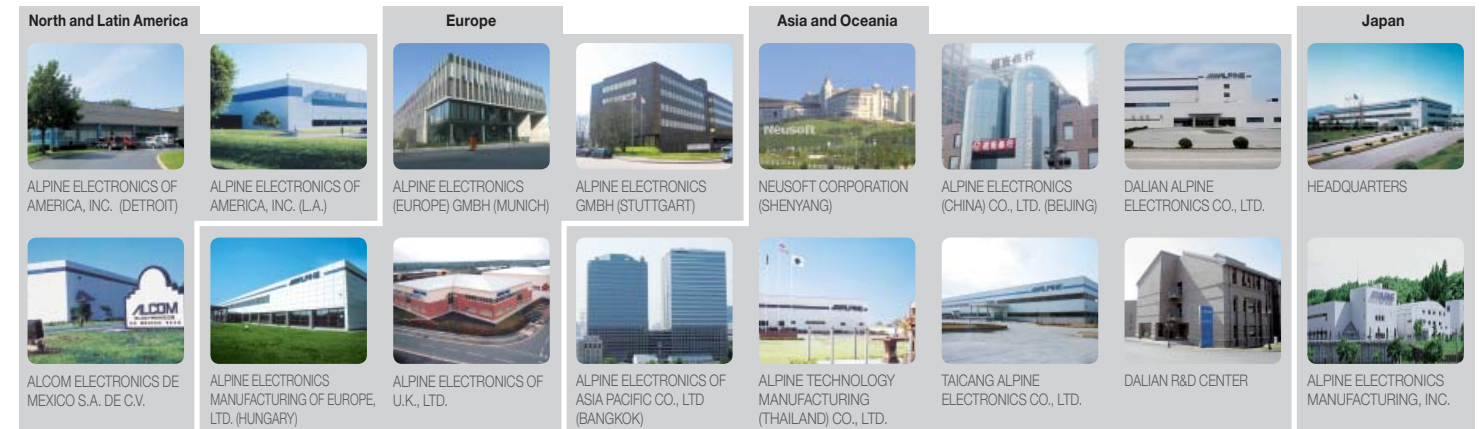
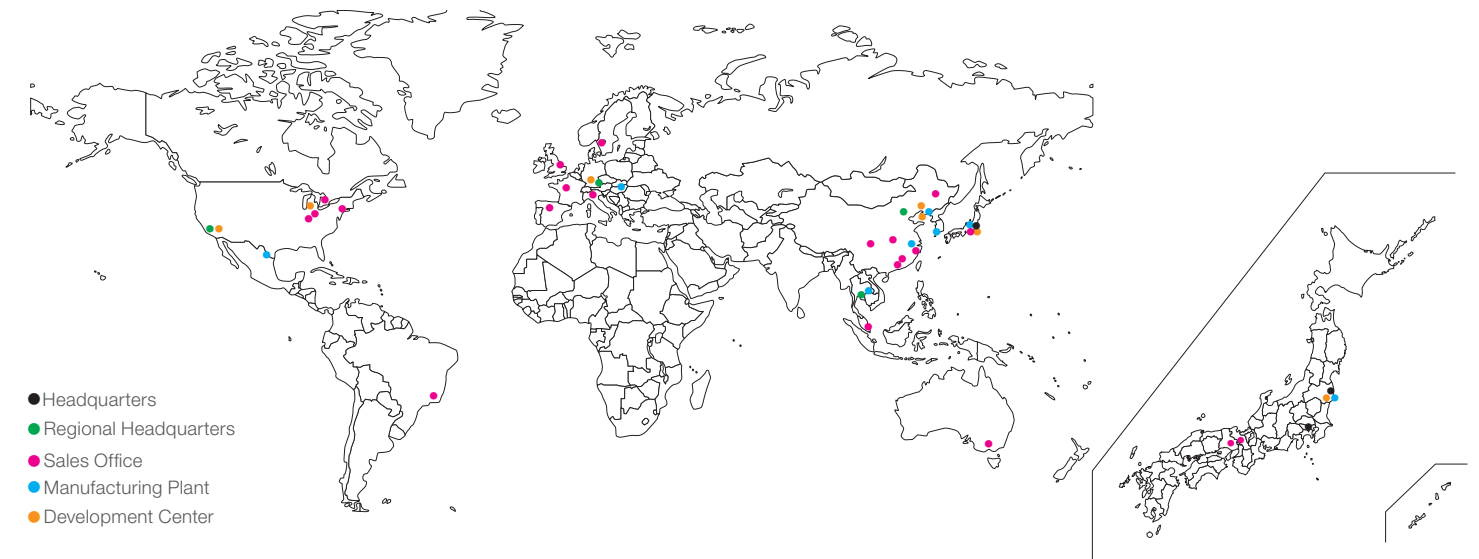
Alps Electric Co., Ltd.



Alpine Electronics, Inc.



Alps Logistics Co., Ltd.



### ALPINE ELECTRONICS, INC.

**Headquarters : IWAKI**  
**Headquarters : TOKYO**  
TOCHIGI OFFICE  
NAGOYA OFFICE

#### Overseas Subsidiaries / Overseas Affiliates

##### North and Latin America

ALPINE ELECTRONICS OF AMERICA, INC.  
ALPINE ELECTRONICS RESEARCH OF AMERICA, INC.  
ALPINE ELECTRONICS OF CANADA, INC.  
ALCOM ELECTRONICS DE MEXICO, S.A. DE C.V.  
ALPINE DO BRAZIL LTDA.

##### Europe

ALPINE ELECTRONICS (EUROPE) GMBH  
ALPINE ELECTRONICS R&D EUROPE GMBH  
ALPINE ELECTRONICS GMBH

### ALPINE ELECTRONICS OF U.K., LTD.

ALPINE ELECTRONICS FRANCE S.A.R.L.  
ALPINE ITALIA S.P.A.

ALPINE ELECTRONICS DE ESPAÑA, S.A.  
ALPINE ELECTRONICS MANUFACTURING OF EUROPE, LTD.  
ALPINE DISTRIBUTION NETWORK S.P.A. ALDINET

##### Asia and Oceania

ALPINE ELECTRONICS (CHINA) CO., LTD.  
ALPINE ELECTRONICS (CHINA) CO., LTD. (DALIAN R&D CENTER)  
DALIAN ALPINE ELECTRONICS CO., LTD.  
TAICANG ALPINE ELECTRONICS CO., LTD.  
ALPINE ELECTRONICS HONG KONG, LTD.  
ALPINE ELECTRONICS OF ASIA PACIFIC CO.,LTD.  
ALPINE OF ASIA PACIFIC INDIA PVT.LTD.  
ALPINE TECHNOLOGY MANUFACTURING (THAILAND) CO., LTD.

ALPINE ELECTRONICS OF AUSTRALIA PTY.LTD.  
NEUSOFT CORPORATION.

#### Domestic Subsidiaries / Domestic Affiliates

ALPINE ELECTRONICS MARKETING, INC.  
ALPINE ELECTRONICS MANUFACTURING, INC.  
ALPINE TECHNOLOGY MANUFACTURING, INC.  
ALPINE INFORMATION SYSTEM, INC.  
ALPINE BUSINESS SERVICE, INC.  
ALPINE PRECISION, INC.  
ALPINE GIKEN, INC.  
ALPINE CUSTOMERS SERVICE CO., LTD.  
ALPINE KYOTO SALES, INC.  
ALPINE HYOGO SALES, INC.  
TOSHIBA ALPINE AUTOMOTIVE TECHNOLOGY, INC.