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Notification of Revisions to Performance and Year-End Dividend Forecasts and the Reversal of Deferred Tax Assets

The following is a revision to the performance forecasts announced on February 3, 2009, for the fiscal year ending March 31, 2009 (April 1, 2008 to March 31, 2009), and the year-end dividend forecast. In line with these forecasts is a notification concerning the reversal of deferred tax assets.

1. Revisions to Full-Year Performance Forecasts

(1) Revisions to Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2009 (April 1, 2008, to March 31, 2009)

(Millions of yen unless otherwise stated)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)	Net Income (Loss) per Share (Yen)
Previously announced forecasts (A)	200,000	(9,000)	(2,000)	(1,500)	(21.50)
Revised forecasts (B)	195,000	(11,500)	(5,000)	(9,500)	(136.17)
Difference (B-A)	(5,000)	(2,500)	(3,000)	(8,000)	—
Change (%)	(2.5%)	—	—	—	—
Reference: Performance for the fiscal year ended March 31, 2008	252,071	7,011	6,403	3,554	50.95

(2) Revisions to Non-Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2009 (April 1, 2008, to March 31, 2009)

(Millions of yen unless otherwise stated)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)	Net Income (Loss) Per Share (Yen)
Previously announced forecast (A)	150,000	(11,500)	(2,500)	800	11.47
Revised forecast (B)	143,000	(13,000)	(4,000)	(6,500)	(93.17)
Difference (B-A)	(7,000)	(1,500)	(1,500)	(7,300)	—
Change (%)	(4.7%)	—	—	—	—
Reference: Performance for the fiscal year ended March 31, 2008	185,142	2,955	2,745	2,174	31.17

2. Reason for the Revisions

(1) Revisions to Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2009 (April 1, 2008, to March 31, 2009)

The sudden global economic recession continues to affect the Group's operating environment more severely than we had expected. Now in the fourth quarter, we have yet to see a recovery in orders from Japanese and overseas automakers. After-market sales are also down, owing to sluggish personal consumption. Accordingly, capacity utilization has worsened, and we now expect profits to decline, as we have been unable to offset this downturn by slashing variable costs.

We will record losses on the impairment of intangible fixed assets based on our revised view of their future recoverability. In addition, we expect to corporate and other taxes to increase as the result of the reversal of deferred income tax assets, owing to the downturn.

For the above reasons, Alpine revises downward its consolidated performance forecasts from those announced on February 3, 2009.

(2) The non-consolidated performance forecasts for the fiscal year ending March 31, 2009 (April 1, 2008, to March 31, 2009) have been revised for same reasons as the consolidated performance forecasts.

Note: The forecasts and future projections in this report have been produced based on rational assessments of the information available as of the date of this notice. However, actual results could differ from the forecast figures depending on operating performance and a variety of other factors that may occur hereafter.

3. Reversal of Deferred Tax Assets

The Company employs tax effect accounting standards to compute its deferred tax assets. Following a prudent review of the recoverability of these assets given its current-term performance forecasts, in the fourth quarter the Company expects to record "income taxes, additional corporate tax and others" (tax expenses) of ¥3.5 billion. In line with previous forecasts, the Company will reverse ¥1.6 billion of deferred tax assets, causing tax expenses to increase by that amount. As a result, corporate and other taxes will be ¥5.2 billion higher than announced on February 3, 2009.

4. Revisions to the Year-End Dividend Forecast

We have positioned the return of profit to shareholders as a primary issue for management. In determining dividend payment, it is our fundamental policy to deliberate on a balance of essential requirements based on consolidated business performance, namely "returning profit to shareholders," "active investment in R&D and capital investment in order to strengthen competitiveness" and "retention of earnings for future business expansion." However, to avoid posting substantial losses given our revised performance forecasts, unfortunately we now expect to pay no year-end dividend.

5. Implementing Structural Reforms

Since the beginning of the current fiscal year, through CHALLENGE30 the Company has pursued plans to secure sufficient profits to accelerate structural reforms. However, several factors have compelled us to drastically reduce these profit expectations. These reasons include difficulties in ensuring the profitability of large-scale orders, a substantial drop-off in orders and yen appreciation. At the same time, falling orders and sales have made it difficult to cover the investments in R&D and manufacturing facilities that we had made when assuming sales of ¥300 billion, as well as the fixed costs of maintaining our existing organizational structure.

Owing to these sudden changes in our operating environment, we have been forced to address severely the issues the Company currently faces. We have introduced emergency measures to reduce our scale of operations temporarily, as well as measures to prepare ourselves for the next phase of growth.

(1) Emergency Measures to Improve Profits

As we do not expect automotive demand to recover for some time, we are introducing emergency measures to slim our current corporate structure by 30%. We are working to strengthen our organization to the point where we can be profitable even with 30% lower sales.

1) Human Resource Measures

We are reducing director, manager and general employee salaries and bonuses. Some cutbacks in director compensation went into effect in January 2009, and from April 2009 through March 2010 we will reduce base compensation by 20% to 35%. To clarify management responsibility, we will not pay directors' bonuses on June 2009. Furthermore, in line with a reduced scale of business we will shrink or consolidate our domestic and overseas manufacturing and sales facilities by 30%. In line with this global restructuring, we aim to reduce the number of domestic and overseas Group personnel by 2,500, to 11,500.

2) Cutbacks in Capital Investment, R&D Investment and General Expenses

Assuming that market conditions will not rebound in the near future, from the fiscal year ending March 31, 2010, we will curtail capital investment by 50%, investing in a limited manner. In terms of R&D investment, we will reconfigure our global R&D structure, strive to create products that are suited to changes in the marketplace and pursue development that increases efficiency and orders. Looking at general expenses, to lower our break-even point by 30% we will reduce distribution costs. We also will seek significant cost reductions by raising production and sales efficiencies, thereby lowering the break-even points of Group companies.

3) Cost/Cost of Sales Improvements and an Enhanced Financial Structure

To reduce procurement costs and ensure thorough value engineering, we will reinforce our organizational structure to promote the integration of engineering and manufacturing. We will also work to standardize our hardware and software platforms. These measures should hold down development costs and make our cost of sales more competitive. We will also endeavor to raise local procurement ratios.

We will strengthen our financial structure through such moves as reducing inventory assets and accounts receivable, curtailing capital investment and boosting profitability. Such moves will improve our cash flow.

(2) Growth-Oriented Measures

The current business downturn is encouraging automakers to reorient their businesses significantly. These changes include a shift in focus from large to small vehicles, the development of more environmentally friendly eco-cars and a clearer safety emphasis. We interpret these changes to mean that future vehicles will require even more electronics. We will move aggressively into new areas of business to position ourselves to benefit from upcoming growth opportunities.

1) Organizational Structure

While reducing and consolidating our headquarters organization by 30%, we will pursue business unit developments and profit management structures to ready ourselves for an era of regrowth. We have created a Business Strategic Planning Group and are strengthening our product planning function to expedite our response to market changes.

2) Core Businesses

We believe that rapid changes in the automotive world will boost sales of fuel-efficient and compact eco-cars, including electric-powered and hybrid vehicles. We are working on a project to accelerate our development of lightweight, energy-efficient and inexpensive parts for these vehicles. We will also redouble our efforts on iPod/iPhone LINK products, which have been well received in the marketplace and pursue other measures to respond to market needs. We will seek alliances with strategic partners to popularize the LINK system.

In navigation products, we are enhancing our lineup of offerings at a lower price-point. We are also developing next-generation products in the areas of telematics and intelligent transportation systems, and we will strengthen our offerings of related products, such as multiview and rear-view cameras, to provide driver-support systems.

Although we continue to operate in a severe and intransparent business environment, we will implement thorough structural reforms while organizing ourselves for the recovery that will follow.