ANNUAL REPORT 2000

FOR THE YEAR ENDED MARCH 31, 2000

ALPS

Profile & Contents

The Alps Group is using its comprehensive strengths to expand in global markets. Principal Group companies comprise Alps Electric Co., Ltd., a world leader in electronic components, Alpine Electronics, Inc., a manufacturer of car audio and navigation systems, and Alps Transportation Systems Corp., which provides highly efficient logistics services for electronic components.

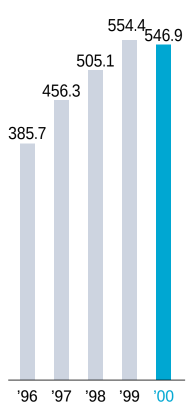
Financial Highlights   Alps Electric Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2000, 1999 and 1998

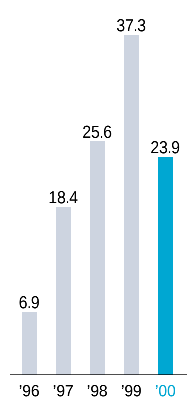
	Millions of yen			Thousands of U.S. dollars	Percent change
	2000	1999	1998	2000	
FOR THE YEAR:					
Net sales	¥546,941	¥554,446	¥505,134	$5,152,529	-1.4
Operating income	23,871	37,339	25,598	224,880	-36.1
Income (Loss) before income taxes	(10,133)	24,624	17,131	(95,459)	-141.2
Income taxes	8,351	12,237	9,586	78,672	-31.8
Net income (loss)	(20,611)	9,677	5,654	(194,169)	-313.0
AT YEAR-END:					
Current assets	¥308,258	¥280,405	¥313,428	$2,903,985	9.9
Current liabilities	223,033	200,682	224,615	2,101,112	11.1
Working capital	85,225	79,723	88,813	802,873	6.9
Capital investment	35,337	39,973	34,810	332,896	-11.6
Stockholders' equity	122,485	143,106	135,401	1,153,886	-14.4
Total assets	499,836	499,639	497,904	4,708,771	0.0

	Yen			U.S. dollars	Percent change
	2000	1999	1998	2000	
AMOUNTS PER SHARE OF COMMON STOCK:					
Net income (loss)	¥(114.41)	¥ 54.02	¥ 31.56	$(1.08)	-311.8
Cash dividends applicable to the year	10.00	12.00	10.00	0.09	-16.7
Stockholders' equity	679.72	798.99	755.83	6.40	-14.9
Price earnings ratio (times)	(18.63)	32.65	44.10	—	-157.1
Price book value ratio (times)	3.14	2.21	1.84	—	42.1

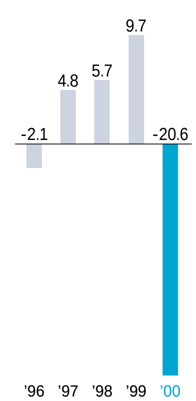
For convenience only, the accompanying Japanese yen figures for 2000 have been translated into U.S. dollars at the rate of ¥106.15 to $1, the rate prevailing on March 31, 2000.



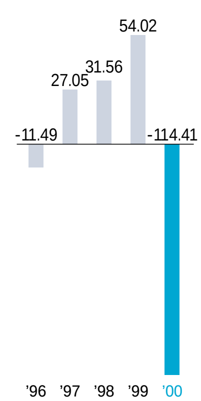
Net Sales
(Billions of ¥)



Operating Income
(Billions of ¥)



Net Income (Loss)
(Billions of ¥)



Net Income (Loss) per Share
(¥)

TO OUR STOCKHOLDERS

FISCAL 2000 PERFORMANCE

In fiscal 2000, ended March 31, 2000, consolidated net sales declined 1.4% from the previous fiscal year to ¥546,941 million (US$5,153 million), operating income fell 36.1% to ¥23,871 million (US$225 million), and the Company recorded a net loss of ¥20,611 million (US$194 million).

Sales of communications-related products increased amid strong demand for cellular phones, and car electronics products performed favorably as a result of our global business expansion aimed at meeting the needs of major automobile manufacturers throughout the world. In audio equipment, car navigation systems recorded higher sales in Japan and overseas, while logistics services also registered steady sales growth. However, information equipment-related sales declined against the previous term. Sales of giant magnetoresistive (GMR) heads for hard disk drives (HDDs) decreased slightly because of a sharp fall in product prices and the use of fewer heads per HDD, and printers and amusement equipment posted weaker sales due to shrinking markets and model changes. At the same time, audio equipment recorded an overall decline as competition in car audio products intensified.

This harsh business environment was compounded by an appreciation of the yen from the middle of the fiscal year, leading to slightly lower consolidated net sales and a sharp drop in operating income. On the nonoperating level, other expenses included extraordinary charges related to steps taken during the fiscal year to dispose of losses on financial instruments. These expenses included reserves for unrealized loss on Tokkin specified money trust, financial derivatives and the Princeton notes held by subsidiaries. Although the Company sold most of its cross-shareholdings, these measures were unable to completely offset the losses. Consequently, management regrets to report a consolidated net loss for the term.

In February 2000, Alps Electric and two of its subsidiaries initiated damage litigation in the United States related to losses on the Princeton notes, and all necessary measures in this area have been completed.

MEDIUM-TERM MANAGEMENT PLAN

In recent years, a number of multimedia products using digital technology have begun full-scale market penetration. These include digital versatile disc (DVD) players, digital video cameras and digital still cameras. Moreover, the markets for such information and communications equipment as computers and digital cellular phones are expanding at a rapid pace, and the digitization of broadcasting systems is proceeding. Against this

backdrop, we are entering a new era where various kinds of data will be exchanged among electronic equipment—including home appliances—via the Internet and other networks.

In response to this trend, Alps initiated its third medium-term management plan in April 2000, covering the period from fiscal 2001 to fiscal 2003, with a focus on global advances in digitization and networking.

A key policy of this plan is to pursue our core "4C businesses"—car electronics, communications and broadcasting devices, computer peripherals and components—amid the ongoing networking of electronic equipment made possible through digitization. We have devised a business development concept called "DeviSys," a seamless combination of devices and systems, and will concentrate resources in "Network DeviSys" in line with networking trends.

Another key policy is to become an increasingly global company. We are expanding our operations through our global network spanning the four economic zones of North America, Europe, Asia and Japan, and will continue to introduce and firmly establish a global management system. By making greater use of information networks, we will speed up decision making and enhance management efficiency. With regard to existing businesses, we intend to raise the ratio of overseas production, mainly in China and other Asian bases, and pursue improvements in global production efficiency. In addition, cooperation among Group companies and product divisions will be reinforced and human interchange across national borders will be promoted to cultivate an international work force.

GROUP MANAGEMENT

Alps has firmly established an earnings base at each of its overseas subsidiaries. Beginning with the Asian region, Alps Electric Korea Co., Ltd. commenced production of voltage-controlled oscillators (VCOs) for cellular phones in March 2000 in response to the global expansion of the cellular phone market. In China, Shanghai Alps Electronics Co, Ltd. has substantially expanded its operations by boosting sales of TV tuners in China, and Ningbo Alps Electronics Co., Ltd. is constructing a new plant due for completion in November 2000. This new base will increase production of magnetic heads for audiovisual equipment, targeting opportunities in the local market. In the ASEAN region, Alps Electric (Malaysia) Sdn. Bhd., which has grown into our largest manufacturing base, has expanded its range of output to meet growing demand for information equipment in local markets. New products include keyboards for desktop PCs, Glide Point devices for notebook PCs, and liquid crystal displays (LCDs) for pagers.

In North America, where we are focusing on car electronics and businesses related to communications and broadcasting, we are continuing to develop a more efficient production and marketing organization in the United States and Mexico. At the start of the fiscal year under review, we began manufacturing low-noise block (LNB) down converters for shipments in the U.S. market.

In Europe, Alps Electric Europa GmbH is performing well in the fields of communications and broadcasting devices, including VCOs for cellular phones, and computer peripherals. Moreover, Alps Electric (Ireland) Limited has firmly established its car electronics business and transferred marketing operations to Alps Electric Europa as part of our efforts to develop an efficient manufacturing and marketing network in Europe.

Alpine is also strengthening its position in Europe following the establishment of Alpine Electronics Manufacturing of Europe Ltd., which commenced operations in October 1999 in Hungary as a manufacturing base chiefly for car audio equipment. As Alpine’s largest manufacturing base in Europe, it supplies highly cost-competitive products, mainly to automobile manufacturers in the region. During the year, Alpine also launched DVD car navigation systems in the North American market and began supplying integrated audio and car navigation products, as well as global models compatible with standards in Japan, the United States and Europe, to European and U.S. automobile manufacturers. Subsequently, Alpine launched DVD car navigation systems aimed at the European aftermarket in May 2000. And in June 2000, Alpine began marketing a high-performance DVD car navigation system in the Japanese market. This high-performance system offers the most precise and detailed data in the industry and is compatible with data communications networks, such as the electronic toll collection (ETC) system and NTT DoCoMo, Inc.’s i-mode mobile service.

Alps Transportation Systems offers its clients optimal logistics and the highest level of efficiency through its “One-Channel Service,” which manages cargo at all stages, from receiving to delivery. Alps Transportation Systems expanded its global operations by establishing a subsidiary in Shanghai in September 1999. With equipment tailored to the individual needs of its customers and reformed distribution services based on information systems, sales are increasing steadily.

OUTLOOK FOR CURRENT FISCAL YEAR

Based on its third medium-term management plan, Alps is concentrating resources into “Network DeviSys.” Strategic products include GMR heads for HDDs. As applications for HDDs are expected to spread from PCs to home appliances, we will create products with higher recording density and achieve further improvements in product quality. We will also respond to demand from the digital cellular phone market, which is recording explosive growth, and the communications and broadcasting markets, where conditions remain robust. We provide a wide range of digital radio-frequency (RF) products for these markets, such as VCOs, LNB down converters and digital tuners. Car electronics is another field with strong market potential, especially products that employ multiplex (MPX) technology. In addition, we will foster such new products as glass lenses for optical communications, card connectors and reflective color LCDs.

Alpine will respond to major structural changes, such as the digitization of products and the convergence of audiovisual and telecommunications equipment, as well as the global reorganization of the automotive industry. An important task for the company is reinforcing its R&D organization and global networks spanning the four economic zones of Japan, the United States, Europe and China.

Alps Transportation Systems will give priority to providing logistics services for customers of the electronic component industry, developing distribution services and products that match the individual requirements of customers and enhancing operating capabilities.

Groupwide production innovation measures have been extended to all areas of operations, including technology, marketing and head office functions. We will be resolute in our efforts to raise our global management efficiency even further.

I look forward to the continued support and cooperation of our stockholders, customers and business associates.

July 2000

M. Kataoka

Masataka Kataoka
President

Our Response to 21st Century Digital Networks

Progress in digital technologies has transformed the nature of information, with virtually every data class that had previously been analog—voice, music, still images and video content—now exchanged over networks. The information and communications infrastructure is expanding rapidly, with not only explosive growth in Internet access, but also rapid penetration of computers, printers and other data processing equipment and peripherals in both the consumer and corporate markets. The rapid penetration of digital cellular services is also creating a digital environment for mobile data communications, and digitization is leading to a growing role for broadcasting services in the information infrastructure. These trends are driving the development of new equipment and services to support previously unheard of forms of information and commerce, transforming the way people communicate and do business throughout the world.

Anticipating a true period in digital network markets, Alps is concentrating resources in these areas to achieve further growth in the 21st century.

COMPUTERS

The use of HDDs as high-capacity storage media for PCs is expanding rapidly, and data requirements will continue to rise amid increasing applications for images, video and music. Further, demand is expected to spread from PCs to home electronics in the near future as HDDs play a key role in the multimedia age. For computer peripherals, markets for mobile devices, including reflective color LCDs and compact printers, have high growth potential. And compatibility with IrDA and Bluetooth will enable a new trend toward wireless keyboards, mouses and other peripherals.

WIRELESS COMMUNICATIONS

Digital cellular phones are increasingly used for not only voice communications but also e-mail and web browsing, driving new areas of mobile data communications. At the same time, Bluetooth, a new format for smooth, wireless data exchange between devices, is being developed. The full-scale launch of Bluetooth-capable devices is expected to begin around early 2001.

DIGITAL BROADCASTING

Digital broadcasting is spreading throughout the world for satellite, terrestrial and cable services. As a result, services are diversifying, including multichannel and two-way broadcasting. With the use of digital set-top boxes and computers, digital broadcasting is expected to create entirely new ways to enjoy and use broadcast content.

CAR ELECTRONICS

Automobiles are increasingly high tech. In addition to technologies to increase safety, improve operability and reduce environmental impact, information technologies are turning cars into “mobile offices” and “mobile entertainment centers.” Further, the Intelligent Transport Systems (ITS) are being developed as advanced mobile solutions, linking human-oriented systems with automotive systems and road conditions.

COMPONENTS

Digitization and the rise of networks have made the role of electronics more important than ever. Demand is growing not only for components that support miniaturization, advanced functions and reliability, but also for new types of products that are compatible with multimedia devices.

COMPUTERS

Images, video and sound are increasingly stored and processed on computers. The resulting data requirements are driving demand for HDDs with higher recording density.

In response, in August 1999 Alps shifted its MR head production entirely to GMR heads, which have raised the level of recording density, and in April 2000 began mass production of GMR heads that incorporate a new structure providing 15 gigabits of memory per square inch. We have also successfully developed products with 20 gigabits per square inch. Sample shipments have already begun. From the beginning, Alps has taken a consistent approach to GMR development. Our products use platinum-manganese (PtMn), which offers excellent thermal resistance and other characteristics, for magnetic thin film in reading heads. We also employed a head structure in which PtMn is layered at the bottom, and released products employing this structure ahead of our competitors. As a result, Alps products have won high regard from customers for quality and performance, and the PtMn technology has become an industry standard. Further, integrated capabilities in Japan, from R&D to production, support a rapid response to customer needs.

HDDs are the most suitable high-capacity storage media for the multimedia age, and applications are expected to spread beyond computers to such products as home electronic appliances. Accordingly, Alps will increase the recording density of its GMR heads based on its competitive strength in PtMn technology, while working to develop next-generation GMR heads and tunnel magnetoresistive (TMR) heads. We will also improve productivity and reduce costs at our established manufacturing network, comprising four facilities in Japan and one in China.

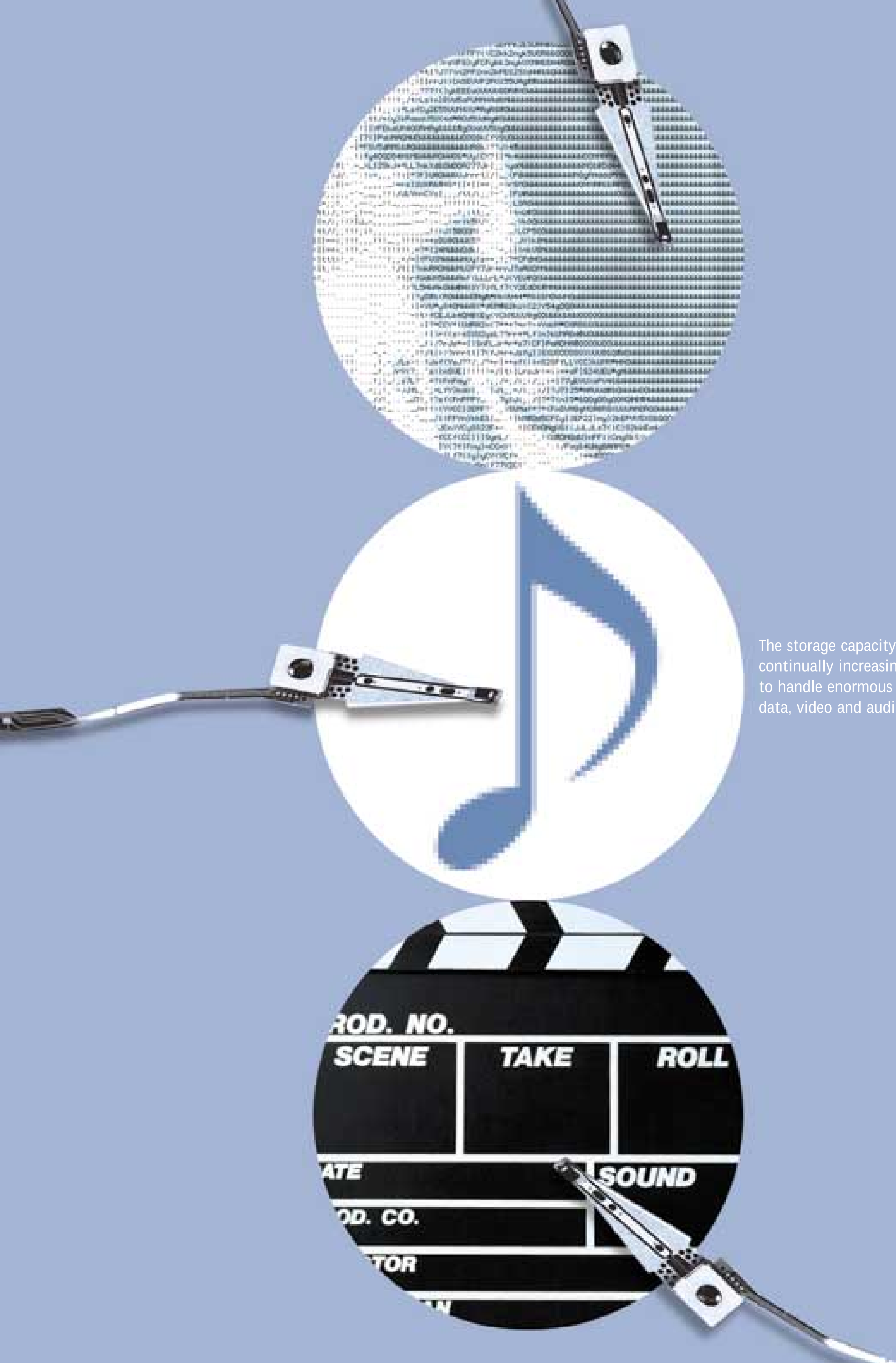
Our GMR heads have received high acclaim from customers. Based on our technological strengths, we will make every effort to develop products with higher recording density.

WIRELESS COMMUNICATIONS

Based on radio-frequency technology accumulated over many years, Alps supplies transceiver units compatible with the cellular phone standards of each country. VCOs, the core component installed in these units, have been particularly well received in Japan and abroad as a product that pushes the envelope of high performance and compactness using high-density mounting technology. Demand for VCOs is also expanding favorably worldwide.

Alps is developing products compatible with Bluetooth, a new standard for wireless communications between equipment. Bluetooth is receiving worldwide attention as a superior short-range wireless communications standard to replace infrared communications. Over 1,600 companies are currently participating in the Special Interest Group (SIG) for Bluetooth to establish standards and promote development. As a member of SIG, Alps has developed one of the industry's most compact modules, particularly well suited for such equipment as cellular phones, which require thinner and lighter bodies. In March 2000, we conducted the world's first trial demonstration using notebook PCs equipped with these modules. By around 2001, cellular phones, personal data assistants (PDAs), printers and various peripheral equipment are expected to be Bluetooth capable. Alps intends to develop modules with an even thinner design, with plans to initiate mass production by the end of 2000.

Alps has developed modules for Bluetooth, the next-generation short-range wireless communications protocol, which is expected to be widely used in electronic appliances.



The storage capacity of HDDs is continually increasing as PCs need to handle enormous amounts of data, video and audio.

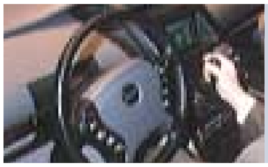
DIGITAL BROADCASTING

Alps offers a wide range of radio-frequency products for digital broadcasting, including tuners compatible with the terrestrial, satellite and cable television (CATV) standards of every country, as well as LNB down converters used in parabola antennae for broadcasting and communications satellites. Alps developed an orthogonal frequency division multiplexing (OFDM) TV tuner to coincide with the world's first digital terrestrial broadcast in England in 1998. This success was followed by the development of the world's first tuner module for digital terrestrial broadcasting in which an OFDM modulator was built into the tuner using a compact customized integrated circuit (IC). Alps expects growing demand for these compact, highly functional products in digital terrestrial TVs, VCRs, set-top boxes and PCs.

Anticipating global diffusion of digital terrestrial broadcasting, we developed a tuner module with an OFDM demodulator built into the tuner.

CAR ELECTRONICS

Our MPX technology enables the combination of multiple electronic signals through a single cable. This technology is highly valued by our customers in the world automotive industry for reducing internal wiring, which has increased in recent years owing to more electronic controls and equipment, and for contributing to rationalized production and lighter weight automobiles. Sales of door modules and steering modules with MPX technology are growing, and Alps is advancing the development of in-panel modules that combine cutting-edge functions. Demand has also increased for such automotive sensors as exhaust gas recirculation (EGR) sensors and chassis high sensors. In line with progress in ITS infrastructure, the Company is developing new products using RF technology. Recent results include an RF module equipped with an internal antenna for transmitting and receiving data of Electronic Toll Collection (ETC) systems, which enable toll collection without stopping automobiles.



With the imminent arrival of an age of advanced car electronics and information infrastructure, Alps is steadily developing new products and systems needed for future automobiles.

COMPONENTS

Alps has a full lineup of electronic components for a wide range of electronic equipment, and is responding flexibly to every need with its accumulated propriety technologies. Examples are PC card and IC card connectors, which have recently recorded sales growth. These products employ our contact technology acquired through switches, and are earning considerable customer trust. Sales of our aspheric molded glass lenses for optical communications have recorded high growth against a backdrop of increased volumes of transmitted data amid rapid growth in Internet access and market expansion for wavelength division multiplexing (WDM) systems.

Backed by a comprehensive product lineup and proprietary technologies, Alps pursues fine electronic components.

Alps products reliably send and receive wireless digital signals via radio waves.

PROMOTING CONTINUOUS EFFORTS

In April 1989, Alps established the CFC (chlorofluorocarbon) Committee for elimination of CFCs (later renamed the Ozone Layer Protection Working Group) and began Companywide efforts to preserve the environment. Since then, our environmental activities have spanned a range of areas, including energy conservation, waste and hazardous material reductions and efforts to reduce the environmental impact of products from the design and development stages. Alps completely eliminated the use of CFCs in July 1993, followed by trichloroethane in October of that year and brominated flame retardants in December. In May 1994, Alps formulated its Environmental Protection Charter and Environmental Protection Voluntary Action Plan as the first phase. In November 1996, the System Devices Division acquired ISO 14001 certification, the international standard for environmental management systems. Alps is committed to further acquisitions of ISO 14001 certification.

Amid continuous efforts to preserve the environment, April 1997 marked the start of our Second Environmental Protection Medium-Term Voluntary Action Plan, which was completed during the fiscal year ended March 31, 2000, with the achievement of all its goals. In the current fiscal year, we are implementing our Third Medium-Term Voluntary Action Plan.

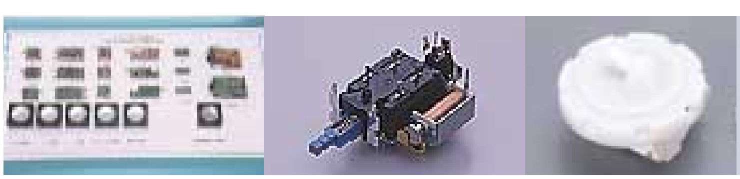
Results of Second Medium-Term Voluntary Action Plan

	Target	Results
Prevention of Global Warming	Reduce energy consumption per unit of output by 7% from FY March 1996 levels	16.4% reduction
Reduction of Waste Materials	Reduce waste per unit of output by 8% from FY March 1996 levels	30.9% reduction
	Increase recycling rate by 2.5% from FY March 1996 levels	6.1% increase
Environmental Management System	Acquire ISO 14001 certification at all domestic facilities by March 1999	Achieved in March 2000

TECHNOLOGIES TO PRESERVE THE ENVIRONMENT

Alps believes that technology holds the key to a sound environment in the 21st century and is actively developing new technologies that contribute to environmental preservation. Recent efforts have concentrated on eliminating the use of lead, based on two main policies. Our first policy was to develop lead-free technologies. According to plan, the feasibility of lead-free plating for terminals and frames, and lead substitutes for connecting solder, was well confirmed in March 2000. The second policy is to begin supplying lead-free products by April 2001 by applying these technologies. This forms a core element of our Third Medium-Term Voluntary Action Program.

Alps is also committed to developing products that contribute to environmental preservation. Results include products that employ MPX technology to reduce the weight of automobile bodies and improve fuel efficiency, auto-off TV main power switches that are operated by remote control and water-level sensors for washing machines to prevent wasteful water use. Alps intends to continue to develop original products based on accumulated expertise and technologies.



(From left)

Lead-free products

Power switch for energy saving

Water-level sensor

With the belief that technology holds the key to environmental conservation in the 21st century, Alps is committed to developing new technologies that contribute to reducing of environmental impact.

SALES AND BUSINESS TRENDS BY SEGMENT

COMPONENTS SALES ¥155,601 MILLION 28.4% OF TOTAL

Sales in this product category increased 2.5% to ¥155,601 million (US$1,466 million).

The components category comprises mechatronic devices and magnetic devices. In mechatronic devices, sales of potentiometers declined 10.5% as a result of lower unit orders and falling prices for amusement equipment. However, sales of switches expanded 18.1% due to strong demand for communications equipment, the beginning of sales of switches for the amusement field and substantial growth in sales of card connectors. Further, sales of lenses for optical data communications, mainly for the U.S. market, exceeded expectations. As a result, sales of mechatronic devices increased 4.3% to ¥92,018 million (US$867 million). In magnetic devices, sales of magnetic heads for consumer electronics rose 1.9%, as an increase in sales of a subsidiary in South Korea offset the effect of lower unit prices in products for video cassette recorders (VCRs). For MR heads, Alps converted all production to GMR heads from August 1999 in response to customer demands for higher recording density amid rapid growth in storage capacity of HDDs. While our GMR heads earned high regard for superior performance and quality, sales declined slightly owing to a reduced number of MR heads per HDD and a sharp drop in unit prices. As a result, sales of magnetic devices declined 0.1% to ¥63,583 million (US$599 million). The market for GMR heads entered a recovery in spring 2000, and Alps intends to continue to concentrate resources into this product area, targeting the timely development and mass production of next-generation products.

(From left)

GMR head for HDDs

Potentiometers for amusement equipment

Laser modules, lenses and lens modules for optical communications

(From left)

Card connectors

DVD mecha module

Hollow shaft encoder

COMMUNICATIONS & BROADCASTING DEVICES SALES ¥81,427 MILLION 14.9% OF TOTAL

This product category recorded a 1.9% decline in sales from the previous term to ¥81,427 million (US$767 million). VCOs used in cellular phones recorded remarkable growth domestically and abroad, and sales doubled compared with the previous term, supported by aggressive marketing activities. Sales of Code Division Multiple Access (CDMA) system cellular phone transceiver units advanced 21.4% on the back of high growth in cellular handsets for the U.S. market. However, sales of analog tuners declined 22.4% from the impact of a marked fall in unit prices, despite high growth in shipments to the United States and Europe. Further, sales of products for digital broadcasting declined 12.0% due to a readjustment after peak levels in the previous term that centered on Europe as a result of the 1998 FIFA World Cup soccer tournament and intensified price competition.

Demand for our RF products is driven by three markets: digital broadcasting, networks and cellular phones. In broadcasting, satellite, CATV and terrestrial broadcasting are all shifting from analog to digital standards. Alps anticipated these trends to establish a lineup of digital tuners and units, as well as LNB down converters. For data transmission over networks, Alps is expanding its product lineup in response to new transmission systems. Such new products include Bluetooth modules and ETC modules. With the cellular phone market expected to grow considerably worldwide, Alps will strengthen the competitiveness and boost sales of its mainstay products, which include transceiver units and VCOs.

(From left)

Analog tuners

LNB down converters and tuners for digital broadcasting, and GPS antenna for car navigation systems

CDMA transceiver unit

(From left)

RF module for DTTV

VCOs

COMPUTER PERIPHERALS SALES ¥78,522 MILLION 14.4% OF TOTAL

Sales in this product category decreased 17.6% to ¥78,522 million (US$740 million). Against the backdrop of growth in notebook PCs, sales of keyboards and other input devices increased 3.5% as a result of new orders in the United States, Europe and Japan. However, sales of printers fell 23.6% due to a continuing drop in sales of word processor printers on the back of a sharp contraction in the domestic word processor market, and a sales policy targeting specific markets for full-color PC printers. Sales of FDDs declined 14.2% resulting from lower shipments in the United States. Amusement equipment sales declined 35.4% owing to price reductions in controllers for videogame consoles and reduced shipments resulting from model changeovers at customers.

Our printer business is facing harsh conditions amid a transition in product strategies and a changing operating environment. In response, Alps will foster new market segments while rationalizing the mature portions of operations. Specifically, we are responding to growing demand resulting from the market penetration of cellular phones, mobile PCs, PDAs and digital cameras by developing compact printers that employ our innovative thermal transfer printer technology. In products for amusement devices, our analog control pads for videogame consoles are highly regarded for maximizing realism.



(From left)

Thermal transfer printers

Reflective LCD and FDD

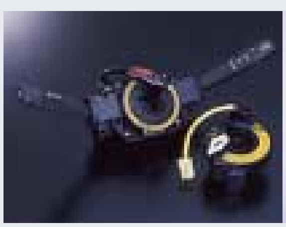
Wireless mouse and keyboard, game controller and Glide Point

CAR ELECTRONICS SALES ¥42,117 MILLION 7.7% OF TOTAL

Sales of car electronics increased 18.8% from the previous term to ¥42,117 million (US$397 million).

Amid the increasing use of automotive electronics and modularization of components, demand is increasing for door modules that employ MPX technology. Sales of steering modules, composite products that include switches, and clock springs for air bag systems also rose thanks to new customers. In addition, our remote keyless entry systems achieved substantial overseas and domestic growth owing to new orders and an increase in cars equipped with this feature.

As major automakers have expanded in world markets, Alps established bases in North America, Europe, South Korea and Japan to ensure close cooperation and to create rapid response capabilities and efficient operations. Through communications networks, these bases exchange various kinds of real-time information, including three-dimensional computer-aided design (CAD) data, and are capable of carrying out R&D, production and marketing that meets the needs of each market. With the support of this global system spanning the four economic zones, the car electronics category has posted a steady increase in sales and is growing into a core business. With integrated capabilities and synergies among global bases, Alps aims to be the number one company in the autobody electronics field.



(From left)

Steering module and clock spring

MPX door module

Remote keyless entry system

(From left)

Control units

AUDIO EQUIPMENT SALES ¥168,833 MILLION 30.9% OF TOTAL

This product category comprises the business of our subsidiary Alpine Electronics, a comprehensive manufacturer of car audio and navigation systems.

Sales declined 3.2% from the previous year to ¥168,833 million (US$1,591 million). In car audio products, Alpine worked to expand sales in the domestic aftermarket by strengthening its lineup encompassing minidisc (MD) players as well as products with dual-DIN head units featuring MD and compact disc (CD) players. However, sales declined amid sluggish market conditions and intensified price competition. Overseas, demand for CD products expanded and volume increased, but sales declined owing to an appreciation of the yen and lower prices. The car navigation systems business recorded increased sales from the launch of new DVD-type products in the domestic and overseas markets. New deliveries to European and U.S. automobile manufacturers of comprehensive audio and car navigation systems and models compatible with standards in Europe, the United States and Japan also bolstered sales.

As business with European automobile manufacturers is increasing, Alpine established Alpine Electronics Manufacturing of Europe Ltd. in Hungary. Operations began in October 1999, and the company had become Alpine's largest manufacturing base in Europe, providing highly cost-competitive products for U.S. and European customers.

(From left)

DVD car navigation system

MD/CD 2-DIN head unit

LOGISTICS AND OTHERS SALES ¥20,441 MILLION 3.7% OF TOTAL

Sales of this category, consisting of logistics and other operations, grew 41.5% to ¥20,441 million (US$193 million), including the effect of an increase in the number of consolidated companies.

Alps Transportation Systems handles distribution business and offers its clients optimal logistics services with the highest level of efficiency through its "One-Channel Service," which manages cargo at all stages from receiving to delivery and has gained an excellent reputation in the marketplace. In September 1999, Alps Transportation Systems established its new Shanghai subsidiary to expand global operations. The company is also steadily increasing sales by aggressively introducing distribution equipment that conforms to the unique distribution needs of each consignor, and by raising its distribution management capabilities founded on information systems.

Alps Transportation Systems

Six-Year Financial Summary Alps Electric Co., Ltd. and Consolidated Subsidiaries

Years ended March 31

In millions of yen, except per share data

	2000	1999	1998	1997	1996	1995
FOR THE YEAR:						
Net sales	¥546,941	¥554,446	¥505,134	¥456,338	¥385,687	¥399,763
(Overseas sales)	338,136	346,115	314,312	283,315	228,576	234,339
Cost of sales	449,456	440,619	403,584	373,771	325,496	332,061
SG&A expenses	73,614	76,488	75,952	64,118	53,255	54,749
Operating income	23,871	37,339	25,598	18,449	6,936	12,953
Income (Loss) before income taxes	(10,133)	24,624	17,131	13,687	2,271	10,112
Income taxes	8,351	12,237	9,586	5,808	3,563	3,681
Net income (loss)	(20,611)	9,677	5,654	4,846	(2,058)	4,512
Amounts per share of common stock:						
Net income (loss)	¥(114.41)	¥ 54.02	¥ 31.56	¥ 27.05	¥ (11.49)	¥ 25.19
Cash dividends applicable to the year	10.00	12.00	10.00	6.00	3.00	3.00
AT YEAR-END:						
Current assets	¥308,258	¥280,405	¥313,428	¥316,139	¥301,248	¥290,356
Current liabilities	223,033	200,682	224,615	217,514	196,430	189,099
Working capital	85,225	79,723	88,813	98,625	104,818	101,257
Cash flow(*)	11,467	37,379	28,338	25,226	18,579	23,204
Long-term debt due after one year	108,818	115,885	101,752	105,302	120,911	122,101
Stockholders' equity	122,485	143,106	135,401	133,016	129,337	131,244
Total assets	499,836	499,639	497,904	489,876	477,029	468,948
SALES BY PRODUCT CATEGORY:						
Components	¥155,601	¥151,824	¥133,880	¥121,984	¥116,461	¥131,125
	28.4	27.4	26.5	26.7	30.2	32.8
Mechatronic Devices	92,018	88,205	88,599	86,345	89,398	99,386
	16.8	15.9	17.5	18.9	23.2	24.9
Magnetic Devices	63,583	63,619	45,281	35,639	27,063	31,739
	11.6	11.5	9.0	7.8	7.0	7.9
Communications & Broadcasting Devices	81,427	83,041	84,155	72,438	53,304	52,158
	14.9	15.0	16.7	15.9	13.8	13.0
Computer Peripherals	78,522	95,315	84,824	77,522	68,253	66,583
	14.4	17.2	16.8	17.0	17.7	16.7
Car Electronics	42,117	35,459	28,310	22,653	17,875	22,427
	7.7	6.4	5.6	5.0	4.6	5.6
Audio Equipment(**)	168,833	174,359	165,727	153,567	—	—
	30.9	31.4	32.8	33.6	—	—
Logistics and Others(**)	20,441	14,448	8,238	8,174	129,794	127,470
	3.7	2.6	1.6	1.8	33.7	31.9
Total	¥546,941	¥554,446	¥505,134	¥456,338	¥385,687	¥399,763
Percentage of sales	100.0	100.0	100.0	100.0	100.0	100.0
SALES BY GEOGRAPHIC AREA:						
Japan	¥208,805	¥208,331	¥190,822	¥173,023	¥157,111	¥165,424
	38.2	37.6	37.8	37.9	40.7	41.4
North America	118,671	115,441	97,132	93,471	79,377	79,758
	21.7	20.8	19.2	20.5	20.6	19.9
Europe	110,445	113,637	95,051	78,755	64,450	78,207
	20.2	20.5	18.8	17.2	16.7	19.6
Asia	106,072	110,120	113,038	103,452	78,777	72,925
	19.4	19.9	22.4	22.7	20.4	18.2
Others	2,948	6,917	9,091	7,637	5,972	3,449
	0.5	1.2	1.8	1.7	1.6	0.9
Total	¥546,941	¥554,446	¥505,134	¥456,338	¥385,687	¥399,763
Percentage of sales	100.0	100.0	100.0	100.0	100.0	100.0

* "Cash flow" is calculated by subtracting "cash dividends paid" and "bonuses to directors" from the total of "net income" and "depreciation and amortization."

** Sales of "Audio Equipment" were included in "Logistics and Others" until fiscal 1996 (inclusive).

ANALYSIS OF OPERATIONS

Net Sales

Consolidated net sales for fiscal 2000 declined 1.4% to ¥546,941 million (US$5,153 million).

(1) Electronic Components

In the Electronic Components segment, net sales fell 2.2% to ¥357,667 million (US$3,369 million).

In the components category, sales of potentiometers declined from lower unit orders and falling prices for amusement equipment, whereas switches, card connectors and optical components (aspherical molded glass lenses for optical communications, etc.) recorded increased sales. Although our GMR heads have earned high customer acclaim for performance and quality, sales of MR and GMR heads decreased, reflecting a reduced number of heads per HDD amid higher recording density, a sharp drop in prices and the effect of the yen's appreciation on overseas sales. As a result, net sales in this category advanced 2.5% to ¥155,601 million (US$1,466 million).

In the communications and broadcasting devices category, a doubling in sales for VCOs as a result of aggressive marketing and substantial gains in the U.S. market for CDMA system cellular phone transceiver units were not enough to offset a decline in sales of analog tuners and products for digital broadcasting, reflecting intensified price competition. As a result, net sales for this category fell 1.9% to ¥81,427 million (US$767 million).

Sales of computer peripherals fell 17.6% to ¥78,522 million (US$740 million). Printer sales were impacted by a continuing drop in sales of word processor printers in line with a contraction in the domestic market, while FDDs recorded a decline in sales from lower shipments to the United States. In addition, sales of amusement equipment fell owing to price reductions in game controllers and reduced shipments caused by a changeover in customer models.

The car electronics category recorded an increase in sales across the board in door modules, steering modules, clock springs for air bag systems and remote keyless entry systems.

Consequently, net sales in this category increased 18.8% to ¥42,117 million (US$397 million).

(2) Audio Equipment

Although the car navigation system business recorded increased sales as a result of the launch of new DVD products, sales declined in car audio products both in Japan and overseas from sluggish demand in the domestic market, price competition and appreciation of the yen. As a result, sales of audio equipment accordingly dropped 3.2% to ¥168,833 million (US$1,591 million).

(3) Logistics and Others

Sales in the logistics and others segment rose 41.5% to ¥20,441 million (US$193 million). Alps Transportation Systems, which introduced the concept of tailor-made distribution equipment for consignors and raised its distribution management capabilities through IT, recorded sales growth during the fiscal year. An increase in the number of consolidated companies also contributed to higher sales for the segment.

Costs and Expenses

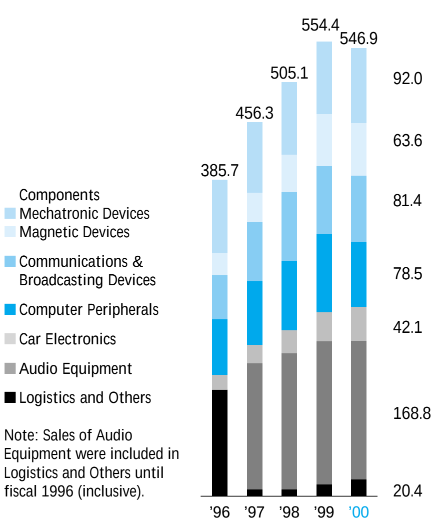
Cost of sales was ¥449,456 million (US$4,234 million), and cost of sales as a percentage of net sales increased 2.7 percentage points to 82.2%. Selling, general and administrative expenses decreased 3.8% to ¥73,614 million (US$693 million), or 13.5% of net sales, down 0.3 percentage point from the previous term. R&D expenses fell 5.0% to ¥23,463 million (US$221 million), equal to 4.3% of net sales.

Operating Income

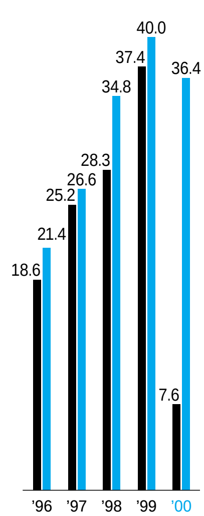
Operating income declined 36.1% to ¥23,871 million (US$225 million). The ratio of operating income to net sales fell 2.3 percentage points to 4.4%. Major factors behind higher operating costs and lower profitability included (1) lower sales prices on products, (2) a lower-margin sales mix, especially in the second half of the term, (3) higher depreciation expenses, mainly for MR head production facilities, and (4) the effect of a stronger yen on overseas sales.

Other Income and Expenses

Net other expenses increased 167.4% to ¥34,004 million (US$320 million) primarily owing to a 349.5% rise in other—net to ¥30,019 million (US$283 million). These results reflect an unrealized loss on Tokkin specified money trust, an unrealized loss on investment securities associated with Princeton notes held by two subsidiaries and a provision to cover possible losses on

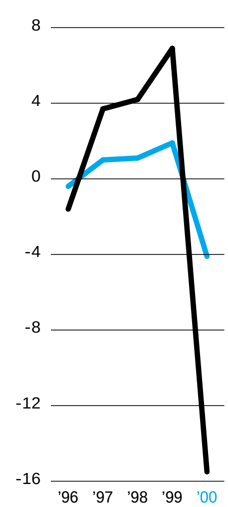


Sales by
Product Category
(Billions of ¥)



Cash Flow and
Capital Expenditure
(Billions of ¥)

■ Cash flow
■ Capital investment



Profitability Ratios
(%)

■ Return on equity
■ Return on total assets

derivative transactions of a special purpose corporation. These charges were partially offset by a profit on sale of investment securities, related to the unwinding of cross-shareholding relationships as part of measures to improve the Company's financial position. (See Note 7 for more details.)

Net Income

Loss before income taxes was ¥10,133 million (US$95 million), compared with income before income taxes of ¥24,624 million in the previous fiscal year, and income taxes declined 31.8% to ¥8,351 million (US$79 million). Consequently, net loss was ¥20,611 million (US$194 million), compared with net income of ¥9,677 million in the previous fiscal year. The net loss per share was ¥114.41 (US$1.08), compared with net income per share of ¥54.02 in the previous term.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

Total assets were ¥499,836 million (US$4,709 million).

Cash and time deposits increased ¥9,267 million (US$87 million) to ¥75,758 million (US$714 million), as an increase in short-term funds resulting from the sale of investment securities offset declines caused by the devaluation and partial cancellation of Tokkin specified money trust.

Property, plant and equipment increased ¥3,778 million (US$36 million) to ¥139,769 million (US$1,317 million), reflecting increases in machinery and equipment centered on GMR head production.

Total current liabilities increased 11.1% to ¥223,033 million (US$2,101 million), largely due to an 86.5%, or ¥11,118 million, rise in long-term debt due within one year to ¥23,971 million (US$226 million) and a 97.6%, or ¥7,387 million increase in accrued income taxes to ¥14,952 million (US$141 million). On the other hand, long-term debt due after one year fell 6.1%, or ¥7,067 million, to ¥108,818 million (US$1,025 million), owing to such factors as a redemption in straight bonds and the conversion of convertible debentures.

Total stockholders' equity declined 14.4% to ¥122,485 million (US$1,154 million), reflecting a decrease of ¥23,468 million (US$221 million) in consolidated retained earnings. The equity ratio fell 4.1 percentage points to 24.5%, and return on equity (ROE) was negative 15.5%, as a result of the net loss recorded for the period. Return on assets (ROA) was negative 4.1%. Equity per share of common stock declined ¥119.27 (US$1.12) to ¥679.72 (US$6.40).

Cash Flows

In cash flows from operating activities, despite a loss before income taxes of ¥10,133 million (US$96 million), depreciation and amortization (of property, plant and equipment; intangible fixed assets; long-term prepaid expenses; and deferred charges) provided net cash of ¥33,408 million (US$315 million). Further, non-cash expenses included a loss on devaluation of investment securities of ¥23,956 million (US$226 million) at two subsidiaries holding Princeton notes, a loss on sale and devaluation of Tokkin specified money trust of ¥16,340 million (US$154 million) and an increase in provision for liabilities on guarantee of ¥5,436 million (US$51 million) related to derivatives trading at a special purpose corporation. These three items together represented a source of cash of ¥45,732 million (US$431 million).

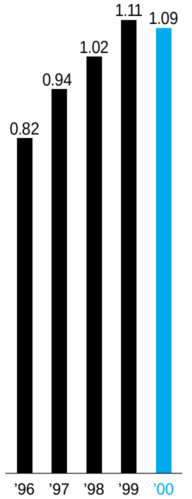
In aggregate, net cash provided by operating activities was ¥34,729 million (US$327 million).

In cash flows from investing activities, cash inflow was ¥64,851 million (US$611 million), largely from the influence of ¥49,268 million (US$464 million) in proceeds from sale of investment securities to unwind cross-shareholdings and to cover losses, including those on Princeton notes. Payments for purchases of property, plant and equipment were ¥33,284 million (US$314 million), and other cash outflows—payments for purchases of intangible assets and investment securities—totaled ¥4,037 million (US$38 million). Consequently, net cash provided by investing activities was ¥27,530 million (US$259 million).

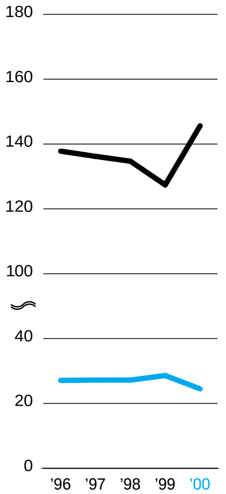
Consequently, free cash flow totaled ¥62,259 million (US$587 million), which was primarily used to retire interest-bearing debt.

Of cash flows from financing activities, repayments of long-term debt was ¥11,734 million (US$111 million) and payments for redemption of straight bond was ¥10,000 million (US$94 million), representing the repayment of Euroyen bonds. In aggregate, net cash used in financing activities was ¥22,728 million (US$214 million).

As a result of these activities, the net increase in cash and cash equivalents was ¥38,427 million (US$362 million), and cash and cash equivalents at end of year rose 36.9% to ¥91,052 million (US$858 million).

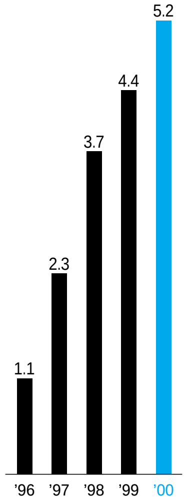


Asset Turnover
(Times)



Capital Structure
(%)

■ Debt/equity ratio
■ Equity ratio



Interest Coverage
(Times)

Consolidated Balance Sheets Alps Electric Co., Ltd. and Consolidated Subsidiaries

March 31, 2000 and 1999

ASSETS	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
CURRENT ASSETS:			
Cash and time deposits	¥ 75,758	¥ 66,491	$713,688
Marketable securities (Note 3)	29,149	25,125	274,602
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliated companies	2,845	3,051	26,802
Trade	91,238	89,509	859,520
Allowance for doubtful accounts	(1,003)	(1,364)	(9,449)
Inventories (Note 4)	75,725	73,130	713,377
Other current assets	34,546	24,463	325,445
Total current assets	308,258	280,405	2,903,985
PROPERTY, PLANT AND EQUIPMENT (Note 5):			
Land	30,762	30,140	289,797
Buildings and structures	95,674	94,346	901,310
Machinery and equipment	248,501	227,658	2,341,036
Construction in progress	4,235	4,349	39,896
	379,172	356,493	3,572,039
Less accumulated depreciation	(239,403)	(220,502)	(2,255,327)
	139,769	135,991	1,316,712
INVESTMENTS AND ADVANCES:			
Investments in and advances to unconsolidated subsidiaries and affiliated companies	9,187	11,510	86,547
Investment securities (Note 3)	6,459	34,422	60,848
Other investments	11,154	22,243	105,078
Total investments and advances	26,800	68,175	252,473
OTHER ASSETS (INCLUDING DEFERRED CHARGES)	10,159	5,833	95,705
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	14,850	9,235	139,896
	¥ 499,836	¥ 499,639	$4,708,771

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
CURRENT LIABILITIES:			
Bank loans (Note 5)	¥ 45,542	¥ 53,597	$ 429,035
Long-term debt due within one year (Note 5)	23,971	12,853	225,822
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliated companies	1,335	1,443	12,577
Trade	90,924	85,080	856,561
Accrued income taxes	14,952	7,565	140,857
Accrued expenses	26,933	27,288	253,726
Other current liabilities	19,376	12,856	182,534
Total current liabilities	223,033	200,682	2,101,112
LONG-TERM DEBT DUE AFTER ONE YEAR (Note 5)	108,818	115,885	1,025,134
EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS	6,782	4,852	63,891
OTHER LONG-TERM LIABILITIES	2,256	1,049	21,253
MINORITY INTERESTS	36,462	34,065	343,495
CONTINGENT LIABILITIES (Note 9)			
STOCKHOLDERS' EQUITY (Note 6):			
Common stock, par value ¥50 per share:			
Authorized—500,000,000 shares			
Issued—180,724,743 shares and 179,159,292 shares as of March 31, 2000 and 1999, respectively	22,911	21,189	215,836
Additional paid-in capital	44,874	43,846	422,741
Retained earnings	54,702	78,170	515,328
	122,487	143,205	1,153,905
Less treasury stock, at cost	(2)	(99)	(19)
Total stockholders' equity	122,485	143,106	1,153,886
	¥499,836	¥499,639	$4,708,771

Consolidated Statements of Operations Alps Electric Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2000	1999	1998	2000
NET SALES (Note 13)	¥546,941	¥554,446	¥505,134	$5,152,529
COSTS AND EXPENSES (Note 13):				
Cost of sales	449,456	440,619	403,584	4,234,159
Selling, general and administrative	73,614	76,488	75,952	693,490
	523,070	517,107	479,536	4,927,649
OPERATING INCOME (Note 13)	23,871	37,339	25,598	224,880
OTHER INCOME (EXPENSES):				
Interest and dividend income	1,553	2,775	3,130	14,630
Interest expense	(4,932)	(9,017)	(7,833)	(46,463)
Equity in earnings (loss) of affiliated companies	(606)	205	404	(5,709)
Other—net (Note 7)	(30,019)	(6,678)	(4,168)	(282,797)
	(34,004)	(12,715)	(8,467)	(320,339)
INCOME (LOSS) BEFORE INCOME TAXES	(10,133)	24,624	17,131	(95,459)
INCOME TAXES (Note 8):				
Current	18,556	12,057	9,666	174,810
Deferred	(10,205)	180	(80)	(96,138)
	8,351	12,237	9,586	78,672
	(18,484)	12,387	7,545	(174,131)
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	(2,127)	(2,710)	(1,891)	(20,038)
NET INCOME (LOSS)	¥ (20,611)	¥ 9,677	¥ 5,654	$ (194,169)

	Yen			U.S. dollars (Note 1)
	2000	1999	1998	2000
AMOUNTS PER SHARE OF COMMON STOCK:				
Net income (loss)	¥(114.41)	¥54.02	¥31.56	$(1.08)
Diluted net income	—	50.89	30.23	—
Cash dividends applicable to the year	10.00	12.00	10.00	0.09

See accompanying notes.

Consolidated Statements of Stockholders' Equity   Alps Electric Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2000, 1999 and 1998

	Shares of common stock	Common stock (Millions of yen)	Additional paid-in capital (Millions of yen)	Retained earnings (Millions of yen)
BALANCE AT MARCH 31, 1997	179,157,929	¥21,187	¥43,844	¥68,010
Increase due to additions of consolidated subsidiaries				10
Increase due to addition of a company accounted for by equity method				132
Net income				5,654
Cash dividends paid (¥11.00 per share)				(1,970)
Bonuses to directors				(68)
Reversal of prior year profit on sale of land				(1,366)
Other				(15)
BALANCE AT MARCH 31, 1998	179,157,929	21,187	43,844	70,387
Increase due to additions of consolidated subsidiaries				7
Cumulative effect of adopting deferred income tax accounting				(18)
Increase due to addition of a company accounted for by equity method				1
Net income				9,677
Cash dividends paid (¥10.00 per share)				(1,791)
Bonuses to directors				(70)
Shares issued upon conversion of convertible debentures	1,363	2	2	
Other				(23)
BALANCE AT MARCH 31, 1999	179,159,292	21,189	43,846	78,170
Decrease due to additions of consolidated subsidiaries				(2,210)
Cumulative effect of adopting deferred income tax accounting				63
Decrease due to addition of a company accounted for by equity method				(709)
Net loss				(20,611)
Cash dividends paid (¥7.00 per share)				(1,254)
Bonuses to directors				(76)
Shares issued upon conversion of convertible debentures	1,565,451	1,722	1,722	
Transfer from additional paid-in capital of prior year constructive gain on sales of subsidiary's securities			(694)	694
Constructive gain from capital increase of affiliated company				666
Other				(31)
BALANCE AT MARCH 31, 2000	180,724,743	¥22,911	¥44,874	¥54,702

	Common stock (Thousands of U.S. dollars (Note 1))	Additional paid-in capital (Thousands of U.S. dollars (Note 1))	Retained earnings (Thousands of U.S. dollars (Note 1))
BALANCE AT MARCH 31, 1999	$199,614	$413,057	$736,411
Decrease due to additions of consolidated subsidiaries			(20,819)
Cumulative effect of adopting deferred income tax accounting			593
Decrease due to addition of a company accounted for by equity method			(6,679)
Net loss			(194,169)
Cash dividends paid ($0.07 per share)			(11,813)
Bonuses to directors			(716)
Shares issued upon conversion of convertible debentures	16,222	16,222	
Transfer from additional paid-in capital of prior year constructive gain on sales of subsidiary's securities		(6,538)	6,538
Constructive gain from capital increase of affiliated company			6,274
Other			(292)
BALANCE AT MARCH 31, 2000	$215,836	$422,741	$515,328

See accompanying notes.

Consolidated Statements of Cash Flows Alps Electric Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2000

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2000	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before income taxes	¥ (10,133)	$ (95,459)
Depreciation and amortization	33,408	314,724
Amortization of consolidation goodwill	(353)	(3,325)
Increase in allowance for doubtful accounts	966	9,100
Increase in provision for liabilities on guarantee	5,436	51,211
Interest and dividend income	(1,553)	(14,630)
Interest expense	4,932	46,463
Equity in loss of affiliated companies	606	5,709
Loss on sale of securities	3,018	28,431
Gain on sale of property and equipment	(1,129)	(10,636)
Loss on sale and disposal of property, plant and equipment	1,140	10,740
Gain on sale of investment in securities	(21,762)	(205,014)
Loss on devaluation of investment securities	23,956	225,681
Loss on sale and devaluation of Tokkin specified money trust	16,340	153,933
Increase in notes and accounts receivable	(5,815)	(54,781)
Increase in inventories	(8,808)	(82,977)
Increase in notes and accounts payable	8,905	83,891
Other	691	6,510
	49,845	469,571
Proceeds from interest and dividend income	1,415	13,330
Payments for interest expenses	(5,493)	(51,748)
Payments for income taxes	(11,038)	(103,984)
Net cash provided by operating activities	34,729	327,169
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of securities	4,693	44,211
Payments for purchases of property, plant and equipment	(33,284)	(313,557)
Proceeds from sale of property, plant and equipment	4,222	39,774
Payments for purchase of intangible assets	(2,957)	(27,857)
Payments for purchases of investment securities	(1,080)	(10,174)
Proceeds from sale of investment securities	49,268	464,136
Proceeds from sale of Tokkin specified money trust	5,971	56,251
Other	697	6,566
Net cash provided by investing activities	27,530	259,350
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term borrowings	(705)	(6,642)
Proceed from issuance of long-term debt	1,450	13,660
Repayments of long-term debt	(11,734)	(110,542)
Payments for redemption of straight bond	(10,000)	(94,206)
Cash dividends paid	(1,254)	(11,813)
Cash dividends paid for minority interests	(533)	(5,021)
Other	48	452
Net cash used in financing activities	(22,728)	(214,112)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,104)	(10,400)
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,427	362,007
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	52,190	491,663
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM INCREASE IN THE NUMBER OF CONSOLIDATED SUBSIDIARIES	435	4,097
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 11)	¥ 91,052	$ 857,767

See accompanying notes.

Consolidated Statements of Cash Flows Alps Electric Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 1999 and 1998

	Millions of yen	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	¥ 9,677	¥ 5,654
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	29,563	24,722
Loss on disposal of property, plant and equipment	1,842	814
Loss (Gain) on sale of securities	59	(914)
Devaluation loss on securities at the lower of cost or market	2,518	3,338
Equity in earnings of affiliated companies	(205)	(404)
Other	4,933	3,157
Change in assets and liabilities—net:		
Increase in notes and accounts receivable	(4,816)	(2,616)
Decrease (Increase) in inventories	3,561	(7,159)
Increase (Decrease) in notes and accounts payable	(2,872)	7,270
Increase in accrued expenses	7	419
Increase (Decrease) in other current liabilities	(404)	2,885
Other—net	386	(341)
Net cash provided by operating activities	44,249	36,825
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	1,282	1,043
Capital expenditures	(39,973)	(34,810)
Payments for purchases of securities	(2,558)	(3,684)
Proceeds from sale of investment securities	3,965	134
Payments for purchases of investment securities	(3,292)	(2,450)
Decrease (Increase) in short-term loans receivable	(117)	7,819
Other	2,803	70
Net cash used in investing activities	(37,890)	(31,878)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term borrowings	(699)	(4,878)
Decrease in commercial paper	(8,900)	(10,100)
Repayments of long-term debt	(26,868)	(20,595)
Proceeds from issuance of long-term debt	27,216	25,689
Cash dividends paid	(1,791)	(1,970)
Other	(972)	(886)
Net cash used in financing activities	(12,014)	(12,740)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(3,365)	2,127
INCREASE IN CASH RESULTING FROM CHANGES IN THE NUMBER OF CONSOLIDATED SUBSIDIARIES	626	1,069
NET DECREASE IN CASH AND TIME DEPOSITS	(8,394)	(4,597)
CASH AND TIME DEPOSITS AT BEGINNING OF YEAR	74,885	79,482
CASH AND TIME DEPOSITS AT END OF YEAR	¥ 66,491	¥ 74,885
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	¥ 9,285	¥ 7,540
Income taxes	11,930	7,176

See accompanying notes.

1. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

The Company, a Japanese corporation, maintains its records and prepares its financial statements in Japanese yen in conformity with accounting principles and practices generally accepted in Japan, which are different from accounting and disclosure requirements of International Accounting Standards. The foreign subsidiaries' financial statements are prepared in conformity with accounting principles generally accepted in the respective countries of domicile. The accompanying consolidated financial statements have been translated from the financial statements that are prepared for Japanese domestic purposes in accordance with the provisions of the Securities and Exchange Law of Japan and filed with the Ministry of Finance ("MOF") of Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated statements of cash flows for 1999 and 1998 have been prepared for the purpose of inclusion in the consolidated financial statements although such statements were not customarily prepared in Japan and not required to be filed with MOF prior to 2000.

The Company prepared the 2000 consolidated cash flow statement as required by and in accordance with the "Standards for Preparation of Consolidated Cash Flow Statements, etc." effective from the year ended March 31, 2000. The 1999 and 1998 consolidated statements of cash flows, which were voluntarily prepared for the purpose of inclusion in the consolidated financial statements in a form familiar to readers outside Japan, have not been restated. Significant differences between the consolidated cash flow statement for 2000 and those for 1999 and 1998, include the use of cash and cash equivalents pretax income in 2000 instead of cash and time deposits and net income in 1999 and 1998, disclosure in cash flows from operating activities in 2000 of interest expense, interest and dividend income and interest and dividend received. The 1999 and 1998 cash flow statements were prepared.

The financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the readers, using the prevailing exchange rate at March 31, 2000, which was ¥106.15 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include the accounts of the Company and substantially all of its subsidiaries. All significant intercompany transactions and account balances are eliminated in consolidation.

Effective for the year ended March 31, 2000, all companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions. Previously, only majority-owned companies were consolidated. The prior years' consolidated financial statements have not been restated.

There was no effect of applying this rule to the Company's consolidated financial statements.

(b) Equity method

Investments in affiliated companies (all 20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method in the year ended March 31, 2000. Prior to April 1, 1999, only investments in companies of which the Company owns 20% to 50% of the voting rights and has the ability to significantly influence financial, operational or business policies were accounted for using the equity method. There was no effect of applying the new rule.

(c) Cash and cash equivalents

In preparing the consolidated statements of cash flows for the year ended March 31, 2000, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(d) Marketable securities and investment securities

Marketable securities are principally accounted for at the lower of cost or market in the year ended March 31, 2000. Other securities are stated at cost. The cost of securities is determined by the moving-average method.

Prior to 2000, only listed securities were stated at the lower of cost or market. Effective in 2000, securities traded over the counter are also stated at the lower of cost or market. Such securities were previously stated at the moving-average cost method. The effect of the change was immaterial on net income (loss).

Also, effective April 1, 1998, the Company recorded recoveries of write-downs of securities in accordance with a revision in the Corporation Tax Law. There was no effect on net income resulting from adopting this accounting policy.

(e) Allowance for doubtful accounts

The allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection. It consists of the estimated uncorrectable amount with respect to specific items and a maximum amount deductible for tax purposes.

(f) Inventories

Inventories held by the Company, its domestic consolidated subsidiaries and overseas consolidated subsidiaries in Asia, are principally stated at cost determined by the weighted average method.

Inventories held by consolidated subsidiaries in the United States and Europe are stated at the lower of moving-average cost or market.

(g) Property, plant and equipment, and depreciation

Property, plant and equipment are stated at cost. The Company and its consolidated subsidiaries compute depreciation of property, plant and equipment except for certain buildings, using the declining balance method at rates based on the useful lives prescribed by the Japanese tax regulations, while overseas consolidated subsidiaries use the straight-line method over the estimated useful lives.

Depreciation of buildings, purchased after March 31, 1998, is computed using the straight-line method by the Company and its domestic subsidiaries, because of the amendment to the Japanese tax regulations. The effect of this change was to decrease depreciation by ¥43 million and to increase operating income and income before income taxes each by ¥38 million as of March 31, 1999.

Also, useful lives, which are designated by the Japanese tax regulations, have been shortened at the same time. The effect of the change in accounting estimate resulted in an increase of ¥241 million in depreciation and a decrease of ¥225 million in both operating profit and income before income taxes for the year ended March 31, 1999.

Also, effective April 1, 1998, the Company and a domestic consolidated subsidiary adopted the policy to depreciate certain of their manufacturing equipment based on their economic useful lives. This resulted in an increase of ¥43 million in depreciation cost and a decrease of ¥36 million in both operating profit and income before income taxes for the year ended March 31, 1999.

Estimated useful lives are as follows:

Buildings and structures	2–65 years
Machinery	2–17 years
Equipment	2–20 years

(h) Deferred charges, research and development costs

Research and development expenses with respect to the development of specific new products are capitalized as deferred charges and amortized over five years on a straight-line basis in accordance with the Commercial Code of Japan in 2000, 1999 and 1998.

Other research and development costs are charged to income when incurred and included in costs and expenses.

(i) Foreign currency translation

Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. Long-term receivables and payables denominated in foreign currencies are translated at historical exchange rates, except that the long-term debt covered with forward exchange contracts are translated at the contracted forward rate.

Financial statements of overseas consolidated subsidiaries are translated into Japanese yen using the year-end rate for assets and liabilities, except that investments in and advances to unconsolidated subsidiaries and affiliated companies are translated at the historical rates, and using the historical rates for retained earnings. The average exchange rate for the year is used for translation of income and expenses.

(j) Employees' bonus allowances

Liabilities for employees' bonus allowances are provided based on the estimate of the amounts to be paid in the future by the Company, and certain of its domestic consolidated subsidiaries and overseas consolidated subsidiaries based on the accrual basis at the balance sheet date.

Sixteen domestic consolidated subsidiaries, which previously provided liabilities for employees' bonus allowances in accordance with the Corporation Tax Law, changed the accounting policy and adopted the method to provide employees' bonus allowances based on the accrual basis at March 31, 1999. The effect of the change was to decrease operating income and income before income taxes by ¥166 million as of March 31, 1999.

(k) Employees' severance and retirement benefits

The Company, its domestic consolidated subsidiaries and certain overseas consolidated subsidiaries, have unfunded lump-sum benefit and funded pension plans covering all employees. Under the terms of the plans, eligible employees are entitled, upon reaching mandatory retirement age or earlier voluntary severance, to severance payments based on the length of service, base salary at the time of retirement and cause of retirement. Employees' severance and retirement benefits are accrued for the amount sufficient to cover the liability which would be required if all eligible employees voluntarily retired at the balance sheet date, less the portion covered by the outside funds.

Effective in the year ended March 31, 2000, six domestic consolidated subsidiaries changed the accounting policy and recognized the liability for employees' severance and retirement benefits based on the present value of the estimated amount of lump-sum benefits to be paid upon termination of employment less the assets of the funded pension plan. Previously, such subsidiaries provided the benefits at 100% of the amount required had all eligible employees voluntarily retired at the balance sheet date. This change was made to better reflect employees' severance and retirement benefit expenses in income statements in light of the deficiencies in the pension fund assets compared with the estimated future pension payments. The effect of the change in accounting policy resulted in an increase of ¥1,125 million ($10,598 thousand) in accrued employees' severance and retirement costs, a decrease of ¥38 million ($358 thousand) in cost of sales, a decrease of ¥31 million ($292 thousand) in selling, general and administrative expenses and an increase of ¥1,196 million ($11,267 thousand) in other—net in other income (expense). Also, as a result of this change, operating income increased by ¥69 million ($650 thousand) and loss before income taxes increased by ¥1,127 million ($10,617 thousand) in the year ended March 31, 2000.

Effective in the year ended March 31, 1999, eleven domestic consolidated subsidiaries changed the accounting policy and provided employees' severance and retirement benefits at 100% of the amount required had all eligible employees voluntarily retired at the balance sheet date. Previously, they provided at 40% of such amount. The effect of the change was to decrease operating income and income before income taxes for 1999 by ¥12 million and ¥131 million, respectively.

For a domestic consolidated subsidiary, prior service cost with respect to the noncontributory qualified pension plan had been recognized on a cash basis. However, effective from the year ended March 31, 1999, the consolidated subsidiary changed the accounting policy and provided the liability for the prior service cost on an accrual basis instead of a cash basis. All prior service costs were fully provided with one-time charge to income as other expense (other—net) in the year ended March 31, 1999. The effect of the change was to decrease income before income taxes by ¥115 million as of March 31, 1999.

(l) Provision for retirement benefits for directors

Some domestic consolidated subsidiaries provide for retirement benefits for directors.

Effective from the year ended March 31, 1999, some domestic consolidated subsidiaries changed the accounting policy and accrued the liabilities for the retirement benefits for directors based on the bylaws. The portion of the retirement benefits accrued with respect to 1999 amounting to ¥110 million was included in selling, general and administrative expenses, and the portion for the prior years was amortized as other expense (other—net) over one year to three years from 1999. The effect of the change in the year ended March 31, 1999 was to decrease operating income and income before income taxes by ¥110 million and ¥425 million, respectively.

(m) Certain lease transactions

Financial leases, except for those leases for which the ownership of the leased assets is considered to be transferred to the lessees, are accounted for as operating leases.

(n) Income taxes

The Company and consolidated subsidiaries provided income taxes at the amounts currently payable for the years ended March 31, 1999 and 1998, except that certain subsidiaries adopted tax-effect accounting in the year ended March 31, 1999. Effective April 1, 1998, certain of the domestic subsidiaries adopted the new accounting standard, which recognized tax effects of temporary differences between the carrying amounts and the tax base of assets and liabilities for tax and financial reporting. Under the new accounting standard, the provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences. Prior years' financial statements had not been restated. The amount of deferred income taxes attributable to the net tax effects of the temporary differences at April 1, 1998 is reflected as an adjustment to the retained earnings brought forward from the previous year. The cumulative effect of adopting the new accounting standard of ¥17 million was directly added to the retained earnings brought forward from March 31, 1998. This amount was included in other in the consolidated statement of stockholders' equity. The effect for the year ended March 31, 1999, was to increase net income by ¥17 million and to increase retained earnings by ¥17 million.

The cumulative effect of adopting the new accounting standard of ¥63 million ($593 thousand) was directly added to the retained earnings brought forward from March 31, 1999. This amount was included in other in the consolidated statements of stockholders' equity. The effect for the year ended March 31, 2000 was to increase net income by ¥10,570 million ($99,576 thousand), minority interest by ¥1,571 million ($14,800 thousand), and the retained earnings by ¥12,478 million ($117,551 thousand).

(o) Bonuses to directors
Bonuses to directors, which are subject to stockholders' approval at the annual stockholders' meeting under the Commercial Code of Japan (the "Code"), are accounted for as an appropriation of retained earnings.

(p) Amounts per share of common stock
Computations of net income per share of common stock are based on the weighted average number of shares outstanding during each fiscal year.

Diluted net income per share is computed based on the weighted average number of common stock and contingent issuance of common stock from convertible debentures.

Cash dividends per share represent actual amounts applicable to the respective year.

(q) Derivative financial instruments
The Company and its consolidated subsidiaries use forward exchange and interest rate swap contracts only for the purpose of mitigating the risk of exchange rate and interest rate fluctuations on the receivables and the borrowings. All of the contracts of the Company are made by the Finance Department in accordance with the internal rules and are checked by the Accounting Department. Transactions of derivative financial instruments are regularly reported by the Chief Financial Officer to the Board of Directors' Meetings.

Transactions of derivative financial instruments of consolidated subsidiaries are regularly reported by each subsidiary to the Finance Department. The derivative financial instruments are executed only with creditworthy financial institutions, and the Company's management believes there is little default risk of counterparties.

(r) Reclassifications
Certain prior year amounts have been reclassified to conform to the 2000 presentation. These changes had no impact on previously reported results of operations or stockholders' equity.

3. MARKETABLE AND INVESTMENT SECURITIES

Book value of quoted equity securities included in marketable securities (current) and investment securities (non-current), and their aggregate market values at March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Book value:			
Current	¥ 1	¥ 42	$ 9
Non-current	5,085	28,914	47,904
	¥ 5,086	¥28,956	$ 47,913
Aggregate market value:			
Current	¥ 1	¥ 42	$ 9
Non-current	12,036	46,355	113,387
	¥12,037	¥46,397	$113,396

4. INVENTORIES

Inventories at March 31, 2000 and 1999 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Finished products	¥36,152	¥37,018	$340,575
Work in process	22,526	21,565	212,209
Raw materials and supplies	17,047	14,547	160,593
	¥75,725	¥73,130	$713,377

5. BANK LOANS AND LONG-TERM DEBT

Bank loans generally consisted of 90-day notes payable to banks with interest rates ranging from 0.10% to 9.25% at March 31, 2000.

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Secured:			
Loans principally from banks and insurance companies due through 2017 with interest rates ranging from 0.00% to 7.41%	¥68,332	¥ 49,467	$643,730
Unsecured:			
2.0% domestic convertible debentures due 2002	41,943	45,387	395,130
7.0% Euroyen straight bonds due 2000	—	10,000	—
2.8% domestic convertible debentures due 2001 of a consolidated subsidiary	2,514	3,884	23,683
2.1% domestic straight bonds due 2003	20,000	20,000	188,413
	132,789	128,738	1,250,956
Less amount due within one year	23,971	12,853	225,822
	¥108,818	¥115,885	$1,025,134

The indentures covering the 2.0% domestic convertible debentures provide, among other conditions, for (1) conversion of the debentures at the current conversion price per share of ¥2,200 ($20.73) into shares of common stock (Note 6); (2) redemption at the option of the Company commencing in April 1998, at prices ranging from 102% to 100% of the principal amounts; and (3) restriction of cash dividends which places a limitation on the payment of cash dividends which relates to earnings of the Company determined in accordance with Japanese accounting practices (Note 6).

At March 31, 2000, the following assets were pledged as collateral for long-term secured debt:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Property, plant and equipment, at book value	¥ 6,946	$ 65,436
Shares of a consolidated subsidiary, at market value	13,862	130,589

The annual maturities of long-term debt at March 31, 2000 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2001	¥ 23,971	$ 225,822
2002	57,107	537,984
2003	21,739	204,795
2004	22,950	216,203
2005	2,586	24,362
2006 and thereafter	4,436	41,790
Total	¥132,789	$1,250,956

6. STOCKHOLDERS' EQUITY

Under the Code, at least 50% of the issue price of new shares, with a minimum equal to par value thereof, is required to be designated as stated capital. The portion that is not transferred to stated capital is determined by resolution of the Board of Directors. Proceeds not transferred to stated capital are credited to additional paid-in capital. Under the Code, certain amounts of retained earnings equal to at least 10% of cash dividends and bonuses to directors and corporate auditors must be set aside as a legal reserve until the reserve equals 25% of common stock. The reserve is not available for dividends but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors. The legal reserve is included in the retained earnings.

At the current conversion price, 19,065 thousand shares of common stock were issuable at March 31, 2000 upon full conversion of the 2.0% domestic convertible debentures.

After giving effect to the restrictions contained in the indentures as described in Note 5 and other restrictions, retained earnings available for cash dividends amounted to ¥25,698 million ($242,091 thousand) at March 31, 2000, subject to stockholders' approval.

Such amount is calculated based on the nonconsolidated financial statements of the Company and in accordance with the Code.

Based on special regulation of Article 3 of the Code concerning retirement of a company's own shares, the Company's Article of Incorporation has been revised to authorize the Company to acquire its own shares, up to 17,900 thousand shares, by resolution of the Board of Directors and by a charge to retained earnings, after June 26, 1998.

Under the Article of Incorporation, the Company may issue 100 million shares of preferred stock.

7. OTHER INCOME (EXPENSES)

Other income (expenses): Other—net for the years ended March 31, 2000, 1999 and 1998 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
Losses on disposal of property, plant and equipment	¥ (11)	¥(1,605)	¥ (814)	$ (104)
Loss on provision for liabilities on guarantees	(5,436)	—	—	(51,210)
Unrealized loss on Tokkin specified money trust	(14,209)	—	—	(133,858)
Profit (loss) on sale of investment securities	18,744	(18)	913	176,581
Unrealized loss on investment securities	(23,956)	(2,518)	(3,338)	(225,681)
Exchange gains (losses)	(1,737)	(1,569)	(329)	(16,364)
Other	(3,414)	(968)	(600)	(32,161)
	¥(30,019)	¥(6,678)	¥(4,168)	$(282,797)

8. INCOME TAXES

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 41%, 46% and 51% for the years ended March 31, 2000, 1999 and 1998, respectively.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the year ended March 31, 2000:

Statutory tax rate	41.5%
Loss incurred by certain subsidiaries	(113.5)%
Loss from devaluation of investments in an unconsolidated subsidiary and an affiliated company	(9.9)%
Non-taxable dividend income	2.7%
Non-deductible expenses	(2.9)%
Other	(0.3)%
Effective tax rate	(82.4)%

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2000 are as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:	2000	2000
Loss on Tokkin specified money trust	¥ 5,489	$ 51,710
Provision for liabilities on guarantee	2,258	21,272
Elimination of unrealized gain	3,236	30,485
Accrued enterprise tax	1,236	11,644
Depreciation	2,158	20,330
Provision for employees' severance and retirement benefits	1,705	16,062
Employees' bonus allowances	972	9,157
Loss on devaluation of investments	899	8,469
Other	657	6,189
Total deferred tax assets	¥18,610	$175,318
Deferred tax liabilities:		
Allowance for doubtful accounts	139	1,309
Loss on limited partnership in a consolidated subsidiary	314	2,958
Accelerated depreciation on tangible fixed assets in a consolidated subsidiary	157	1,479
Unrealized losses	194	1,828
Other	342	3,222
Total deferred tax liabilities	1,146	10,796
Net deferred tax assets	¥17,464	$164,523

9. CONTINGENT LIABILITIES

The Company was contingently liable as an endorser of notes discounted with banks in the amount of ¥62 million ($584 thousand) and as an assignor of trade accounts receivable to a bank in the amount of ¥4,680 million ($44,089 thousand) at March 31, 2000.

The Company and its consolidated subsidiaries were contingently liable as guarantors for loans of affiliated companies, other companies and employees in the amount of ¥1,658 million ($15,619 thousand) at March 31, 2000.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company and some consolidated subsidiaries have entered into forward exchange contracts with banks as hedges against receivables denominated in foreign currencies. Two consolidated subsidiaries have entered into interest rate swap agreements for certain assets with fixed interest rates and certain liabilities with variable interest rates to hedge its exposures to fluctuations of interest rates.

These derivative financial transactions are utilized solely for hedging purposes under the internal control rules and the supervision by the Board of Directors. The Company does not anticipate any credit loss from nonperformance by the couterparties to the forward exchange contracts and interest rate swap agreements.

The outstanding contract amounts of derivative financial transactions and their market values at March 31, 2000 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Contract Amount:		
Forward exchange contracts:		
To sell U.S. dollars	¥5,212	$49,100
To sell Deutsche marks	180	1,696
To sell Sterling pounds	228	2,148
To sell Euros	3,234	30,466
To sell Singapore dollars	31	292
To buy U.S. dollars	504	4,748
Interest rates swap agreements	3,590	33,820
Market Value:		
Forward exchange contracts:		
To sell U.S. dollars	¥5,173	$48,733
To sell Deutsche marks	183	1,724
To sell Sterling pounds	222	2,091
To sell Euros	3,275	30,853
To sell Singapore dollars	31	292
To buy U.S. dollars	497	4,682
Interest rates swap agreements	(114)	(1,074)
Unrealized Gain (Loss)		
Forward exchange contracts:		
To sell U.S. dollars	¥ (39)	$ (367)
To sell Deutsche marks	3	28
To sell Sterling pounds	(6)	(57)
To sell Euros	41	387
To sell Singapore dollars	0	0
To buy U.S. dollars	(7)	(66)
Interest rates swap agreements	(114)	(1,074)
Unrealized losses	¥(122)	$(1,149)

11. CASH AND CASH EQUIVALENTS

The reconciliation between cash and time deposit on the balance sheet and cash and cash equivalents at March 31, 2000 is as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Cash and time deposits	¥ 75,758	$ 713,688
Marketable securities	29,149	274,602
Total	104,907	988,290
Less: Time deposits with maturity of more than three months when purchased	(705)	(6,642)
Less: Tokkin specified money trust	(12,577)	(118,483)
Less: Marketable securities with maturity exceeding three months when purchased	(573)	(5,398)
Cash and cash equivalents	¥ 91,052	$ 857,767

Non-cash transaction

During the year ended March 31, 2000, as a result of conversion of debentures of the Company and a consolidated subsidiary amounting to ¥4,814 million ($45,350 thousand), common stock and additional paid-in capital of the Company were increased by ¥1,722 million ($16,222 thousand) and ¥1,722 million ($16,222 thousand), respectively, and minority interest for the consolidated subsidiary was increased by ¥1,370 million ($12,906 thousand).

12. LEASE INFORMATION

As lessees:

The Company and the consolidated subsidiaries lease certain machinery, vehicles, equipment, tools and other assets.

At March 31, 2000 the fair representing value of the leased property, accumulated depreciation and estimated residual book value under finance leases which do not transfer ownership to lessees were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Fair representing value of machinery and vehicles	¥5,643	¥5,438	$53,161
Accumulated depreciation of machinery and vehicles	3,043	2,607	28,667
Estimated residual book value	2,600	2,831	24,494
Fair representing value of equipment and tools	3,564	4,329	33,575
Accumulated depreciation of equipment and tools	1,998	2,226	18,822
Estimated residual book value	1,566	2,103	14,753
Fair representing value of other assets	1,372	1,270	12,925
Accumulated depreciation of other assets	711	705	6,698
Estimated residual book value	¥ 661	¥ 565	$ 6,227

The future minimum lease payments including interest expense under finance lease at March 31, 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Current	¥1,788	¥1,957	$16,844
Non-current	3,039	3,542	28,629
	¥4,827	¥5,499	$45,473

Such finance lease payments of the Company and consolidated subsidiaries amount to ¥2,072 million ($19,520 thousand) and ¥2,314 million for the years ended March 31, 2000 and 1999, respectively. The future minimum rental payments under noncancellable operating leases at March 31, 2000 were follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Current	¥371	¥327	$3,495
Non-current	482	327	4,541
	¥853	¥654	$8,036

As lessor:

A domestic consolidated subsidiary leases certain machinery, vehicles, equipment and tools.

At March 31, 2000 the acquisition cost of the leased property, accumulated depreciation and residual book value under finance leases which do not transfer ownership to lessees were as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Acquisition cost of machinery and vehicles	¥4,347	$40,951
Accumulated depreciation of machinery and vehicles	3,060	28,827
Residual book value	1,287	12,124
Acquisition cost of equipment and tools	3,070	28,921
Accumulated depreciation of equipment and tools	2,294	21,611
Residual book value	¥ 776	$ 7,310

The future minimum lease receipts including interest income under finance lease at March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Current	¥ 891	$ 8,394
Non-current	1,324	12,473
	¥2,215	$20,867

Such finance lease receipts and depreciation of a consolidated subsidiary for the year ended March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Lease receipt	¥ 1,063	$ 10,014
Depreciation	957	9,016

13. SEGMENT INFORMATION

The Company's primary business activities include (1) electronic components, (2) audio equipment and (3) logistics and others. A summary of net sales, costs and expenses, and operating income by segment of business activities for the years ended March 31, 2000, 1999 and 1998 is as follows:

	Millions of yen				
2000	Electronic components	Audio equipment	Logistics and others	Elimination	Consolidated
Net sales					
Outside customers	¥357,667	¥168,833	¥20,441	¥ —	¥546,941
Within consolidated group	6,085	2,251	15,367	(23,703)	—
Total	363,752	171,084	35,808	(23,703)	546,941
Costs and expenses	349,990	164,786	32,636	(24,342)	523,070
Operating income	¥ 13,762	¥ 6,298	¥ 3,172	¥ 639	¥ 23,871
Identifiable assets	¥375,229	¥121,694	¥41,316	¥(38,403)	¥499,836
Depreciation and amortization	¥ 25,952	¥ 5,338	¥ 2,118	¥ 0	¥ 33,408
Capital expenditures	¥ 26,976	¥ 5,607	¥ 2,756	¥ (2)	¥ 35,337

1999	Millions of yen Electronic components	Audio equipment	Logistics and others	Elimination	Consolidated
Net sales					
Outside customers	¥365,639	¥174,359	¥14,448	¥ —	¥554,446
Within consolidated group	5,956	1,952	12,418	(20,326)	—
Total	371,595	176,311	26,866	(20,326)	554,446
Costs and expenses	346,300	168,858	24,216	(22,267)	517,107
Operating income	¥ 25,295	¥ 7,453	¥ 2,650	¥ 1,941	¥ 37,339
Identifiable assets	¥380,010	¥118,339	¥25,840	¥(24,550)	¥499,639
Depreciation and amortization	¥ 23,608	¥ 5,351	¥ 604	¥ —	¥ 29,563
Capital expenditures	¥ 33,132	¥ 5,008	¥ 1,843	¥ (10)	¥ 39,973

1998	Electronic components	Audio equipment	Logistics and others	Elimination	Consolidated
Net sales					
Outside customers	¥331,169	¥165,727	¥ 8,238	¥ —	¥505,134
Within consolidated group	6,744	2,418	10,945	(20,107)	—
Total	337,913	168,145	19,183	(20,107)	505,134
Costs and expenses	321,347	162,185	17,445	(21,441)	479,536
Operating income	¥ 16,566	¥ 5,960	¥ 1,738	¥ 1,334	¥ 25,598
Identifiable assets	¥388,685	¥111,341	¥21,053	¥(23,175)	¥497,904
Depreciation and amortization	¥ 19,549	¥ 4,725	¥ 448	¥ —	¥ 24,722
Capital expenditures	¥ 26,855	¥ 6,836	¥ 1,119	¥ —	¥ 34,810

2000	Thousands of U.S. dollars Electronic components	Audio equipment	Logistics and others	Elimination	Consolidated
Net sales					
Outside customers	$3,369,449	$1,590,513	$192,567	$ —	$5,152,529
Within consolidated group	57,325	21,206	144,767	(223,298)	—
Total	3,426,774	1,611,719	337,334	(223,298)	5,152,529
Costs and expenses	3,297,127	1,552,388	307,452	(229,318)	4,927,649
Operating income	$ 129,647	$ 59,331	$ 29,882	$ 6,020	$ 224,880
Identifiable assets	$3,534,894	$1,146,434	$389,223	$(361,780)	$4,708,771
Depreciation and amortization	$ 244,484	$ 50,287	$ 19,953	$ 0	$ 314,724
Capital expenditures	$ 254,131	$ 52,821	$ 25,963	$ (19)	$ 332,896

* The effect of the changes in accounting policies and procedures on the segment information is as follows:

(1) In connection with Note 2 (g), the effect of the change in "electronic components" was to decrease operating income by ¥155 million and identifiable assets by ¥170 million, respectively, and to increase depreciation and amortization by ¥170 million. The effect of the change in "audio equipment" was to decrease operating income by ¥48 million and identifiable assets by ¥51 million, respectively, and to increase depreciation and amortization by ¥51 million. The effect of the change in "logistics and others" was to decrease operating income by ¥20 million and identifiable assets by ¥20 million, respectively, and to increase depreciation and amortization by ¥20 million.

(2) In connection with Note 2 (j), the effect of the change was to decrease operating income of "audio equipment" by ¥54 million and operating income of "logistics and others" by ¥112 million, respectively.

(3) In connection with Note 2 (k), the effect of the change to the present value was to increase operating income of "audio equipment" by ¥69 million ($650 thousand). And the effect of the change to 100% from 40% was to decrease operating income of "audio equipment" by ¥12 million.

(4) In connection with Note 2 (l), the effect of the change was to decrease operating income of "audio equipment" by ¥94 million and operating income of "logistics and others" by ¥16 million, respectively.

(5) In connection with Note 2 (n) on adoption of deferred tax, the effect of the change was to increase identifiable assets of "electronic components" by ¥11,177 million ($105,294 thousand) and identifiable assets of "audio equipment" by ¥2,848 million ($26,830 thousand), respectively.

Geographic area information with respect to net sales, costs and expenses, operating income and identifiable assets for the years ended March 31, 2000, 1999 and 1998 was as follows:

	Millions of yen						
2000	Japan	North America	Europe	Asia	Other area	Elimination	Consolidated
Net sales							
Outside customers	¥263,905	¥114,085	¥105,600	¥ 62,118	¥ 1,233	¥ —	¥ 546,941
Within consolidated group	195,838	2,993	5,130	64,131	0	(268,092)	—
Total	459,743	117,078	110,730	126,249	1,233	(268,092)	546,941
Costs and expenses	435,282	114,970	109,325	124,442	1,302	(262,251)	523,070
Operating income	¥ 24,461	¥ 2,108	¥ 1,405	¥ 1,807	¥ (69)	¥ (5,841)	¥ 23,871
Identifiable assets	¥454,638	¥ 46,040	¥ 45,897	¥ 61,857	¥ 489	¥(109,085)	¥ 499,836
1999							
Net sales							
Outside customers	¥271,008	¥111,547	¥107,713	¥ 62,111	¥ 2,067	¥ —	¥ 554,446
Within consolidated group	196,826	3,544	5,220	69,994	3	(275,587)	—
Total	467,834	115,091	112,933	132,105	2,070	(275,587)	554,446
Costs and expenses	432,980	113,038	111,167	128,254	2,225	(270,557)	517,107
Operating income	¥ 34,854	¥ 2,053	¥ 1,766	¥ 3,851	¥ (155)	¥ (5,030)	¥ 37,339
Identifiable assets	¥451,821	¥ 45,083	¥ 43,706	¥ 60,167	¥ 772	¥(101,910)	¥ 499,639
1998							
Net sales							
Outside customers	¥249,464	¥ 97,623	¥ 89,593	¥ 65,300	¥ 3,154	¥ —	¥ 505,134
Within consolidated group	174,803	3,028	2,542	71,838	—	(252,211)	—
Total	424,267	100,651	92,135	137,138	3,154	(252,211)	505,134
Costs and expenses	397,143	101,291	91,849	132,409	3,212	(246,368)	479,536
Operating income	¥ 27,124	¥ (640)	¥ 286	¥ 4,729	¥ (58)	¥ (5,843)	¥ 25,598
Identifiable assets	¥437,641	¥ 46,679	¥ 44,399	¥ 59,758	¥ 1,451	¥ (92,024)	¥ 497,904

	Thousands of U.S. dollars						
2000	Japan	North America	Europe	Asia	Other area	Elimination	Consolidated
Net sales							
Outside customers	$2,486,152	$1,074,753	$ 994,819	$ 585,191	$11,614	$ —	$5,152,529
Within consolidated group	1,844,918	28,196	48,328	604,154	0	(2,525,596)	—
Total	4,331,070	1,102,949	1,043,147	1,189,345	11,614	(2,525,596)	5,152,529
Costs and expenses	4,100,631	1,083,090	1,029,911	1,172,322	12,266	(2,470,571)	4,927,649
Operating income	$ 230,439	$ 19,859	$ 13,236	$ 17,023	$ (652)	$ (55,025)	$ 224,880
Identifiable assets	$4,282,977	$ 433,726	$ 432,379	$ 582,732	$ 4,607	$(1,027,650)	$4,708,771

* The effect of the changes in accounting policies procedures on the segment information is as follows:

(1) In connection with Note 2 (g), the effect of the change in "Japan" was to decrease operating income by ¥223 million and identifiable assets by ¥241 million, respectively, and to increase depreciation and amortization by ¥241 million.

(2) In connection with Note 2 (j), the effect of the change was to decrease operating income of "Japan" by ¥166 million.

(3) In connection with Note 2 (k), the effect of the change to the present value was to increase operating income of "Japan" by ¥69 million ($650 thousand). And the effect of the change to 100% from 40% was to decrease operating income of "Japan" by ¥12 million.

(4) In connection with Note 2 (l), the effect of the change was to decrease operating income of "Japan" by ¥110 million.

(5) In connection with Note 2 (n) on adoption of deferred tax, the effect of the change was to increase identifiable assets of "Japan" by ¥14,025 million ($132,124 thousand).

Overseas sales by geographic area in 2000, 1999 and 1998 were as follows:

	Millions of yen				
2000	North America	Europe	Asia	Other area	Total
I Overseas sales	¥118,671	¥110,445	¥106,071	¥2,949	¥338,136
II Consolidated sales					¥546,941
III Ratio of overseas sales (%)	22%	20%	19%	1%	62%
1999					
I Overseas sales	¥115,441	¥113,637	¥110,120	¥6,917	¥346,115
II Consolidated sales					¥554,446
III Ratio of overseas sales (%)	21%	20%	20%	1%	62%
1998					
I Overseas sales	¥97,132	¥95,051	¥113,038	¥9,091	¥314,312
II Consolidated sales					¥505,134
III Ratio of overseas sales (%)	19%	19%	22%	2%	62%

	Thousands of U.S. dollars				
2000	North America	Europe	Asia	Other area	Total
I Overseas sales	$1,117,956	$1,040,462	$999,256	$27,772	$3,185,445
II Consolidated sales					$5,152,529
III Ratio of overseas sales (%)	22%	20%	19%	1%	62%

14. SUBSEQUENT EVENTS

On June 29, 2000, the stockholders of the Company approved payment of a year-end cash dividend of ¥10.00 ($0.09) per share or a total of ¥1,807 million ($17,023 thousand) to stockholders of record at March 31, 2000.

Report of Independent Public Accountants

To the Stockholders and the Board of Directors of ALPS ELECTRIC CO., LTD.:

We have audited the accompanying consolidated balance sheets of ALPS ELECTRIC CO., LTD. (a Japanese corporation) and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2000, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of ALPS ELECTRIC CO., LTD. and subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000 in conformity with accounting principles generally accepted in Japan consistently applied during the periods, except as noted in the following paragraph.

As explained in Notes 2 (a), 2 (b), 2 (c), and 2 (n), the Company adopted new Japanese accounting standards for consolidation and equity method accounting, research and development costs and income taxes issued by Business Accounting Deliberation Council in the year ended March 31, 2000.

As of April 1, 1999, in the method of employees' severance and retirement benefits referred to in Note 2 (k), and as of April 1, 1998, in the method of accounting for employees' bonus allowances referred to in Note 2 (j), employees' severance and retirement benefits referred to in Note 2 (k), prior service costs referred to in Note 2 (k), and provision for retirement benefits for directors referred to in Note 2 (l), with which we concur.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

Asahi & Co.

Asahi & Co.
(Member Firm of Andersen Worldwide SC)

Tokyo, Japan
June 30, 2000

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying financial statements and the auditor's report presented above are for users familiar with Japanese accounting principles, auditing standards and their applications in practice.

CONSOLIDATED SUBSIDIARIES

JAPAN

Tohoku Alps Co., Ltd.
1-7, Yukigaya-otsuka-cho, Ota-ku,
Tokyo 145-0067
Phone: (03) 3726-1211
Fax: (03) 3728-1741

Alpine Electronics, Inc.
1-8-1, Nishi-Gotanda, Shinagawa-ku, Tokyo
141-8501
Phone: (03) 3494-1101
Fax: (03) 3494-1109

Alps Transportation Systems Corp.
1154, Nippa-cho, Kohoku-ku,
Yokohama City 223-0057
Phone: (045) 531-4133
Fax: (045) 531-3011

Alps Accounting Center Co., Ltd.
1-2-3, Minami-Yukigaya, Ota-ku,
Tokyo 145-0066
Phone: (03) 3726-5011
Fax: (03) 3726-5012

Alps Credit Co., Ltd.
2-1-11, Minami-Yukigaya, Ota-ku,
Tokyo 145-0066
Phone: (03) 3720-8011
Fax: (03) 3727-7828

Makoto Kosan Co., Ltd.
2-1-11, Minami-Yukigaya, Ota-ku,
Tokyo 145-0066
Phone: (03) 3727-8770
Fax: (03) 3727-7828

Makoto Family Co., Ltd.
2-1-11, Minami-Yukigaya, Ota-ku,
Tokyo 145-0066
Phone: (03) 3727-8770
Fax: (03) 3727-7828

Alps Travel Service Co., Ltd.
1-7, Yukigaya-otsuka-cho, Ota-ku,
Tokyo 145-0067
Phone: (03) 5499-8100
Fax: (03) 5499-8111

Alpine Technology Manufacturing, Inc.
61-1, Ohara Aza Shinbori, Onahama,
Iwaki City, Fukushima Pref. 971-8111
Phone: (0246) 54-5161
Fax: (0246) 54-5164

Alpine Manufacturing, Inc.
3-10, Yoshima Kogyo-danchi,
Iwaki City, Fukushima Pref. 970-1144
Phone: (0246) 36-6969
Fax: (0246) 36-4617

Alpine Precision, Inc.
48-1, Akai Aza Tanmachi, Taira,
Iwaki City, Fukushima Pref. 979-3131
Phone: (0246) 21-0008
Fax: (0246) 25-0108

Alpine Hokkaido, Inc.
Ueno Building, 22-2-1 Kitaichijo-nishi, Chuo-ku,
Sapporo City, Hokkaido Pref. 064-0821
Phone: (011) 621-4485
Fax: (011) 621-4493

Alpine Tohoku, Inc.
3-9-5, Hagino-cho, Miyagino-ku,
Sendai City, Miyagi Pref. 983-0043
Phone: (022) 239-5501
Fax: (022) 236-6740

Alpine Chu-Shikoku, Inc.
4-5-2, Ima, Okayama City,
Okayama Pref. 700-0975
Phone: (086) 243-3910
Fax: (086) 244-0840

Alpine Kyushu, Inc.
1-12-22, Isoda, Hakata-ku,
Fukuoka City, Fukuoka Pref. 816-0081
Phone: (092) 513-1070
Fax: (092) 513-2104

Alpine Kanshin, Inc.
3-16-6, Midori-cho Takasaki City,
Gunma Pref. 370-0073
Phone: (0273) 61-5813
Fax: (0273) 63-3052

Alpine Kinki, Inc.
4-57, Nakamozu-cho, Sakai City,
Osaka Pref. 591-8023
Phone: (0722) 58-8111
Fax: (0722) 58-8114

Alpine Information System, Inc.
14-1, Yoshima Kogyo-danchi, Iwaki City,
Fukushima Pref. 970-1144
Phone: (0246) 36-7771
Fax: (0246) 36-7579

Alpine Giken, Inc.
3-10, Yoshima Kogyo-danchi, Iwaki City,
Fukushima Pref. 970-1144
Phone: (0246) 36-0304
Fax: (0246) 36-4617

Alpine Business Service Co., Ltd.
20-1, Yoshima Kogyo-danchi, Iwaki City,
Fukushima Pref. 970-1144
Phone: (0246) 36-8855
Fax: (0246) 36-9140

Ryutsu Service Co., Ltd.
769-1, Yuma-machi, Soka City, Saitama Pref.
340-0032
Phone: (0489) 22-7221
Fax: (0489) 28-1221

Ryutsu Unyu Co., Ltd.
769-1, Yuma-machi, Soka City, Saitama Pref.
340-0032
Phone: (0489) 22-7221
Fax: (0489) 28-1221

ASIA

Alps Electric Korea Co., Ltd.
970-1, Jangduk-dong, Kwangsan-gu,
Kwangju-City, 506-251, Republic of Korea
Phone: 82 (62) 950-2114
Fax: 82 (62) 951-9722

Alps Electric (S) Pte. Ltd.
10 Anson Road, #29-15, International Plaza,
Singapore 079903
Phone: 65 (226) 2933
Fax: 65 (220) 7479

Alps Asia Pte. Ltd.
10 Anson Road, #29-15, International Plaza,
Singapore 079903
Phone: 65 (226) 2933
Fax: 65 (220) 7479

Alps Electric (Malaysia) Sdn. Bhd.
Nilai Industrial Estate,
Locked Bag No. 3, Nilai Post Office, 71809
Nilai, Negeri Sembilan Darul Khusus, Malaysia
Phone: 60 (6) 7991515
Fax: 60 (6) 7991654

Alps Electronics Hong Kong Ltd.
Unit No. 2, 13th Floor, Mirror Tower, 61 Mody
Road, Tsim Sha Tsui East, Kowloon, Hong Kong
Phone: 852 (2369) 3626
Fax: 852 (2367) 3987

Alps (China) Co., Ltd.
Nan Yin Bldg., Rm. 2508, No. 2 Dong San
Huan Bei Lu, Chaoyang District, Beijing, P.R. of
China
Phone: 86 (10) 64107411
Fax: 86 (10) 64107414

Dalian Alps Electronics Co., Ltd.
2 Yingbin Road, Economic Development Zone,
Jinzhou, Dalian, P.R. of China
Phone: 86 (411) 7675102
Fax: 86 (411) 7674427

Ningbo Alps Electronics Co., Ltd.
No. 11, 996 Lane, Zhongshan West Road,
Ningbo, Zhejiang, P.R. of China
Phone: 86 (574) 7505505
Fax: 86 (574) 7505592

Wuxi Alps Electronics Co., Ltd.
LOT No.135/136 Wuxi-Singapore Industrial
Park, Wuxi, Jiangsu,
P.R. of China
Phone: 86 (510) 5211211
Fax: 86 (510) 5211311

Tianjin Alps Electronics Co., Ltd.
1-2 Miyun Branch Road, Nankai District,
Tianjin, P.R. of China
Phone: 86 (22) 27516691
Fax: 86 (22) 27510086

Alpine Electronics Asia Pte. Ltd.
10 Anson Road, #24-08 International Plaza,
Singapore 079903
Phone: 65 (227) 6590
Fax: 65 (226) 1523

Alpine Electronics (China) Co., Ltd.
No. 1701, Bright China Chang An Building,
No. 7, Jinguomen Nei Avenue Dongcheng
District, Beijing 100005 P.R. of China
Phone: 86 (10) 6517-1082
Fax: 86 (10) 6517-1081

Dan Dong Alpine Electronics, Inc.
No. 14 Guozhen Road, Dandong Liaoning, P.R.
of China
Phone: 86 (415) 616-7836
Fax: 86 (415) 616-7835

Dalian Alpine Electronics Co., Ltd.
2 Yingbin Road, Economic Development Zone,
Jinzhou, Dalian, P.R. of China
Phone: 86 (411) 768-3131
Fax: 86 (411) 768-3380

Alps Logistics (S) Pte. Ltd.
46, Toh Guan Road, #03-02B Singapore 608837
Phone: 65 (899) 8500
Fax: 65 (899) 8400

Alps Naigai Logistics (Malaysia) Sdn. Bhd.
No. 5785, Jalan Ts 2/IG. Taman Semarak, 71809 Nilai, Negeri Sembilan Darul Khusus, Malaysia
Phone: 60 (6) 7995058
Fax: 60 (6) 7995057

Alps Transportation Systems Hong Kong Limited
Room 906A, 9/F., Mirror Tower, 61 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong
Phone: 852 (2369) 3807
Fax: 852 (2367) 3196

Tianjin Teda International Warehousing & Transportation Co., Ltd.
21 Bo Hai Road, Teda, Tianjin, P.R. of China
Phone: 86 (22) 25321482
Fax: 86 (22) 25321481

Alps Logistics (Shanghai) Co., Ltd.
FM5-4, Wai Gao Qiao Free Trade Zone, Shanghai, P.R. of China
Phone: 86 (21) 50461700
Fax: 86 (21) 50461846

Alps Transportation Systems (Guang Dong) Co., Ltd.
Changan Industry Zone, Dong Guan City, Guang Dong, P.R. of China
Phone: 86 (769541) 0666
Fax: 86 (769541) 0633

NORTH AMERICA

Alps Electric (North America), Inc.
5295 Hellyer Avenue San Jose, California 95138, U.S.A.
Phone: 1 (408) 361-6400
Fax: 1 (408) 226-7301

Alps Electric (USA), Inc.
5295 Hellyer Avenue San Jose, California 95138, U.S.A.
Phone: 1 (408) 364-6400
Fax: 1 (408) 226-7301

Alps Automotive, Inc.
1500 Atlantic Boulevard, Auburn Hills, Michigan 48326, U.S.A.
Phone: 1 (248) 391-9950
Fax: 1 (248) 391-2500

Alps Electric Manufacturing Mexico, S.A. de C.V.
Ave. De Las Misiones Este No. 145, Parque Industrial "Las Californias", Carret. San Luis, Km. 10.5, Mexicali, B.C. C.P. 21600, Mexico
Phone: 52 (65) 61-77-77
Fax: 52 (65) 61-47-54

Alpine Electronics of America, Inc.
19145 Gramercy Place, Torrance, California 90501-1162, U.S.A.
Phone: 1 (310) 788-7191
Fax: 1 (310) 320-8079

Alpine Electronics Manufacturing of America, Inc.
421 North Emerson Avenue, P.O. Box 430, Greenwood, Indiana 46142, U.S.A.
Phone: 1 (317) 881-7700 Fax: 1 (317) 887-2415

Alpine Electronics of Canada, Inc.
7300 Warden Ave., Suite 203, Markham, Ontario L3R 9Z6, Canada
Phone: 1 (905) 475-7280
Fax: 1 (905) 475-9146

EUROPE

Alps Electric Europa GmbH
Hansaallee 203, D-40549, Düsseldorf, Germany
Phone: 49 (211) 59770
Fax: 49 (211) 5977146

Alps Electric (UK) Limited
Garamonde Drive, Wymbush, Milton Keynes, MK8 8LW, England, U.K.
Phone: 44 (1908) 560666
Fax: 44 (1908) 569789

Alps Electric (Scotland) Limited
Kirkton Road, Kirkton Industrial Estate, Arbroath, Angus, DD11 3rd, Scotland, U.K.
Phone: 44 (1241) 431111
Fax: 44 (1241) 430888

Alps Electric Technology Centre (UK) Limited
Garamonde Drive, Wymbush, Milton Keynes, MK8 8LW, England, U.K.
Phone: 44 (1908) 560666
Fax: 44 (1908) 569789

Alps Electric (Ireland) Limited
Clara Road, Millstreet Town, County Cork, Ireland
Phone: 353 (29) 70677
Fax: 353 (29) 70603

Alps Nordic AB
Hemvärnsgatan 11, 171 04 Solna, Sweden
Phone: 46 (8) 289020
Fax: 46 (8) 6275311

Alpine Electronics (Europe) GmbH
Kreuzerkamp 7-11 40878, Ratingen, Germany
Phone: 49 (2102) 4550
Fax: 49 (2102) 455321

Alpine Electronics Manufacturing of Europe Ltd.
H-2051 Biatorbagy vendel Park Budai utca 1., Hungary
Phone: 36 (23) 534-111
Fax: 36 (23) 534-112

Alpine Electronics GmbH
Kreuzerkamp 7-11 40878, Ratingen, Germany
Phone: 49 (2102) 4550
Fax: 49 (2102) 445321

Alpine Electronics of UK Ltd.
13 Tanners Drive, Blakelands, Milton Keynes, MK14 5BU, U.K.
Phone: 44 (1908) 611556
Fax: 44 (1908) 618420

Alpine Electronics France S.A.R.L.
98, Rue de la Belle Etoile, Z.I. Paris Nord II, B.P. 50016, 95945 Roissy, C.D.G. Cédex, France
Phone: 33 (1) 4863-8989
Fax: 33 (1) 4863-2581

Alpine Italia S.p.A.
Viale C. Colombo 8, 20090 Trezzano sul Naviglio (MI), Italy
Phone: 39 (02) 484781
Fax: 39 (02) 48403555

Alpine Electronics de España, S.A.
Portal de Gamarra, 36, Pabbellon 32, 01013 Vitoria (Alava) Aptdo. :133, Spain
Phone: 34 (945) 283588
Fax: 34 (945) 283461

OCEANIA

Alpine Electronics of Australia Pty. Limited
6-8 Fiveways Boulevarde Keysborough, Victoria 3173, Australia
Phone: 613 (9769) 0000
Fax: 613 (9769) 0011

AFFILIATES ACCOUNTED FOR BY THE EQUITY METHOD

ASIA

Shanghai Alps Electronics Co., Ltd.
Shenyang Neu-Alpine Software Co., Ltd.

EUROPE

Secre Alpine Electronics, S.A.

PRINCIPAL SUBSIDIARIES AND AFFILIATED COMPANIES

JAPAN

Alps System Integration Co., Ltd.

ASIA

Alps Electronics Taiwan Co., Ltd.

SOUTH AMERICA

Alps do Brasil Indústria e Comércio Limitada

Note: The Company operates a network of 88 subsidiaries, including 63 consolidated entities and an entity accounted for by the equity method, as well as 22 affiliates that include 3 companies accounted for by the equity method.

Directors & Auditors

Katsutaro Kataoka
Chairman

Masataka Kataoka
President

Shigeo Matsubara
Managing Director
General Manager,
Corporate Planning and
Corporate Accounting

Shunya Sunaga
Managing Director
General Manager, Sales
and Marketing

Isao Tanimoto
Managing Director
General Manager,
Production Engineering

Hirokuni Tanabe
Managing Director
General Manager,
Magnetic Devices
Division

Directors
Kentaro Kutsuzawa
Seizo Ishiguro
Tetsuhiro Kiyono
Koji Hotta
Yoichi Yasuma
Kazuya Yoshikoshi
Yozo Yasuoka
Hirotoshi Okamura
Koichi Yamazaki
Hideharu Kougashira
Takahide Sato

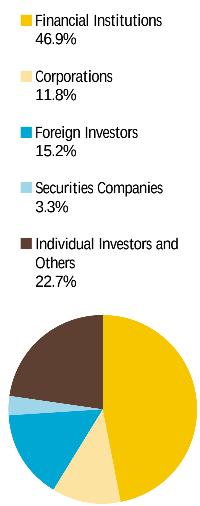
Auditors
Akira Yoneda
Sadao Kunichika
Mitsunori Narisako
Satoshi Kawai

(As of June 29, 2000)

Corporate Data

Principal Stockholders
(As of March 31, 2000)

	Percentage of total shares outstanding
The Mitsubishi Trust and Banking Corporation (Trust account)	4.9%
The Sakura Bank, Limited	4.9%
The Bank of Tokyo-Mitsubishi, Limited	4.1%
Sumitomo Trust and Banking Co., Ltd. (Trust account)	3.9%
Mitsui Mutual Life Insurance Company	3.3%



Classification of Stockholders
(As of March 31, 2000)

ALPS ELECTRIC CO., LTD.

Head Office
1-7, Yukigaya-otsuka-cho,
Ota-ku, Tokyo 145-8501, Japan
Phone: (03) 3726-1211
Telex: 246-6076, 6649
Fax: (03) 3728-1741

Central Laboratory
3-31, Akedori, Izumi-ku,
Sendai City, Miyagi Pref.
981-3280, Japan
Phone: (022) 377-1188
Fax: (022) 377-1181

Domestic Business Units,
Divisions and Sales Branches
Mechatronic Devices Division 1
Mechatronic Devices Division 2
Magnetic Devices Division
RF Devices Division
System Devices Division
Peripheral Products Division
Car Electronics Division
Sales and Marketing
Kansai Branch

Overseas Branch
Hong Kong Branch

Domestic Sales Offices: 13

Overseas Office
Taipei Representative Office

Date of Establishment
November 1, 1948

Paid-in Capital
¥22,911 million (US$216 million)

Number of Employees
32,049, including the 3,115 employees of the companies accounted for by the equity method (As of March 31, 2000)

Common Stock
Authorized: 500,000,000 shares
Issued: 180,724,743 shares
Number of Stockholders: 22,162

Preferred Stock
Authorized: 100,000,000 shares

Stock Exchange Listings
Tokyo Stock Exchange
Osaka Securities Exchange
Nagoya Stock Exchange

Transfer Agent for Common Stock
The Chuo Mitsui Trust & Banking Co., Ltd.
7-1, Kyobashi 1-chome, Chuo-ku, Tokyo
104-8345, Japan

Alps Web Site
http://www.alps.co.jp/

ALPS ELECTRIC CO., LTD.

PRINTED IN JAPAN