(Translation)

This document is an English translation of the notice for the general meeting of shareholders originally written in Japanese. This translation was made for reference purpose only and all warranties, and in particular the accuracy of this translation, are hereby disclaimed.

(Securities Identification Code: 6703)
June 2, 2016

NOTICE OF 92ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Oki Electric Industry Co., Ltd. (the "Company") would hereby like to inform you that the 92ND ordinary general meeting of shareholders will be held as follows. We would be grateful if you could attend the meeting.

Those who will not be able to attend the meeting are kindly requested to review "4. Exercise of Voting Rights" on page 2 and exercise their voting rights no later than 5:15 p.m., June 23 (Thursday), 2016 (JST).

Yours faithfully,

Hideichi Kawasaki,
Chairman of the Board, Representative Director
Oki Electric Industry Co., Ltd.
1-7-12 Toranomon, Minato-ku, Tokyo

(Translation)

1. Date and Time: Friday, June 24, 2016, from 10:00 a.m.

2. Location: Nikkei Hall, 3F Nikkei Building, 1-3-7 Otemachi, Chiyoda-ku, Tokyo

3. Meeting Agenda

Items to be reported:

1. Business Report, Consolidated Financial Statements and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 92nd fiscal year (from April 1, 2015 to March 31, 2016)
2. Non-consolidated Financial Statements for the 92nd fiscal year (from April 1, 2015 to March 31, 2016)

Items to be resolved:

Agenda 1: Appropriation of Surplus

Agenda 2: Share Consolidation due to Reduction in the Number of Shares Per Share Unit

Agenda 3: Election of Seven (7) Directors

Agenda 4: Election of Two (2) Audit & Supervisory Board Members

Agenda 5: Grant of Stock Option for Stock-linked Compensation (Equity Warrants) to Directors

4. Exercise of Voting Rights

(1) Attendance at the meeting in person

Please submit the enclosed ballot at the reception desk of the meeting.

(2) Exercise of voting rights via postal mail

Please indicate your approval or disapproval for each of the proposals in the space provided on the ballot and return the ballot to the Company.

(3) Exercise of voting rights via electronic means (Internet)

Please read the appended "Instructions for the Exercise of Voting Rights via the Internet," and indicate your approval or disapproval online via the designated website at http://www.it-soukai.com/. There is no need to mail the ballot if you choose to vote via Internet.

* The Company has provided the Notice of 92nd Ordinary General Meeting of Shareholders on its Internet website (http://www.oki.com/). Any amendment to the Company's Reference Documents for the General Meeting of Shareholders, the Business Report, and the Consolidated and Non-consolidated Financial Statements will be announced on the website.

(Translation)

(Attachment)

Business Report

(From April 1, 2015 to March 31, 2016)

1. Status of the OKI Group

(1) Operating progress and results

Looking at the global economy during fiscal 2015, economic recovery continued in the U.S., including increases in private consumption and improvement in the employment situation, and the European economies headed towards a gradual recovery. The Japanese economy remained on a moderate recovery path, with improvement in the employment conditions and corporate earnings, despite the impacts of the economic slowdown in China and other emerging countries as well as fall in crude oil prices among other factors.

Under this business environment, OKI Group reported net sales of ¥490.3 billion, a ¥49.9 billion or 9.2% decrease year-on-year, due to decrease in sales volume in Info-telecom systems business and Printers business. Operating income was ¥18.6 billion, a ¥13.8 billion decrease year-on-year, reflecting reduced sales volume and the impact of currency exchange fluctuations in Printers business, to name a few.

Ordinary income was ¥11.4 billion, a ¥26.5 billion decrease year-on-year, due to recording foreign exchange loss in the current fiscal year despite the impact of currency exchange gain in previous fiscal year in other income and expenses. Profit attributable to owners of parent was ¥6.6 billion, a ¥26.5 billion decrease year-on-year.

Looking at non-consolidated business performance, net sales were ¥226.9 billion, down ¥31.4 billion (12.1%) from the previous fiscal year. This was due to the decrease in net sales of the Info-telecom systems business, mainly for telecom systems, social infrastructure systems and mechatronics systems. Operating income was ¥9.9 billion, a decrease of ¥6.8 billion year-on-year.

Ordinary income decreased by ¥12.6 billion year-on-year to ¥11.2 billion, due to foreign exchange loss and other factors. Net income decreased by ¥17.8 billion year-on-year to ¥6.4 billion.

The Company's top management priorities are to strengthen its financial position and ensure retained earnings in order to continually improve the OKI Group's corporate value, as well as to increase shareholder returns so that shareholders are encouraged to hold its shares over the medium- to long-term. The Company will reinforce its financial condition and management foundations by applying retained earnings to investments in research & development and facilities that are critical to future growth. In addition, the Company will attach the highest importance to maintaining stable profit distributions to shareholders and decide dividends after taking business performance into consideration. Based on this policy, the Company proposes to pay ¥3 per common stock as a dividend from the surplus (year-end dividend) in the current fiscal year. An annual dividend will be ¥5 per share combined with an interim dividend of ¥2.

(Translation)

Net sales by segment are as provided below.

- Net Sales

(Unit: billions of yen)

Segment	FY2014 (reference: previous year)	FY2015 (the year under review)	Increase or decrease	Compared to the previous year (%)
Info-telecom systems	352.5	304.8	(47.7)	(13.5)
Printers	129.3	124.6	(4.7)	(3.6)
EMS	40.3	42.4	2.1	5.1
Others	18.1	18.5	0.4	2.2
Total	540.2	490.3	(49.9)	(9.2)

Note: Figures less than ¥100 million for each item are rounded to the nearest ¥100 million. The amounts of "increase or decrease" are calculated on the basis of figures in units of ¥100 million.

The following provides a summary of each segment.

Info-telecom systems

Net sales were ¥304.8 billion, down ¥47.7 billion (13.5%) from the previous fiscal year. In the solution & services business, sales increased reflecting a stable demand as a whole with developments such as the acquisition of new projects for corporate customers. Sales of telecom systems decreased as the sales contribution from investments of telecom carriers concerning existing networks has ended in the first quarter of the current fiscal year. Sales of social infrastructure systems also decreased, with the absence of the demands for digitization of wireless communication systems for firefighting, which passed a peak in the previous fiscal year, despite an increasing number of inquiries for flight control systems and disaster prevention systems for municipalities, etc. Sales of mechatronics systems fell because of sluggish sales of overseas-bound ATMs as a result of the prolonged curtailment of investment by customers due to the continuous suspension of shipment to sales partners in China and economic slowdown in Brazil, in spite of a robust demand of cash-handling equipment in Japan.

Operating income decreased by ¥9.4 billion year-on-year to ¥16.5 billion, being unable to offset the impact of decrease in sales volume by efforts such as the reduction of fixed costs.

Printers

Net sales were ¥124.6 billion, down ¥4.7 billion (3.6%) from the previous fiscal year. Sales of LED printers remained brisk overall, mainly for the high-value-added strategic products, including color multifunction printers (MFP), on which the Company has focused most with such measures as enhancement of the sales support structure. Meanwhile, the unit sales of existing products declined, because the market, especially for color single function printers (SFP) for office use, continues to shrink as a whole, while the Company maintained the price level relatively against the intensifying price competition in the market. However, the decline in the unit sales has bottomed out in the middle of the second quarter of the current fiscal year and thereafter, as a result of the selective revision of price adjustment. In addition, the Group acquired wide format printer business of Seiko Instruments Inc. as of October 1, 2015.

Operating income decreased by ¥5.3 billion year-on-year to ¥1.4 billion, due to the decrease in sales volume and fluctuation of exchange rates.

Electronics manufacturing services (EMS) and others

Due to the robust performance of circuit boards business, with the contribution of Ome Factory of Yokogawa Manufacturing Corporation, acquired from Yokogawa Electric Corporation as of April 1, 2015, among other factors, net sales of the EMS business was ¥42.4 billion, a ¥2.1 billion or 5.1% increase. Operating income increased by ¥0.3 billion to ¥2.3 billion.

Net Sales of the Others business segment was ¥18.5 billion, a ¥0.4 billion or 2.2% increase and Operating income increased by ¥0.7 billion to ¥4.2 billion as sales in the component-related business, including reed switches, remained strong.

(2) Capital expenditure

Capital expenditures for the fiscal year equaled ¥11.7 billion.

Investment amounts by segment were as follows.

(Unit: billions of yen)

Segment	Amount of capital expenditure	Major investments
Info-telecom systems	6.2	Investments in R&D, development of new products and production activities for financial systems, automation equipment systems, systems related to fire- and disaster-prevention and optical access systems, etc.
Printers	2.7	Investments in R&D, development and production activities relating to business-use printers
EMS	0.9	Investments in electronic manufacturing services for medical, telecommunications and industrial equipment
Others	1.9	
Total	11.7	

(3) Financing

Funds required for the current term were obtained from our own funds and borrowed funds.

Borrowing funds are mainly long-term debt principally from major banks.

(4) Future challenges

In November 2013, the OKI Group announced the Medium-term Business Plan 2016, and established it as its vision to become a high-value added creation group, which contributes to the realization of safe and comfortable society. As a result of steady efforts aiming to make continuous investments by ensuring stable profits, thus achieving sustainable growth, it has achieved outcomes including improvements in operating profit margin of the largest segment, Info-telecom systems business, shareholders' equity ratio and debt equity ratio. However, due to various environmental changes, such as the economic slowdown in emerging countries, expansion of currency fluctuation risk and intensifying competition, the Group has decided to revise the numerical target of FY2016, the final year of the Plan.

In order to achieve sustainable growth in line with such changes in the business environment, the Group will endeavor to strengthen its operational foundation even more and further secure profit in stable profit making business mainly in Japanese market, aiming at further expanding profitability. Moreover, in an effort to create a foundation for the new growth, it will strive to generate growth business in info-telecom business field, by integrating solutions, telecom and social infrastructure system. In Mechatronics systems business, efforts to further reinforce overseas expansion as an independent business segment will be implemented. In Printers business, shift in focus to the high-end markets so far will be continued to improve profitability. Furthermore, in EMS business, initiatives to cultivate domestic demands steadily, including additional M&A, will be taken to maintain the Group's current growth. Consequently, based on these measures, the Group will formulate the next Medium-term Business Plan that starts in FY2017.

Moreover, it will also carry out structural reforms that support these measures as well as initiatives to enhance human resources, such as by shifting human resources to growth fields, recruiting global human resources, and encouraging women to play active roles in a continuous and steady manner.

(5) Trends in assets and profit/loss

Trends in assets and profit/loss for the fiscal year under review and the past three years are as follows.

	89th year (FY2012)	90th year (FY2013)	91st year (FY2014)	92nd year (the year under review, FY2015)
Sales	455.8 billion yen	483.1 billion yen	540.2 billion yen	490.3 billion yen
Profit attributable to owners of parent	13,599 million yen	27,359 million yen	33,091 million yen	6,609 million yen
Basic earnings per share	17.24 yen	36.21 yen	40.03 yen	7.61 yen
Total assets	349.3 billion yen	412.5 billion yen	439.4 billion yen	411.8 billion yen
Net assets	56.6 billion yen	91.9 billion yen	121.4 billion yen	107.4 billion yen
Net assets per share	34.40 yen	79.32 yen	137.74 yen	122.91 yen

Note: Basic earnings per share is computed based on the average number of shares of common stock during the year (weighted average). Net assets per share are computed based on the number of shares of common stock outstanding at the year-end. These figures exclude treasury stocks.

(6) Status of major subsidiaries

(i) Status of major subsidiaries

Name	Capital	Company's voting right ratio (%)	Major business
Oki Data Corporation	29,000 million yen	100	Manufacturing and sales of printers
Oki Customer Adtech Co., Ltd.	1,800 million yen	100	Maintenance, construction and sales of information processing equipment and telecommunications equipment
OKI Software Co., Ltd.	400 million yen	100	Development and operation of telecommunications system software
Oki Wintech Co., Ltd.	2,001 million yen	100	Design and construction of electronic works and electronic

(Translation)

Name	Capital	Company's voting right ratio (%)	Major business
			telecommunications works
Oki Data Americas, Inc.	10 million U.S. dollars	100*	Sales of printers
Oki Data Manufacturing (Thailand) Co., Ltd.	420 million baht	100*	Manufacturing of printers
Oki Europe Ltd.	51 million euro	100*	Sales of printers
Oki Electric Industry (Shenzhen) Co., Ltd.	66 million Renminbi	100*	Manufacturing of information processing equipment and printers

Note: Figures marked with an asterisk (*) indicate the ratio of voting rights held by subsidiaries of the Company.

(ii) Major partners

- Major technical partners:
  International Business Machines Corporation (US)
  Canon Inc.
- Major business partners:
  Hewlett-Packard Company (US)
  Cisco Systems G.K.

(7) Major businesses

The OKI Group offers as its core businesses manufacturing and sales of info-telecom systems and printer-related products, system development and solutions as well as EMS (entrusted manufacturing services).

Major business items include the following.

Segment	Business items
Info-telecom systems	Financial systems, automation equipment systems (ATM, cash handling equipment, ticket reservations and issuing terminals, etc.), systems for government agencies (aviation, transportation, disaster prevention, firefighting, various info-telecom systems, etc.), telecom carrier systems (switching, transmission, optical access, etc.), IP telecommunication systems (PBX, call center, videoconferencing, etc.), various information systems (travel, logistics, manufacturing, etc.), and IT services for the said business items (cloud computing service, system integration, support, maintenance, etc.), etc.
Printers	Color LED printers, monochrome LED printers, dot impact printers, multi-purpose printers, etc.
EMS	Designing & manufacturing services, printed circuit boards, etc.

(Translation)

(8) Major offices

Our major offices are as follows.

Name	Classification	Location
Oki Electric Industry Co., Ltd.	Head office	Minato-ku, Tokyo
	Branch offices	Hokkaido region (Sapporo, Hokkaido), Tohoku region (Sendai, Miyagi), Chubu region (Nagoya, Aichi), Kansai region (Osaka, Osaka), Chugoku region (Hiroshima, Hiroshima), Shikoku region (Takamatsu, Kagawa), and Kyushu region (Fukuoka, Fukuoka)
	Business offices	Minato-ku (Tokyo), Warabi (Saitama), Honjo (Saitama), Takasaki (Gunma), Tomioka (Gunma) and Numazu (Shizuoka)
	Research institutes	Warabi (Saitama), Osaka (Osaka) and Takasaki (Gunma)
Oki Data Corporation	Head office	Minato-ku, Tokyo
Oki Customer Adtech Co., Ltd.	Head office	Koto-ku, Tokyo
OKI Software Co., Ltd.	Head office	Warabi, Saitama
Oki Wintech Co., Ltd.	Head office	Shinagawa-ku, Tokyo
Oki Data Americas, Inc.	Head office	New Jersey, U.S.A.
Oki Data Manufacturing (Thailand) Co., Ltd.	Head office	Ayutthaya, Thailand
Oki Europe Ltd.	Head office	Surrey, UK
Oki Electric Industry (Shenzhen) Co., Ltd.	Head office	Guangdong, China

(Translation)

(9) Employees

(i) Employees of the OKI Group

Segment	Number of employees
Info-telecom systems	12,013
Printers	4,917
EMS	1,306
Others	1,581
Company-wide (shared)	373
Total	20,190

(ii) Employees of Oki Electric Industry

Number of employees	Average age	Average years of service
3,914 (increased by 33 from the end of the previous year)	43.3	19.7

(10) Major creditors

Major creditors of the OKI Group are as follows:

Creditor	Loan balance
	Billion yen
Mizuho Bank, Ltd.	32.1
Sumitomo Mitsui Banking Corporation	20.5
Mizuho Trust & Banking Co., Ltd.	7.9
The Norinchukin Bank	3.8
Aozora Bank, Ltd.	3.4

(11) Corporate governance

(i) Basic policy

Guided by the corporate philosophy of “The people of OKI, true to the company’s enterprising spirit, are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age,” the OKI Group recognizes sustainable growth and increases corporate value over mid- and long-term as its most important management priorities in earning the trust of its various stakeholders. To this end, we are working to enhance corporate governance based on our fundamental policies, including “enhancement of management fairness and transparency,” “timely decision-making processes,” and “full compliance and fortification of risk management.”

(ii) Structure

The Company has chosen a company with the Audit & Supervisory Board, as a structure to ensure stable realization of its fundamental policies for corporate governance. Specifically, it establishes the Board of Directors and Audit & Supervisory Board members and an Audit & Supervisory Board in charge of supervision and auditing and adopts an executive officer system, aiming to promote timely decision-making processes by separating business execution and oversight.

In addition, it endeavors to improve the fairness and transparency of management by nominating outside directors as well as setting up the “Personnel

Affairs and Compensation Advisory Committee" as a voluntary committee concerning on appointment, compensation, etc. and Chairman of the Board, so as to ensure effective supervision from an independent and objective standpoint. In addition to objective audits by Audit & Supervisory Board members and the Audit & Supervisory Board on the premises of its strong authority for investigation, OKI seeks to bolster risk management and ensure rigorous compliance via the Risk Management Committee, which includes outside directors.

(iii) Board of Directors

The Company's Board of Directors consists of eight Directors, including two highly independent Outside Directors, with the consideration of diverse expertise and careers for the purpose of fulfilling such duties as deliberations and decisions on significant matters concerning the Company's business execution and oversight thereof. To clarify management responsibility for each fiscal year, the tenure for Directors has been set as one year.

The Company provides Directors and Audit & Supervisory Board members with such opportunities as seminars and trainings, which are necessary in fulfilling their roles and responsibilities, and conducts presentation for outside officers upon appointment aimed at deepening their understanding about the Group's business, in addition to visits to offices and sites.

Furthermore, a survey for Directors and Audit & Supervisory Board members regarding the operation of the Board of Directors, etc., has been conducted in April 2016 at the Board of Directors. Based on this result, discussions has been made aiming to materialize the enhancement of effectiveness in governance at the Board of Directors.

(iv) Election of Board officers

The Company has established the Personnel Affairs and Compensation Advisory Committee to secure transparency in the decision-making processes for appointments of officers as mentioned above. The Committee consists of four members including two outside officers, and the Chairman of the Committee is appointed from among Outside Directors. The Personnel Affairs and Compensation Advisory Committee deliberates on appointments of Director and executive officer from an objective viewpoint, and reports the results to the Board of Directors. In addition, the Committee delivers its opinion on appointments of candidates for Audit & Supervisory Board members to Audit & Supervisory Board members.

Upon the nomination of candidates for Directors and Audit & Supervisory Board members and appointment of executive officers, the Company takes into consideration that the candidate satisfies the following requirements, as well as legal eligibility.

- Those with excellent personality, insights, high ethical standards, fairness and integrity as well as a high-level awareness of compliance
- Those who can execute their duties towards the realization of the OKI Group's corporate philosophy and continuous improvement of the corporate value

With respect to the election of outside officers, OKI formulates its independence criteria (See page 63), and elects person who satisfies these criteria as an outside officer. All outside officers have been designated as independent officers at the Tokyo Stock Exchange.

(v) Compensation for the Board members and executive directors

In order to secure transparency in the decision-making processes concerning compensation for officers, the abovementioned Personnel Affairs and Compensation Advisory Committee deliberates on the structure and level of compensation for Director and executive officer from an objective viewpoint, and reports the results to the Board of Directors.

OKI's basic policy on compensation for Director and executive officer is to serve as incentives for the performance improvement with the aim of the continuous enhancement of the corporate value and enforcement of the corporate competitiveness while being the compensation structure that can attract excellent human resources.

OKI has revised its compensation system to that consists of basic compensation, annual incentive compensation linked to the performance of each fiscal year, and mid- to long- term incentive compensation.

These changes have been implemented as part of efforts to develop an environment for a shift to the management focused on "more aggressive goal setting" and "growth over mid- and long-term" in order to achieve "continuous growth" of the OKI Group. In accordance with this, OKI proposes the introduction of stock options for stock-linked compensation as the mid- to long- term incentive compensation at the 92nd Ordinary General Meeting of Shareholders. Compensation for Outside Directors consists only of basic compensation. In addition, the appropriateness of the structure and level of compensation is validated utilizing objective evaluation data from external organizations and others.

(12) Other significant events of the OKI Group

On November 18 2014, the Fair Trade Commission conducted an on-site investigation at the Company due to suspicions about antitrust law violations related to our products and services for digitalizing wireless communication systems for firefighting and emergency use. While the investigation of Fair Trade Commission is still ongoing, the Company continues to fully cooperate with the investigation.

Oki Banking Systems (Shenzhen) Co., Ltd. (hereinafter "OBSZ"), a subsidiary of the Company, has filed a request for arbitration against Shenzhen Yihua Computer Industrial Co., Ltd. (hereinafter "Yihua Industrial"), demanding payment of RMB1,115,463 thousand (¥19.4 billion if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) which includes the proceeds from sale of ATM.

Yihua Industrial, has filed a request for arbitration against OBSZ, claiming the presence of defects in products delivered by OBSZ and demanding payment of RMB221,143 thousand (¥3.8 billion if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) which includes the compensation of damages. However, Yihua Industrial's reason for filing is irrational and we consider this filing by Yihua Industrial as a measure taken in response to OBSZ's earlier arbitration filing.

Both arbitration proceedings are currently under review by the South China International Economic and Trade Arbitration Commission.

(Translation)

2. Shareholders' Equity

(1) Number of shares authorized to be issued by the Company:

2,400,000 thousand shares

(2) Number of outstanding shares:

872,176 thousand shares

(including 3,501 thousand shares of treasury stock)

(3) Number of shareholders:

87,089

(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
MSIP CLIENT SECURITIES	37,782	4.35
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	35,675	4.11
Japan Trustee Services Bank, Ltd. (trust account)	32,111	3.70
The Master Trust Bank of Japan, Ltd. (trust account)	28,999	3.34
Oki Denki Group Employees' Shareholdings Committee	17,554	2.02
Mizuho Bank LTD.	14,196	1.63
SMBC Nikko Securities Inc.	14,111	1.62
Hulic Co., Ltd.	14,076	1.62
Meiji Yasuda Life Insurance Company	14,000	1.61
Japan Trustee Services Bank, Ltd. (trust account 4)	13,146	1.51

Note: The percentages of shares held are calculated after deducting treasury stock (3,501 thousand shares).

(Translation)

3. Equity Warrants

(1) Equity warrants granted to the Company's officers as consideration for their performance of duties

(i) Number of equity warrants

83

(ii) Type and number of shares subject to equity warrants

83,000 shares of the Company's common stock (1,000 shares per equity warrant)

(iii) Status of equity warrants held by the Company's officers

Issued Number	Exercise period	Directors (excluding outside Directors)	
		Number of equity warrants	Number of holders
No. 5 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	26	2
No. 6 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	-	-
No. 7 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	57	2
No. 8 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	-	-

(2) Equity warrants issued to employees in consideration of performance during the fiscal year under review

The Company did not issue equity warrants in the fiscal year under review.

(Translation)

4. Corporate Officers

(1) Names, etc. of Directors and Audit & Supervisory Board Members

Note 1	Position	Name	Status or main duties
X	President, Representative Director	Hideichi Kawasaki	Supervision
X	Senior Executive Vice President and Member of the Board, Representative Director	Naoki Sato	Supervision of Corporate Administration In charge of Systems Hardware Business Division, Financial Systems Marketing & Sales Division, Secretarial Office, Group Administration Division and General Affairs Division
X	Executive Vice President and Member of the Board	Takao Hiramoto	In charge of Printer Business Division President, Oki Data Corporation
X	Senior Vice President and Member of the Board	Toshinao Takeuchi	Chief Information Officer In charge of IT Solution & Services Business Division, Telecom Systems Business Division, Public Systems Business Division, Carriers Systems Marketing & Sales Division, Government & Public Systems Marketing & Sales Division and Government & External Relations Division
X	Senior Vice President and Member of the Board	Shinya Kamagami	Chief Compliance Officer and Chief Technology Officer In charge of Corporate Planning Division, Human Resources Division, Corporate Research & Development Center and Engineering Support Center
X	Senior Vice President and Member of the Board	Toshiya Hatakeyama	Chief Financial Officer In charge of Accounting & Control Division and Public Relations Division
	Director	Takuma Ishiyama	
	Director	Minoru Morio	Outside Director of the Bank of Yokohama, Ltd.
Standing Audit & Supervisory Board Member		Hisao Suzuki	
Standing Audit & Supervisory Board Member		Tsutomu Tai	
Audit & Supervisory Board Member		Kuninori Hamaguchi	
Audit & Supervisory Board Member		Kaoru Yoshida	

Notes:

1. X indicates executive officer.
2. Directors Takuma Ishiyama and Minoru Morio are Outside Directors.
3. Audit & Supervisory Board Members Kuninori Hamaguchi and Kaoru Yoshida are Outside Audit & Supervisory Board Members.
4. Directors Takuma Ishiyama and Minoru Morio, Audit & Supervisory Board Members Kuninori Hamaguchi and Kaoru Yoshida are independent officers based on the terms of the Tokyo Stock Exchange.
5. Audit & Supervisory Board Member Hisao Suzuki has served in positions such as Officer in charge of the Accounting & Control Division and Chief Financial Officer, and has extensive knowledge in finance and accounting.
6. Audit & Supervisory Board Member Tsutomu Tai has many years of experience working in the Company’s accounting divisions, and has extensive knowledge of finance and accounting.

7. Executive officers as of March 31, 2016 are as follows (excluding those who concurrently serve as Directors).

Position	Name	Principal duty
Senior Vice President	Kenichi Tamura	In charge of Electronics Manufacturing Services Business Division and Procurement Center
Senior Vice President	Masayuki Hoshi	In charge of Enterprise Systems Marketing & Sales Division, Partner Business Marketing & Sales Division, Overseas Marketing & Sales Division and Finance Division
Executive Officer	Yoshiyuki Nakano	President and Representative Director, OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A.
Executive Officer	Seiji Mouri	Manager, Systems Hardware Business Division
Executive Officer	Toru Hatano	Director, Vice President, Oki Data Corporation
Executive Officer	Tetsuya Izaki	In charge of Information Planning Division
Executive Officer	Masaaki Hashimoto	In charge of Marketing & Sales Division Manager, Government & Public Systems Marketing & Sales Division
Executive Officer	Hiroshi Endo	Senior Managing Director, Oki Data Corporation
Executive Officer	Kiyoshi Yokota	Manager, Telecom Systems Business Division
Executive Officer	Katsuhiko Koseki	Manager, Mechatro OEM Division in Systems Hardware Business Division
Executive Officer	Masashi Tsuboi	Assistant Manager, IT Solution & Services Business Division and Manager, Information Systems Division
Executive Officer	Yuichiro Katagiri	Assistant Manager, Public Systems Business Division and Manager, Next Social Infrastructure Business Planning Taskforce

(2) Compensation paid to Directors and Audit & Supervisory Board Members

Title	Number of persons	Amount of payment
Directors	9	¥276 million
Audit & Supervisory Board Members	5	¥60 million
Total	14	¥336 million

Notes:

1. The amounts of compensation approved by the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006 are within ¥600 million per year for Directors and ¥100 million per year for Audit & Supervisory Board Members. The amount of compensation for Directors excludes employee wages for Directors who are also employees.
2. The numbers of Directors and Audit & Supervisory Board Members as of the end of the fiscal year under review are different from the number shown above, and the above numbers include those who resigned at the conclusion of the 91st Ordinary General Meeting of Shareholders held on June 24, 2015.

(Translation)

(3) Outside Directors and Audit & Supervisory Board Members

(i) Status of material concurrent positions at other organizations, etc. and the Company's relationship with the aforesaid organizations

Director Minoru Morio concurrently serves as Outside Director of the Bank of Yokohama, Ltd. and Outside Director of Concordia Financial Group, Ltd., established as of April 1, 2016 through the business integration of the Bank of Yokohama, Ltd. and the Higashi-Nippon Bank, Limited. Net sales to the Bank of Yokohama, Ltd. and Concordia Financial Group, Ltd. account for less than 1% of the OKI Group's total net sales.

(ii) Major activities in the fiscal year under review

(a) Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

	Board of Directors meeting (number of meetings in parenthesis)		Audit & Supervisory Board meeting (number of meetings in parenthesis)	
	Attendance frequency	Attendance rate	Attendance frequency	Attendance rate
Takuma Ishiyama, Director	14 (14)	100%	–	–
Minoru Morio, Director	11 (11)	100%	–	–
Kuninori Hamaguchi, Audit & Supervisory Board Member	14 (14)	100%	16 (16)	100%
Kaoru Yoshida, Audit & Supervisory Board Member	14 (14)	100%	15 (16)	94%

Note: The number of meetings for Director Minoru Morio represents the number of meetings held since he took office in June 2015.

(b) Major activities

a. Takuma Ishiyama, Director

Making objective statements mainly as a specialist in corporate law, he provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. He also contributes to strengthening compliance by providing a good example to managerial personnel through his leadership as an advisor to the Risk Management Committee and enhancing the management fairness and transparency as a Chairman of the Personnel Affairs and Compensation Advisory Committee.

b. Minoru Morio, Director

Making statements from a viewpoint nurtured through abundant experiences as a corporate manager at Sony Corporation, he provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. He also contributes to strengthening compliance by providing a good example to managerial personnel through his leadership as an advisor to the Risk Management Committee and enhancing the management fairness and transparency as a Chairman of the Personnel Affairs and Compensation Advisory Committee.

c. Kuninori Hamaguchi, Audit & Supervisory Board Member
With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using his many years of extensive experience and knowledge as a director at other companies, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and carrying out, when necessary, adequate activities concerning performances of the Audit & Supervisory Board.

d. Kaoru Yoshida, Audit & Supervisory Board Member
With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using his many years of extensive experience and knowledge as a director at other companies, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and carrying out, when necessary, adequate activities concerning performances of the Audit & Supervisory Board.

(ii) Total amount of compensation, etc.
¥31 million (for the four individuals)

(4) Outline of Liability Limitation Agreements

The Company concluded agreements to limit liabilities with outside officers (Takuma Ishiyama, Minoru Morio, Kuninori Hamaguchi and Kaoru Yoshida) and Standing Audit & Supervisory Board Members (Hisao Suzuki and Tsutomu Tai) under the provisions of Article 427 of the Companies Act. The outline of the agreements is as follows:

- In cases where outside officers and Standing Audit & Supervisory Board Members are liable for any damages arising from their negligence to the Company, they shall compensate for such damages only to the extent of the minimum liabilities as stipulated in Article 427, Paragraph 1 of the Companies Act.
- The above limitation of liability shall be applied only when the relevant outside officers and Standing Audit & Supervisory Board Members have executed their duties that caused the liabilities in good faith and without gross negligence.

(Translation)

5. Status of Accounting Auditor

(1) Name: Ernst & Young ShinNihon LLC

(2) Compensation, etc.

	Amount of payment
1. Compensation, to be paid to the accounting auditor for the fiscal year under review	138 million yen
2. Total sum of cash and profits on other assets that the Company and its subsidiaries should pay to the accounting auditor	267 million yen

Notes:

1. The Company does not distinguish between auditor compensation regarding (i) auditing in accordance with the Companies Act, and (ii) auditing in accordance with the Financial Instruments and Exchange Act. The total of these amounts is recorded above.
2. Among major subsidiaries, Oki Data Americas, Inc., Oki Data Manufacturing (Thailand) Co., Ltd., Oki Europe Ltd., and Oki Electric Industry (Shenzhen) Co., Ltd. have undergone statutory audits by accounting auditors other than the accounting auditor of the Company.
3. After having performed the necessary verification as to the appropriateness of matters such as the content of the accounting auditor's audit plan, the status of performance of duties by the accounting auditor, and the basis for the calculation of the estimated compensation for the accounting auditor, the Audit & Supervisory Board has decided to consent to the amount of compensation, etc. to be paid to the accounting auditor.

(3) Content of non-auditing services

The Company has also hired the accounting auditor for "advisory services on the transition, etc. to International Financial Reporting Standards," which is a service other than the audits specified in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pays the auditor compensation for that service.

(4) Policy regarding decision to dismiss or not reappoint the accounting auditor

The Audit & Supervisory Board, in principle, will determine the detail of the proposal to be submitted to the general meeting of shareholders regarding dismissal or non-reappointment of the accounting auditor if it is deemed unlikely that the accounting auditor will be able to perform audits properly. In addition, if the accounting auditor falls under provisions of the items in Paragraph 1, Article 340 of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor upon the consent of all the Audit & Supervisory Board Members.

(5) Business suspension order to which the accounting auditor was subject during past two years

The outline of the disciplinary action announced by the Financial Services Agency on December 22, 2015

(i) Subject of administrative order
Ernst & Young ShinNihon LLC

(ii) Content of administrative order

- Order for improvement of business operations
- Suspension from accepting new engagements for three months from January 1, 2016 to March 31, 2016

(iii) Reason for administrative order

- In regard to the audit of financial statements of TOSHIBA CORPORATION for

FY2009, FY2011 and FY 2012 (for fiscal years that ended March 31, 2010, 2012 and 2013), the above-mentioned audit corporation's certified public accountants had, in negligence of due care, attested that the financial statements contained no material misstatement, when in fact the statements contained material misstatement.

- The audit corporation's operation of services was found to be grossly inappropriate.

6. Policies and procedures of the Company

(1) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business and other systems to ensure appropriate operations

(i) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business

(a) As the foundation for ensuring compliance, the Company has established the "OKI Group Charter of Corporate Conduct" and "OKI Group Code of Conduct." In addition, officers take the initiative in compliance activities in conformance with the "Compliance Commitment."

(b) The Company has established a Compliance Committee chaired by the Chief Compliance Officer to decide on and examine basic policies regarding compliance programs.

(c) In accordance with the basic policies formulated by the Compliance Committee, the division responsible for compliance plans, draws up, and promotes specific measures such as education and training for Directors and employees. In education and training, we aim to raise employee awareness about compliance by utilizing means such as e-learning.

(d) The Company establishes whistle-blowing regulations which ensure reporting to Outside Directors and Audit & Supervisory Board Members and provides a contact point for reporting and consultation, aiming to detect any misconduct at its earliest stages.

(e) The Company stands firmly against antisocial groups that threaten the order and safety of civil society in cooperation with the police and related organizations, and refuses to have any relationship with them as a whole.

(ii) Procedures to retain and manage information relating to Directors' conduct of business

The Company retains and stores information relating to the conduct of business by Directors as appropriate in accordance with applicable laws, regulations and internal rules.

(iii) Rules concerning risk management and other procedures

(a) The Company has established a Risk Management Committee and promotes measures for appropriately grasping risks that may occur in relation to business activities of the Company and Group companies, and preventing such risks from emerging.

(b) Pursuant to risk management rules, each section of the Company manages risks that may occur in relation to its main duties. At the same time, the Company has established a supervisory section to deal with risks needing company-wide management. This section assesses risks, draws up policies for risk countermeasures and develops appropriate structures based on such policies.

(c) If any risk occurs, the Company will set up an emergency countermeasure headquarters to handle the risk.

(iv) Procedures to secure efficient business performance by Directors

(a) The Company holds regular meetings of the Board of Directors once a month to decide important matters including basic management policies and supervise the work of Directors.

(b) The Company appoints executive officers to execute business based on basic management policies determined by the Board of Directors so as to separate the functions of business execution and oversight, and promote timely decision-making processes. In addition, the Company holds meetings of the Board of Executive Officers consisting of executive officers etc. to assist the President in making decisions.

(c) The Company assigns Directors responsibilities and authority pursuant to rules on division of duties and authorities.

(v) Procedures to secure appropriate Group (Company and subsidiaries) operations

(a) To ensure that Group companies run their operations properly, the Company has established the “OKI Group Charter of Corporate Conduct” which sets out the values for the entire Group. In addition, the Company has established the “OKI Group Code of Conduct” as the code of conduct which all officers and employees of each Group company should comply with, and is striving to make the code known to all of them.

(b) The division responsible for compliance implements various measures for promoting compliance common to the Group through each Group company’s compliance officer. The Division also determines, through regular monitoring, the implementation status of such measures by each Group company and reports to the Compliance Committee on the results.

(c) Group companies establishes whistle-blowing regulations that ensure reporting to their Outside Directors and Audit & Supervisory Board Members, provides a contact point for reporting and consultation, and aims to detect any misconduct at its earliest stages after reporting to the Company.

(d) The Company, in accordance with Group management rules, determines the status of each Group company’s management activities through receiving reports regularly from Group companies and provides necessary advice and guidance including organization designing, rules and regulations, and business plannings.

(e) To secure the reliability of financial reporting, the Company and Group companies establish an internal control system for financial reporting in accordance with related laws and regulations, and strive to maintain and improve that system.

(vi) Procedures for employees who assist Audit & Supervisory Board Members; independence of employees from Directors

(a) The Company assigns employees as staff to assist Audit & Supervisory Board Members.

(b) The Company assigns employees, who are not subject to Directors' instructions and orders, as staff to assist Audit & Supervisory Board Members, and any change in such staffing and personnel evaluation requires the prior consent of the Audit & Supervisory Board.

(vii) Procedures for Directors and employees to report to Audit & Supervisory Board Members; procedures for Audit & Supervisory Board Members to receive other reports

(a) If Directors discover anything that may cause significant damage to the Company, they are required to report the matter immediately to the Audit & Supervisory Board Members pursuant to applicable laws and regulations.

(b) Standing Audit & Supervisory Board Members attend meetings of the Board of Directors and meetings of the Board of Executive Officers in order to understand important decision-making processes and the status of business operations, as well as to inspect important documentation.

(c) Audit & Supervisory Board Members attend the Risk Management Committee as advisors and receive the necessary reports.

(d) Audit & Supervisory Board Members receive whistle-blowing reports based on whistle-blowing regulations, and receive reports biannually on the status of operation of the regulations from relevant divisions.

(e) Audit & Supervisory Board Members receive reports on the status of establishing internal control systems and their operations from Directors and employees on a regular basis, and may request Directors and employees to report on matters deemed necessary.

(f) The Company ensures that a person who made a whistle-blowing report to Audit & Supervisory Board Members will not be treated unfavorably on account of making such report.

(viii) Other procedures to secure effective audits by Audit & Supervisory Board Members

(a) In conducting inspections on the Company's operations and assets and performing other audit duties, Audit & Supervisory Board Members shall conduct audits efficiently and effectively in close cooperation with the internal audit section.

(b) Audit & Supervisory Board Members implement efficient audits by closely cooperating with the accounting auditor. To this end, Audit & Supervisory Board Members hold meetings with the accounting auditor on a regular basis, attend on-site audits by the accounting auditor, and request reports from the accounting auditor on the progress of audits when necessary.

(c) The Company pays all the expenses necessary for the execution of the duties of Audit & Supervisory Board Members.

(2) Overview of Status of Operations

(i) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business

(a) The Company ensures forums for training for each grade, including officers, on the content of the "OKI Group Code of Conduct" and the "Compliance Commitment", which form the foundation for compliance.

(b) The Compliance Committee, chaired by the Chief Compliance Officer, meets twice each fiscal year to establish the basic policies for activities in addition to reviewing the content of activities.

(c) In accordance with the basic policies formulated by the Compliance Committee, OKI conducts e-learning for all Group employees in Japan and group training for the compliance managers in each department in addition to providing training tools such as a compilation of compliance case studies. The Company conducts an annual compliance awareness survey in order to check on the increase in awareness resulting from these measures and any issues.

(d) The Company has established and operates the whistle-blowing regulations which enable anonymous reporting as well as reporting to the Outside Directors and the Outside Audit & Supervisory Board Members, and the status of these operations is reported to the Board of Directors and the Audit & Supervisory Board.

(e) The Company assigns members of staff with responsibility for preventing unjust demands who have received legal training to each business office and branch office to continuously maintain a structure for responding to anti social groups as an entire organization.

(ii) Procedures to retain and manage information relating to Directors' conduct of business

Important documents are retained and managed appropriately in accordance with the rules and regulations. In addition, the Information Security Committee, chaired by Chief Information Officer, meets twice each fiscal year to determine company-wide policy and plans for information security and conduct reviews of activities. With regard to personal information protection, the Company received PrivacyMark certification in February 2007, which it renews every two years.

(iii) Rules concerning risk management and other procedures

(a) The Company has established the Risk Management Committee chaired by the President with the Outside Directors and the Audit & Supervisory Board Members as advisors, and Committee meetings are held regularly and whenever necessary. The Committee receives timely reports from executive officers and divisions on risk information accompanying business activities and deliberates on measures to prevent risks from actualizing.

(b) The risk management rules clarify the scope of supervisory section to deal with risks and responsibilities, and as for risks that require common management across the Group, the supervisory section delivers and promotes preventative measures for each division and monitors the results.

(c) The Company has established and operated the rules, which stipulate that the Company sets up an emergency countermeasure headquarters to handle the risk when a risk occurs.

(iv) Procedures to secure efficient business performance by Directors

(a) In fiscal 2015, the Company held 14 meetings of the Board of Directors, to decide important matters such as basic management policies and supervised the execution of business operations by the Directors. The Board of Directors consists of eight Directors including two Outside Directors.

(b) In fiscal 2015, the Company held 13 meetings of the Board of Executive Officers to deliberate on proposals and reports concerning business execution.

(c) The Company has clarified responsibility and authority for execution of business in the Rules on Division of Duties and Authorities.

(v) Procedures to secure appropriate Group (Company and subsidiaries) operations

(a) The Board of Directors has adopted the OKI Group Code of Conduct for the Group as a whole, and the Company continuously works to ensure awareness through training, etc.

(b) With regard to compliance risks that require common management across the Group, the division at the Company with responsibility for the relevant risk implements systematic management shall deliver and promote preventative measures for each Group division and monitor the results as well as report on the status to the Compliance Committee.

(c) The Company has established and operates whistle-blowing regulations which enable anonymous reporting as well as reporting to the Outside Directors and the Outside Audit & Supervisory Board Members at all Group companies. The Company provides guidance, etc. as necessary when receiving the content of reports.

(d) Each division at the Company receives regular and timely reports on the status of management, etc. from the Group companies for which it has responsibility in accordance with the Group Management Rules to assess the actual business situation in addition to providing the necessary advice and guidance.

(e) The Company and each Group company has established a specialist department related to the internal control over financial reporting required under the Financial Instruments and Exchange Act and endeavors to develop, maintain and improve the internal control system related to financial reporting.

(vi) Procedures for employees who assist Audit & Supervisory Board Members; independence of employees from Directors

(a) To assist the Audit & Supervisory Board Members, the Company has assigned one member of staff, who is not subject to Directors' instructions and orders.

(b) In order to ensure independence and effectiveness of instructions, transfer and evaluations of the member of staff for the Audit & Supervisory Board Members requires the prior agreement of the Audit & Supervisory Board.

(vii) Procedures for Directors and employees to report to Audit & Supervisory Board Members; procedures for Audit & Supervisory Board Members to receive other reports

(a) When Directors discover anything that may cause significant damage to the Company, they have reported the matter immediately to the Audit & Supervisory Board Members pursuant to applicable laws and regulations.

(b) The Standing Audit & Supervisory Board Member assesses important decision-making processes and the status of business operations by attending the meetings of the Board of Directors and Executive Officer Committee in addition to reading resolution approval documents .

(c) The Audit & Supervisory Board Members have attended the Risk Management Committee as advisors and received reports as well as stating their opinions when it is necessary.

(d) The Audit & Supervisory Board Members have received whistle-blowing reports based on whistle-blowing regulations, and received reports biannually on the status of operation.

(e) In addition to receiving reports on the development and operational status of the internal control system at the meetings of the Board of Directors, the Audit & Supervisory Board Members exchange opinions with the President, executive officers, general managers of divisions and representatives of the subsidiaries, confirming the development and operation of the internal control system in the process.

(f) The Company has established a policy that there shall be no discrimination against a person who makes a report to the Audit & Supervisory Board Members on the grounds of having made the relevant report and rigorously enforces this policy.

(viii) Other procedures to secure effective audits by Audit & Supervisory Board Members

(a) The Audit & Supervisory Board Members hold discussions and exchanges of opinion with the Internal Auditing Division by taking part in site visits and meetings to report on the results of audits held by the Internal Auditing Division, and utilize the results of audits in audits by Audit & Supervisory Board Members.

(b) The Audit & Supervisory Board Members have maintained close cooperation with the Accounting Auditor including meeting and exchanging opinions with the Accounting Auditor and attending site visits by the Accounting Auditor, to implement effective audits.

(c) The Company has promptly processed the expenses required for the execution of the duties of the Audit & Supervisory Board Members.

Note: indication of amounts

Figures in this business report are indicated as follows.

1. Units of ¥1 million: Figures less than one unit are disregarded.
2. Units of ¥100 million: Figures less than one unit are rounded to the nearest unit.

(Translation)

Consolidated Balance Sheet

(as of March 31, 2016)

(Unit: millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	47,829	Notes and accounts payable	65,477
Notes and accounts receivable	135,910	Short-term borrowings	72,692
Lease investment assets	4,904	Other accrued expenses	33,265
Finished goods	36,599	Other current liabilities	27,726
Work in process	19,496	Total current liabilities	199,162
Raw materials and supplies	23,373	Long-term liabilities	
Deferred tax assets	6,750	Long-term debt	49,391
Other current assets	11,079	Lease obligations	5,727
Allowance for doubtful receivables	(8,314)	Deferred tax liabilities	13,742
Total current assets	277,630	Provision for Directors' retirement benefits	462
		Liability for retirement benefits	24,841
		Other long-term liabilities	11,061
Non-current assets		Total long-term liabilities	105,228
Property, plant and equipment		Total liabilities	304,391
Buildings and structures	23,565	(Net Assets)	
Machinery, equipment and vehicle	9,142	Shareholders' equity	
Tools, furniture and fixtures	10,326	Capital stock	44,000
Land	13,079	Additional paid-in capital	21,673
Construction in progress	576	Retained earnings	44,255
Total property, plant and equipment	56,691	Treasury stock, at cost	(468)
Intangible assets	9,637	Total shareholders' equity	109,460
Investments and other assets		Accumulated other comprehensive income	
Investments in securities	32,604	Net unrealized holding gain/loss on other securities	4,642
Asset for retirement benefits	27,286	Loss on deferred hedges	(562)
Other investments and other assets	8,743	Translation adjustments	(12,835)
Allowance for doubtful receivables	(818)	Retirement benefits liability adjustments	6,028
Total investments and other assets	67,816	Total accumulated other comprehensive income	(2,726)
Total non-current assets	134,145	Subscription rights to shares	79
		Non-controlling interests	572
		Total net assets	107,384
Total assets	411,776	Total liabilities and net assets	411,776

(Translation)

Consolidated Statement of Operations

(From April 1, 2015 to March 31, 2016)

(Unit: millions of yen)

Account title	Amount	
Net sales		490,314
Cost of sales		361,250
Gross profit		129,064
Selling, general and administrative expenses		110,469
Operating income		18,594
Non-operating income		
Interest income	309	
Dividend income	871	
Share of profit of entities accounted for using equity method	423	
Dividend income of insurance	335	
Other	674	2,613
Non-operating expenses		
Interest expense	1,990	
Foreign exchange loss, net	6,374	
Litigation expenses	376	
Other	1,099	9,841
Ordinary income		11,366
Extraordinary profit		
Gain on sale of property, plant and equipment	198	
Gain on sale of investments in securities	1,935	2,134
Extraordinary loss		
Loss on sale and disposition of property, plant and equipment	503	
Loss on impairment of fixed assets	1,059	
Provision for environmental measures	247	1,811
Profit before income taxes		11,689
Income taxes	1,916	
Income taxes deferred	4,495	6,412
Profit		5,277
Loss attributable to non-controlling interests		(1,332)
Profit attributable to owners of parent		6,609

(Translation)

Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2015	44,000	21,554	41,989	(453)	107,090
Changes during the term under review					
Dividends from surplus			(4,343)		(4,343)
Profit attributable to owners of parent			6,609		6,609
Purchases of treasury stock				(14)	(14)
Capital increase of consolidated subsidiaries		118			118
Net changes in items other than shareholders' equity during the term under review					
Net changes during the term under review	–	118	2,265	(14)	2,369
Balance at March 31, 2016	44,000	21,673	44,255	(468)	109,460

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gain/loss on other securities	Loss / Gain on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at April 1, 2015	8,291	(72)	(10,433)	14,750	12,536	79	1,708	121,414
Changes during the term under review								
Dividends from surplus								(4,343)
Profit attributable to owners of parent								6,609
Purchases of treasury stock								(14)
Capital increase of consolidated subsidiaries								118
Net changes in items other than shareholders' equity during the term under review	(3,649)	(489)	(2,402)	(8,722)	(15,262)	–	(1,136)	(16,399)
Net changes during the term under review	(3,649)	(489)	(2,402)	(8,722)	(15,262)	–	(1,136)	(14,030)
Balance at March 31, 2016	4,642	(562)	(12,835)	6,028	(2,726)	79	572	107,384

(Translation)

Notes to Consolidated Financial Statements

Principles for Preparing Consolidated Financial Statements and Notes to Changes in Scope of Consolidation and Scope of Equity Method Application

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 89 companies

Names of major consolidated subsidiaries:

Oki Data Corporation; Oki Customer Adtech Co., Ltd.; Oki Wintech Co., Ltd.; OKI Software Co., Ltd.; Oki Proserve Co., Ltd.; Nagano Oki Electric Co., Ltd.; Oki Data Americas, Inc.; Oki Data Manufacturing (Thailand) Co., Ltd.; Oki Europe Ltd.; Oki Electric Industry (Shenzhen) Co., Ltd.; and OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A.

(2) Names of major non-consolidated subsidiaries:

OKI BR Argentina S.A. and 6 other companies

Reasons for excluding from consolidation:

Total assets, retained earnings, net sales and profit or loss are individually and wholly immaterial and have no significant influence.

(3) Changes in scope of consolidation:

OKI Data Infotech Corporation was included within the scope of consolidation because they became subsidiaries following new acquisition of shares by the Company; and OF Networks Co., Ltd. was excluded from the scope of consolidation because it merged with the Company.

(Translation)

2. Application of equity method

(1) Number of affiliated companies to which the equity method is applied: 4 companies
Name of major company to which the equity method is applied:
Oki Electric Cable Co., Ltd.

(2) Names of major non-consolidated subsidiaries and affiliated companies to which the equity method is not applied:
Non-consolidated subsidiaries:
Oki BR Argentina S.A. and 6 other companies
Affiliated company: TOWN NETWORK SERVICE Corporation

Reason for not applying the equity method:
The companies individually have little influence and have no significance as a whole on profit or loss and retained earnings.

3. Matters concerning account settlement dates of consolidated subsidiaries

Although the account settlement date of a consolidated subsidiary OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A. is December 31 each year, which differs from the consolidated account settlement date, financial statements as of the company's settlement date are used. However, necessary adjustments for consolidated accounting are made to reflect material transactions that occurred between the respective settlement dates.

4. Accounting standards

(1) Valuation standards and methods for significant assets

(i) Negotiable securities

The Company and its domestic consolidated subsidiaries value securities in accordance with how they are held as indicated below. Overseas consolidated subsidiaries apply the lower of cost or fair value.

Other negotiable securities:

Marketable securities:
Stated at fair value based on the market price at the end of the fiscal year
(Any difference between book value and fair value is included in net assets; sales costs are calculated by the moving average method.)

Non-marketable securities:
Stated at cost based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries evaluate inventories as follows, and overseas consolidated subsidiaries primarily apply the lower of cost or fair value.

Finished goods:
Principally stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process:

Principally stated at cost based on the specific identification method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:

Principally stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

(iii) Derivatives

Stated at fair value

(2) Depreciation and amortization

(i) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries primarily apply the declining-balance method; overseas consolidated subsidiaries primarily apply the straight-line method.

(ii) Intangible assets (excluding lease assets)

The Company and its domestic consolidated subsidiaries apply the straight-line method.

For software sold in the market, amortization is based on the estimated amounts of sales in the estimated number of years for sales (3 years). For software for internal use, the straight-line method, based on the estimated durable years (5 years), is used.

Overseas consolidated subsidiaries primarily apply the straight-line method.

(iii) Lease assets

Lease assets relating to finance lease transactions that do not transfer ownership are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

(3) Basis for provision of reserves

(i) Allowance for doubtful receivables

To prepare for any losses of accounts receivable and loans, the Company and its domestic consolidated subsidiaries calculate the amount of potential loss by using the historical loss ratio for non-classified loans/receivables and individual assessment for classified loans/receivables. Overseas consolidated subsidiaries calculate the amount of potential losses by individually assessing the possibility of collection for specific loans/receivables.

(ii) Provision for Directors' retirement benefits

Some consolidated subsidiaries register the necessary amount at the end of the year in accordance with internal rules to prepare for the payment of Directors' retirement allowance.

(4) Basis for provision of income and expense

Basis for provision of income relating to contract work and software development contracts

a. Income from those with certain results in progress before the end of the fiscal year

Percentage-of-completion method (The progress ratio of construction is estimated by the cost proportion method.)

b. Other income

Inspection basis (completed-contract method for some domestic consolidated subsidiaries)

(5) Important hedge accounting methods

(i) Method of hedge accounting

Deferred hedging is applied. Allocation treatment is applied for forward exchange contracts and currency swap contracts eligible for allocation treatment. Special treatment is applied to interest rate swaps that meet requirements for special treatment.

(ii) Means of hedging and coverage

Forward exchange contracts and currency swap contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of market interest rates on variable-rate long-term debt.

(iii) Hedging policy

Derivative transactions are used to hedge fluctuations of market rates on credits and debts.

(iv) Assessment method of the effectiveness of hedges

To determine the effectiveness of hedges, the Company compares the accumulated total of market fluctuations or cash flow fluctuations for the targets of hedging and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

(6) Amortization of goodwill and amortization period

Goodwill is evenly amortized over its useful life (mainly five years).

(7) Other important matters in preparation of consolidated financial statements

(i) Method of accounting for retirement benefits

a. Attributing expected retirement benefits to a period

When calculating retirement benefit obligations, the Company applies the benefit formula basis to attribute expected retirement benefits to the period until the end of the fiscal year under review.

b. Accounting for actuarial gains and losses, and prior service costs

Prior service costs are amortized by the straight-line method over a set number of years (11 to 13 years) within the average remaining years of service of employees.

Actuarial gains and losses are amortized by the straight line method over a set number of years (11 to 13 years) within the average remaining years of service of employees at the time of their accrual in each fiscal year. Amortization of such gains and losses is deemed to be effective from the year after the one in which they arise.

(ii) Accounting processing of consumption tax

The tax-exclusion method is used for accounting of consumption tax and local consumption tax.

(iii) Application of consolidated tax payment

The consolidated tax payment is applied.

Changes in Accounting Policies

The "Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combinations Accounting Standard"), the "Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Financial Statements Accounting Standard"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestitures Accounting Standard") have been applied from the fiscal year ended March 31, 2016. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the equity share are entered in additional paid-in capital and costs associated with the acquisition of shares are now treated as expenses in the fiscal year in which they are incurred. In addition, for business combinations that are implemented on and after the beginning of the fiscal year ended March 31, 2016, when revisions to the allocations of the cost of acquisitions as determined by provisional accounting treatment are carried out in the fiscal year following the fiscal year of the business combination, the impact is presented in the beginning balance for the fiscal year when the relevant revision was carried out and the opening balance is reported reflecting the relevant impact. The Company has also changed the method of presenting net income and changed minority interests to non-controlling interests.

Regarding the application of the Business Combinations Accounting Standards, the Company has applied the provisional accounting treatment contained in Business Combinations Accounting Standard Paragraph 58-2 (4), Consolidated Financial Statements Accounting Standard Paragraph 44-5 (4), and Business Divestitures Accounting Standard 57-4 (4) and will continue to apply these standards from the beginning of the fiscal year ended March 31, 2016 into the future.

The impact of these changes on the consolidated financial statements is immaterial.

Additional Information

Oki Banking Systems (Shenzhen) Co., Ltd., an OKI Group consolidated subsidiary, has filed a request for arbitration against Shenzhen Yihua Computer Industrial Co., Ltd. on October 10, 2015, demanding payment of uncollected receivables of RMB1,115,463 thousand (¥19,397 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) and compensation of damages.

Currently, the South China International Economic and Trade Arbitration Commission continues to review the matter.

(Translation)

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral
   Investments in securities ¥14,112 million
   Liabilities collateralized by the above assets:
   Short-term borrowings ¥10,000 million

2. Accumulated depreciation on property, plant and equipment ¥155,885 million

3. Liabilities for guarantee
   Guarantee for borrowings by employees ¥309 million

Notes to Consolidated Statement of Changes in Net Assets

1. Matters concerning class and total number of shares outstanding as of the end of FY2015
   Common Stock 872,176 thousand shares

2. Matters concerning appropriation of surplus
   (1) Dividends paid

Resolution	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2015	Common Stock	Retained earnings	2,606	3.00	March 31, 2015	June 25, 2015
Board of Directors Meeting on November 5, 2015	Common Stock	Retained earnings	1,737	2.00	September 30, 2015	December 7, 2015

   (2) Dividends for which the record date falls in the fiscal year under review and the effective date falls in the following fiscal year.

Proposal	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2016	Common Stock	Retained earnings	2,606	3.00	March 31, 2016	June 27, 2016

(Translation)

3. Number of shares to be issued upon exercise of equity warrants

Category	Breakdown of equity warrants	Type of shares to be issued upon exercise of equity warrants	Number of shares to be issued upon exercise of equity warrants (shares)
The Company	No. 5 Equity Warrants (issued on July 28, 2006)	Common stock	185,000
	No. 6 Equity Warrants (issued on July 28, 2006)	Common stock	157,000
	No. 7 Equity Warrants (issued on July 27, 2007)	Common stock	287,000
	No. 8 Equity Warrants (issued on July 27, 2007)	Common stock	222,000

(Translation)

Notes on Financial Instruments

1. Matters concerning the status of financial instruments

The OKI Group mainly uses short-term deposits and highly safe marketable securities for fund management, and raises its funds primarily through borrowings from financial institutions and issuance of corporate bonds.

The Group strives to mitigate its customers' credit risks associated with notes and accounts receivable, which are operating receivables, by carrying out customer credit investigations in accordance with regulations for the management of accounts receivable of individual companies.

For borrowings, the Group raises short-term funds mainly for working capital and long-term funds for working capital and capital investment. For borrowings exposed to the interest rate risk and foreign currency risk, the Group applies derivative instruments (interest rate swap transactions and currency swap transactions) to hedge its risk.

The Group executes and manages derivative transactions in accordance with OKI Group's policy.

2. Disclosure concerning fair value of financial instruments

As of March 31, 2016 (consolidated balance sheet date), the amount recorded in the consolidated balance sheet, fair value, and the amount of differences are as shown in the table below. Any item whose fair value is deemed extremely difficult to assess is excluded from the table. (See Note 2.)

(Unit: millions of yen)

	Amount recorded in consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	47,829	47,829	–
(2) Notes and accounts receivable	135,910		
Allowance for doubtful receivables (*1)	(8,314)		
	127,596	127,596	–
(3) Investments in securities	22,992	22,481	(510)
(4) Notes and accounts payable	(65,477)	(65,477)	–
(5) Short-term borrowings (*2)	(50,597)	(50,597)	–
(6) Other accrued expenses	(33,265)	(33,265)	–
(7) Long-term debt (*2)	(71,487)	(72,265)	777
(8) Derivative transactions	3	3	–

(*1) Allowance for doubtful receivables specifically provided for notes and accounts receivable is deducted.

(*2) Long-term debt (¥22,095 million) that will be reimbursed within one year are classified as "short-term borrowings" in the consolidated balance sheet.

Notes:

1. Disclosure concerning methods of calculation of fair value of financial instruments, securities and derivative transactions
   - (1) Cash and deposits and (2) Notes and accounts receivable
     These items are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.
   - (3) Investments in securities
     The fair value of investments in securities is based on their prices determined at the financial instruments exchanges, and the fair value of bonds is based on the quotations offered by the correspondent financial institution.
   - (4) Notes and accounts payable, (5) Short-term borrowings, and (6) Other accrued expenses
     These items are settled over a short period of time and their fair value is virtually equal to their book value.

Hence, their fair value is based on the relevant book value.

(7) Long-term debt

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term debt with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps (see (8) below). Hence, the fair value of a long-term debt is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said amount is freshly borrowed in a similar manner.

(8) Derivative transactions

Derivative transactions subject to allocation treatment applicable to currency swaps, and to special accounting treatment applicable to interest rate swaps are treated in combination with long-term debt as hedged items. Hence, their fair value is included in that of long-term debt.

2. Financial instruments whose fair value is considered extremely difficult to assess

Unlisted equity securities (¥9,612 million on the consolidated balance sheet) are not included in (3) Investments in securities because they have no market price and it is deemed extremely difficult to assess their fair values.

Notes to Per-share Information

1. Net assets per share: ¥122.91
2. Earnings per share: ¥7.61

Other Notes (Notes on Impairment Loss)

In the fiscal year ended March 31, 2016, OKI recorded loss on impairment of fixed assets on the asset groups below.

1. Overview of Assets and Asset Groups with Recognized Loss on Impairment of Fixed Assets

Location	Purpose of use	Type	Loss on impairment of fixed assets
Brazil	Business assets	Buildings and structures, machinery, equipment and vehicle, tools, furniture and fixtures, construction in progress, intangible assets	¥1,032 million

2. Background to Recognition of Loss on Impairment of Fixed Assets

As a result of revising the earning projections for OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A., which is a consolidated subsidiary, accompanying the deterioration in the Brazilian economy, the earnings in the initial forecasts are no longer anticipated. Therefore, the book value of assets was written down to the recoverable amount, and the amount of the write-down was recorded in extraordinary loss as loss on impairment of fixed assets.

(Translation)

3. Breakdown of loss on impairment of fixed assets

Buildings and structures	¥12 million
Machinery, equipment and vehicle	¥634 million
Tools, furniture and fixtures	¥115 million
Construction in progress	¥21 million
Intangible assets	¥248 million
Total	¥1,032 million

4. Asset Grouping Method

Asset grouping is based on business segment for business assets, and assets that recognized as generating independent cash flows such as lease assets and idle assets are grouped as individual properties.

5. Method Calculation for Recoverable Amount

The recoverable amount is measured by value in use which is calculated by discounting future cash flows at 15.7%.

(Translation)

Transcript of Accounting Auditors' Report on Consolidated Financial Statements

Independent Auditors' Report

May 17, 2016

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC
Yoshimi Kimura,
Engagement Partner, Certified Public Accountant
Akira Sato,
Engagement Partner, Certified Public Accountant

We have audited the consolidated financial statements – the consolidated balance sheets, the consolidated statement of operations, the consolidated statement of changes in net assets equity and notes to the consolidated financial statements – of Oki Electric Industry Co., Ltd. for the 92nd term from April 1, 2015 to March 31, 2016 in accordance with Article 444 Paragraph 4 of the Companies Act.

Responsibility of management for preparing consolidated financial statements
Oki Electric Industry's management is responsible for preparing and presenting fairly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present these consolidated financial statements that are without material misstatement due to fraud or errors.

Responsibility of auditors
Our responsibility is to express our independent opinion regarding these consolidated financial statements based on audits by Ernst & Young ShinNihon LLC. We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we prepare audit plans and implement audit based on them to obtain reasonable assurance as to whether the consolidated financial statements are without material misstatement.

The audit requires procedures to obtain audit evidence about amounts and disclosure of these consolidated financial statements. The audit procedures are selected and applied based on evaluation of risks about material misstatement of these consolidated financial statements due to fraud or errors. Although the purpose of the audit is not to express our opinion about the effectiveness of internal control, we consider the internal control associated with preparation and fair presentation of these consolidated financial statements, in order to plan appropriate audit procedures in line with actual situations at the time of risk evaluation. Also, our audit includes reviews of accounting policies, and methods that management adopts, and an evaluation of management estimates and the presentation of the consolidated financial statements as a whole.

We believe we have obtained enough and appropriate audit evidence as the basis for our opinion.

Audit opinion
We concluded that the consolidated financial statements fairly present in all aspects Oki Electric Industry's and its subsidiaries' assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Conflict of interest
No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry, our firm (Ernst & Young ShinNihon LLC) and the respective engagement partners.

(Translation)

Non-Consolidated Balance Sheet

(as of March 31, 2016)

(Unit: millions of yen)

Account title	Amount		Account title	Amount	
(Assets)			(Liabilities)		
Current assets			Current liabilities		
Cash and deposits		24,855	Notes payable		1,800
Notes receivable		911	Accounts payable, trade		37,962
Accounts receivable, trade		63,112	Short-term borrowings		32,976
Lease investment assets		4,859	Current portion of long-term debt		21,054
Finished goods		5,466	Lease obligations		1,181
Work in process		13,726	Accounts payable, others		8,730
Raw materials and supplies		6,165	Other accrued expenses		16,199
Prepaid expenses		361	Income taxes payable		162
Short-term loans		59,954	Advances received		1,020
Accounts receivable-other		6,162	Deposits received		4,393
Deferred tax assets		2,297	Provision for directors' bonuses		44
Other current assets		969	Provision for environmental measures		299
Allowance for doubtful receivables		(23)			
Total current assets		188,819	Other current liabilities		115
			Total current liabilities		125,940
Non-current assets			Long-term liabilities		
Property, plant and equipment			Long-term debt		44,754
Buildings	38,281		Lease obligations		4,530
Accumulated depreciation	(27,277)	11,004	Deferred tax liabilities		4,315
Structures	2,514		Retirement benefits		4,579
Accumulated depreciation	(2,192)	321	Provision for loss on business of subsidiaries and affiliates		27,341
Machinery and equipment	13,641		Asset retirement obligations		830
Accumulated depreciation	(11,490)	2,150	Long-term accounts payable-other		4,929
Vehicle	70		Other long-term liabilities		68
Accumulated depreciation	(52)	18	Total long-term liabilities		91,350
Tools, furniture and fixtures	35,725		Total liabilities		217,290
Accumulated depreciation	(29,338)	6,386			
Land		8,397	(Net Assets)		
Construction in progress		481	Shareholders' equity		
Total property, plant and equipment		28,760	Capital stock		44,000
Intangible assets			Additional paid-in capital		21,553
Goodwill		13	Capital reserve		15,000
Right of using facilities		114	Other additional paid-in capital		6,553
Software		5,503	Retained earnings		35,935
Total intangible assets		5,631	Other retained earnings		35,935
Investments and other assets			Retained earnings carried forward		35,935
Investments in securities		24,781	Treasury stock, at cost		(454)
Investments in and advances to subsidiaries and affiliates		66,643	Total shareholders' equity		101,034
Contribution		88	Valuation, translation adjustments and others		
Contribution in subsidiaries and affiliates		617	Net unrealized holding gain/loss on other securities		3,884
Long-term loans receivable from subsidiaries and affiliates		3,114	Total valuation, translation adjustments and others		3,884
Claims provable in bankruptcy, rehabilitation and other		45	Subscription rights to shares		79
Long-term prepaid expenses		556	Total net assets		104,997
Lease and guarantee deposits		3,183			
Other investments and other assets		283			
Allowance for doubtful receivables		(236)			
Total investments and other assets		99,076			
Total non-current assets		133,468			
Total assets		322,288	Total liabilities and net assets		322,288

(Translation)

Non-Consolidated Statement of Operations

(From April 1, 2015 to March 31, 2016)

(Unit: millions of yen)

Account title	Amount	
Net sales		226,936
Cost of sales		176,153
Gross profit		50,782
Selling, general and administrative expenses		40,928
Operating income		9,853
Non-operating income		
Interest income	1,378	
Interest income on securities	3	
Dividend income	3,972	
Royalty income from corporate brand	761	
Other	530	6,645
Non-operating expenses		
Interest expenses	1,441	
Foreign exchange loss, net	3,130	
Compensation expenses	265	
Other	446	5,284
Ordinary income		11,214
Extraordinary profit		
Gain on sale of investments in securities	1,933	
Gain on extinguishment of tie-in shares	217	2,151
Extraordinary loss		
Loss on sale and disposition of property, plant and equipment	294	
Write-downs of shares of subsidiaries and affiliates	6,525	
Provision for environmental measures	247	7,067
Profit before income taxes		6,298
Income taxes	(1,166)	
Income taxes deferred	1,015	(150)
Profit		6,448

(Translation)

Non-Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2016)

(Unit: millions of yen)

	Shareholders' equity							
	Capital stock	Additional paid-in capital			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Other retained earnings	Total retained earnings		
					Retained earnings carried forward			
Balance at April 1, 2015	44,000	15,000	6,553	21,553	33,830	33,830	(440)	98,943
Changes during the term under review								
Dividends from surplus					(4,343)	(4,343)		(4,343)
Profit					6,448	6,448		6,448
Purchases of treasury stock							(14)	(14)
Net changes in items other than shareholders' equity during the term under review								
Net changes during the term under review	–	–	–	–	2,105	2,105	(14)	2,090
Balance at March 31, 2016	44,000	15,000	6,553	21,553	35,935	35,935	(454)	101,034

	Valuation, translation adjustments and others			Subscription rights to shares	Total net assets
	Net unrealized holding gain/loss on other securities	Loss / Gain on deferred hedges	Total valuation, translation adjustments and others		
Balance at April 1, 2015	7,301	(72)	7,228	79	106,251
Changes during the term under review					
Dividends from surplus					(4,343)
Profit					6,448
Purchases of treasury stock					(14)
Net changes in items other than shareholders' equity during the term under review	(3,416)	72	(3,344)	–	(3,344)
Net changes during the term under review	(3,416)	72	(3,344)	–	(1,253)
Balance at March 31, 2016	3,884	–	3,884	79	104,997

(Translation)

Note to Non-consolidated Financial Statements

Significant Accounting Policies

1. Standards and valuation methods for negotiable securities

Shares of subsidiaries and affiliated companies:

Stated at cost based on the moving average method

Other negotiable securities:

Marketable securities:

Stated at fair value based on the market price at the end of the fiscal year (The difference between book value and fair value is included in net assets. The sale cost is calculated by using the moving average method.)

Non-marketable securities: Stated at cost based on the moving average method

2. Standards and valuation methods for derivatives

Derivatives: Stated at fair value

3. Standards and valuation methods for inventories

Finished goods: Stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process: Stated at cost based on the specific identification method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:

Stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

4. Depreciation and amortization

Property, plant and equipment (excluding lease assets): Declining-balance method

The straight-line method is applied to buildings, excluding annexed structures, acquired on or after April 1, 1998.

Intangible assets (excluding lease assets)

Software for sale in the market:

Amortization method based on the estimated amounts of sales in the estimated number of years for sales (3 years)

Software for internal use:

Straight-line method based on the estimated durable years (5 years)

Others: Straight-line method

Lease assets

(Lease assets relating to finance lease transactions without transfer of ownership):

They are depreciated over the lease contract’s lifetime by the straight-line

method, assuming the residual value is zero.
In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

5. Basis for provision of reserves

Allowance for doubtful receivables

To prepare for any losses on accounts receivable and loans, the Company calculates the amount of potential loss by using the historical loss ratio in the case of non-classified loans/receivables and by individual assessment in the case of classified loans/receivables.

Provision for loss on construction contracts

To prepare for any losses on construction contracts, the estimated amount of losses for the following fiscal years are calculated for some of the orders backlog as of the end of the fiscal year under review, which are likely to incur losses and for which the amounts thereof can be reasonably estimated.

Provision for directors' bonuses

To prepare for the payment of bonuses to officers (includes executive officers, the same applies below), the Company records the amount attributable to the current fiscal year out of the amount of bonuses expected to be paid to officers.

Provision for environmental measures

To prepare for any losses directed at environmental measures, the Company records the amount expected to be incurred in the future.

Retirement benefits

To prepare for payment of retirement benefits to employees, the Company records the amount recognized to accrue at the end of the fiscal year based on the estimated values of retirement benefit obligations and pension assets.

Prior service cost is amortized by the straight-line method over a certain number of years (13 years) within the average remaining years of service of employees.

The actuarial difference is amortized proportionately using the straight-line method over a certain number of years (13 years) within the average remaining service period of the employees from the fiscal year after the one in which it arises.

Provision for loss on business of subsidiaries and affiliates

To prepare for any losses on business of subsidiaries and affiliates, the estimated amount of loss on business is calculated in consideration of the financial position and operating results of the relevant subsidiaries and affiliates.

6. Hedge accounting methods

(1) Method of hedge accounting

Deferred hedging is applied. Allocation treatment is applied for currency swap contracts eligible for allocation treatment. Special treatment is applied to interest rate swaps that meet the requirements for special treatment.

(2) Means of hedging and hedged item

Currency swap contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of market interest rates on variable-rate and long-term debt.

(3) Hedging policy

Derivative instruments are used to hedge fluctuations of market rates on credits and debts.

(4) Assessment method of hedging effectiveness

To determine the effectiveness, the Company compares the accumulated total of the market fluctuations or the cash flow fluctuations for the hedged item and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

7. Other important matters in preparation of non-consolidated financial statements

(1) Accounting for retirement benefits

The methods of accounting for unappropriated amounts of unrecognized prior service costs and unrecognized actuarial gains and losses for retirement benefits differ from those in the consolidated financial statements.

(2) Accounting processing of consumption tax

The tax-exclusion approach is applied for accounting of consumption tax and local consumption tax.

(3) Application of consolidated tax payments

Consolidated tax payments are applied.

Changes in Accounting Policies

The "Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combinations Accounting Standard") and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestitures Accounting Standard") have been applied from the fiscal year ended March 31, 2016. As a result, costs associated with the acquisition of shares are now treated as expenses in the fiscal year in which they are incurred. In addition, for business combinations that are implemented on and after the beginning of the fiscal year ended March 31, 2016, when revisions to the allocations of the cost of acquisitions as determined by provisional accounting treatment are carried out in the fiscal year following the fiscal year of the business combination, the impact is presented in the beginning balance for the fiscal year when the relevant revision was carried out and the beginning balance is reported reflecting the relevant impact.

Regarding the application of the Business Combinations Accounting Standards, the Company has applied the provisional accounting treatment contained in Business Combinations Accounting Standard Paragraph 58-2 (4) and Business Divestitures Accounting Standard 57-4 (4) and will continue to apply these standards from the beginning of the fiscal year ended March 31, 2016 into the future.

There is no impact of these changes on the financial statements for the fiscal year ended March 31, 2016.

(Translation)

Notes to Non-consolidated Balance Sheets

1. Assets provided as collateral

Investments in securities	¥14,112 million
Liabilities collateralized by the above assets	
Short-term borrowings	¥10,000 million

2. Guarantee liabilities:

The Company provides guarantees for bank borrowings made by employees, and subsidiaries and affiliates as shown below.

Oki Data Americas, Inc.	¥3,380 million
	($30,000 thousand)
Oki Data Corporation	¥3,202 million
Oki Data Manufacturing (Thailand) Co., Ltd.	¥1,120 million
	(350,000 thousand baht)
Oki Printed Circuits Co., Ltd.	¥973 million
Oki Wintech Co., Ltd.	¥507 million
Shizuoka Oki Electric Co., Ltd.	¥394 million
Five other entities:	¥877 million
Total:	¥10,456 million

3. Monetary claims receivable from and payable to subsidiaries and affiliates

Short-term monetary claims receivable from subsidiaries and affiliates:	¥70,567 million
Long-term monetary claims receivable from subsidiaries and affiliates:	¥1,161 million
Short-term monetary claims payable to subsidiaries and affiliates:	¥22,689 million
Long-term monetary claims payable to subsidiaries and affiliates:	¥67 million

Notes to Non-consolidated Statement of Operations

Transactions with subsidiaries and affiliates

Sales:	¥28,015 million
Purchases:	¥52,678 million
Non-operating transactions:	¥13,129 million

Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of treasury stock as of the end of the fiscal year

Common stock: 3,501 thousand shares

(Translation)

Notes to Deferred Tax Accounting

Major factors giving rise to deferred tax assets and liabilities

Deferred tax assets	
Nondeductible provision for loss on business of subsidiaries and affiliates	¥8,475 million
Nondeductible write-downs of shares of subsidiaries and affiliates	¥7,405 million
Loss carry forwards	¥5,428 million
Nondeductible retirement benefits	¥5,422 million
Adjustments of losses on transfers among consolidated subsidiaries	¥3,452 million
Nondeductible accounts payable-other due to changes in retirement benefit plans	¥1,971 million
Nondeductible accrued bonuses	¥1,381 million
Nondeductible foreign tax credit	¥1,007 million
Nondeductible loss on impairment of fixed assets	¥801 million
Nondeductible write-downs of inventories	¥755 million
Others	¥1,794 million
Subtotal deferred tax assets	¥37,897 million
Valuation allowance	¥(34,851) million
Total deferred tax assets	¥3,045 million
Deferred tax liabilities	
Nondeductible unrealized gain on contribution of securities to the pension trust	¥(3,298) million
Net unrealized holding gain/loss on other securities	¥(1,664) million
Others	¥(99) million
Total deferred tax liabilities	¥(5,063) million
Net deferred tax assets	¥(2,017) million

Notes to Leased Fixed Assets

Finance lease transactions that do not transfer ownership whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

1. Amount equivalent to acquisition cost of leased assets as of the end of the term under review ¥28 million
2. Amount equivalent to accumulated depreciation of leased assets as of the end of the term under review ¥23 million
3. Amount equivalent to unexpired lease payment of leased assets as of the end of the term under review ¥5 million

(Translation)

Notes to Related Party Transactions

Subsidiaries, etc.

Attribute	Company name	Location	Capital	Business	Voting right ratio	Relationship with related party	Description of transactions	Transaction amount (mil. yen)	Account item	Ending balance (mil. yen)
Subsidiary	OKI Software Co., Ltd.	Warabi, Saitama Pref.	¥400 million	Development, design, manufacture and maintenance of software and embedded software, system building services, SI/solution services, consulting outsourcing and sales of information equipment	(Direct) 100%	Production of software on a contract basis, etc., lending of funds	Purchase of services	18,913	Accounts payable, trade	5,336
									Other accrued expenses	632
Subsidiary	Oki Hong Kong, Ltd.	Hong Kong	HK$80,000 thousand	Holdings company, material procurement	(Direct) 100%	Supply products etc., lending of funds, concurrent assumption of office of officer	Lending of funds	23,626	Short-term loans receivable	23,045
Subsidiary	Oki Data Corporation	Minato-ku, Tokyo	¥29,000 million	Development, manufacture and sales of printing equipment and related solutions	(Direct) 100%	Purchase of products, lending of funds, concurrent assumption of office of officer	Lending of funds	21,384	Short-term loans receivable	22,000
Subsidiary	Oki Proserve Co., Ltd.	Minato-ku, Tokyo	¥321 million	Facility business, human resource management, design business, logistics business	(Direct) 100%	Purchase of services, lease and brokerage of real estate, lending of funds	Lending of funds	3,276	Short-term loans receivable	700
									Long-term loans receivable from	2,300
Subsidiary	Oki Data Americas, Inc.	U.S.A.	US$10,000 thousand	Sales and services of printers and multi-purpose printers	(Indirect) 100%	Guarantee for borrowings	Debt guarantee	3,380	-	-
Subsidiary	OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A.	Brazil	BRL399,999 thousand	Design, manufacture, sales and maintenance and services of automation equipment	(Direct) 84%	Supply products etc., lending of funds, concurrent assumption of office of officer	Lending of funds	4,655	Short-term loans receivable	5,343
							Underwriting of capital increase	3,918	–	–

Notes:

1. The transactions amount excludes consumption tax, while the ending balance includes consumption tax.
2. Conditions of transactions and policy in determining conditions
   (1) The Company determines conditions regarding purchase of services and sales of products based on market prices.
   (2) The Company determines the interest rate for the lending of funds by taking the market rate of interest into consideration. Transaction amount shows the average balance during the fiscal year because the transactions are repetitive.
   (3) The Company provided a debt guarantee for bank borrowings of OKI DATA AMERICAS, INC. and received a guarantee commission of 0.1% p.a.
3. Underwriting of capital increase: The Company underwrote a capital increase carried out by OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A., purchasing new shares at BRL 12 per share.
4. For the loans to one subsidiary, the Company recorded an allowance for doubtful receivables of ¥130 million. In addition, the Company recorded a provision of allowance for doubtful receivables of ¥41 million.

(Translation)

Notes to Per-share Information

1. Net assets per share: ¥120.78
2. Earnings per share: ¥7.42

(Translation)

Transcript of Accounting Auditors' Report

Independent Auditors' Report

May 17, 2016

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC
Yoshimi Kimura,
Engagement Partner, Certified Public Accountant
Akira Sato,
Engagement Partner, Certified Public Accountant

We have audited the non-consolidated financial statements – the non-consolidated balance sheets, the non-consolidated statement of operations, the non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements – and its supporting schedules of Oki Electric Industry Co., Ltd. for the 92nd term from April 1, 2015 to March 31, 2016 in accordance with Article 436 Paragraph 2 Item 1 of the Companies Act.

Responsibility of management for preparing non-consolidated financial statements and its supporting schedules
Oki Electric Industry's management is responsible for preparing and presenting fairly these non-consolidated financial statements and its supporting schedules in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present these non-consolidated financial statements and its supporting schedules that are without material misstatement due to fraud or errors.

Responsibility of auditors
Our responsibility is to express our independent opinion regarding these non-consolidated financial statements and its supporting schedules based on audits by Ernst & Young ShinNihon LLC. We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we prepare audit plans and implement audit based on them to obtain reasonable assurance as to whether the non-consolidated financial statements and its supporting schedules are without material misstatement.

The audit requires procedures to obtain audit evidence about amounts and disclosure of these non-consolidated financial statements and its supporting schedules. The audit procedures are selected and applied based on evaluation of risks about material misstatement of these non-consolidated financial statements and its supporting schedules due to fraud or errors. Although the purpose of the audit is not to express our opinion about the effectiveness of internal control, we consider the internal control associated with preparation and fair presentation of these non-consolidated financial statements and its supporting schedules, in order to plan appropriate audit procedures in line with actual situations at the time of risk evaluation. Also, our audit includes reviews of accounting policies, and methods that the management adopts, and an evaluation of management estimates and the presentation of the non-consolidated financial statements and its supporting schedules as a whole.

We believe we have obtained enough and appropriate audit evidence as the basis for our opinion.

Audit opinion
We concluded that the non-consolidated financial statements and its supporting schedules fairly present in all aspects Oki Electric Industry's assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Conflict of interest
No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry, our firm (Ernst & Young ShinNihon LLC) and the respective engagement partners.

(Translation)

Transcript of Audit & Supervisory Board's Report

Audit & Supervisory Board's Report

We, the Audit & Supervisory Board, have prepared upon consultation this Audit Report based on reports compiled by each Audit & Supervisory Board Member with respect to Directors' performance of their duties during the 92nd fiscal year from April 1, 2015 to March 31, 2016, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit

(1) The Audit & Supervisory Board specified an audit policy, compiled audit plans and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audits and also received reports from Directors and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.

(2) Each Audit & Supervisory Board Member, according to the audit standards, policy and plans set up by the Audit & Supervisory Board, has maintained good communications with Directors, the internal audit division and other employees and strived to collect information and improve the audit environment and conducted an audit by following the methods described below:

(a) We attended the meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and principal operating offices. With respect to the subsidiaries of the Company, we have maintained good communications and exchanged information with Directors, Audit & Supervisory Board Members and others and received reports on business conditions from the subsidiaries as needed.

(b) In addition, we have periodically received reports from Directors and employees, among others, required explanation when necessary, and made opinions with regard to the status of operations and the systems established thereon (internal control systems) made by the Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Companies Act as necessary for ensuring compliance with laws and the Company's Articles of Incorporation in the performance of duties by Directors, described in the Business Report, and for ensuring appropriateness of duties of corporate group consisting of joint stock company and its subsidiaries.

(c) We have monitored and verified whether the accounting auditors maintained their independence and properly implemented audits, received from the auditors reports on the performance of their duties and asked them for explanations as necessary. The accounting auditors reported to us that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Corporate Calculation Regulations) have been established in accordance with the quality control standards concerning audits (Business Accounting Council, October 28, 2005), and asked them for explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report for the said fiscal year and their supplementary schedules, financial statements for the said fiscal year (balance sheet, statement of operations, statement of changes in shareholders' equity, and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in shareholders' equity, and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report

(a) We consider that the business report and its supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

(b) With respect to the Directors' performance of their duties, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Articles of Incorporation.

(c) We consider that the details of the resolution made by the Board of Directors concerning internal control procedures are proper. With respect to the details described in the Business Report and the Directors' performance of their internal control duties, we have found no issues to be pointed out. As stated in the Business Report, the Company underwent an on-site inspection by the Japan Fair Trade Commission on suspicion of violating the Antimonopoly Act. As the Audit & Supervisory Board, we will continue to check the OKI Group's overall efforts to thoroughly comply with laws and regulations and to strengthen internal control.

(2) Results of audit of financial statements and their supplementary schedules

We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

(3) Results of audit of consolidated financial statements

We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

May 19, 2016

The Audit & Supervisory Board, Oki Electric Industry Co., Ltd.
Hisao Suzuki, Standing Audit & Supervisory Board Member
Tsutomu Tai, Standing Audit & Supervisory Board Member
Kuninori Hamaguchi, Outside Audit & Supervisory Board Member
Kaoru Yoshida, Outside Audit & Supervisory Board Member

(Translation)

Reference Documents for the General Meeting of Shareholders

Agenda and Reference Matters

Agenda 1: Appropriation of Surplus

The Company has determined to pay the following year-end dividend for the fiscal year under review with the emphasis on continuing stable distribution of profits to shareholders by giving consideration to its business results and business developments, etc. for the period under review.

1. Type of dividend asset

Cash

2. Allocation of dividend assets and total amount of dividends

Common stock of the Company	¥3 per share
Total dividends	¥2,606,024,925

3. Effective date of dividend of surplus

June 27, 2016

(Translation)

Agenda 2: Share Consolidation due to Reduction in the Number of Shares Per Share Unit

1. Reasons for the Proposal

For the greater convenience of investors, Japanese stock exchanges are promoting an "Action Plan for Consolidating Trading Units," under which trading units of common stocks (number of shares constituting one unit) for domestic listed companies are uniformly set at 100 shares by its due date, October 1, 2018. In light of the intent of this action plan as a listed company, the Company resolved at the meeting of Board of Directors on May 20, 2016, to change the number of shares constituting one unit of shares from 1,000 shares to 100 shares in accordance with the provisions of Article 195 of the Companies Act.

In order to maintain price level per trading unit of common stocks of the Company and the number of voting rights after the change of the number of shares constituting one unit into 100 shares, the Company intends to carry out a share consolidation of common stock of the Company as follows.

In line with this, total number of authorized shares will also change from 2,400,000,000 shares to 240,000,000 shares by applying the same consolidation ratio.

The change of the number of shares constituting one unit of shares described above is subject to the approval of this agenda as proposed and therefore the changes shall become effective on October 1, 2016.

2. Ratio of share consolation

The Company would like to consolidate ten (10) shares of common stock into one (1) share of common stock.

For the shareholders who hold the fractional shares less than one (1) share of common stock which were created as a result of the consolidation of share, such shares will be sold together by the Company, pursuant to the provisions of the Companies Act. The proceeds from the sale will be distributed to the shareholders of the fractional shares in proportion to the numbers of their fractional shares.

3. The Date when the Consolidation of Shares shall Take Effect (Effective Date)

October 1, 2016

4. Total Number of Authorized Shares as of the Effective Date

240,000,000 shares

By implementing the consolidation of shares, it will be deemed that the Articles of Incorporation is amended with respect to the change of total number of authorized shares on the effective date, pursuant to Article 182, Paragraph 2 of the Companies Act.

(Translation)

Reference

1. Amendment of the Articles of Incorporation

On the condition that Agenda 2 is approved as proposed, part of the Company's Articles of Incorporation will be amended on October 1, 2016 as follows:

(Underlined portions indicate the proposed changes)

Current Articles of Incorporation	After amendments
Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>2,400,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>240,000,000</u> shares.
Article 8 (Number of Shares Constituting One Unit) The number of shares constituting one unit of shares of the Company shall be <u>1,000</u> shares.	Article 8 (Number of Shares Constituting One Unit) The number of shares constituting one unit of shares of the Company shall be <u>100</u> shares.

2. Q&A regarding the Consolidation of Shares

Q1. What is the purpose of the proposal in "Agenda 2: Share Consolidation due to Reduction in the Number of Shares Per Share Unit"?

A1. Japanese stock exchanges intend to standardize the trading unit of common stocks (number of shares constituting one unit) at 100 shares and set its due date on October 1, 2018. In order to respond to this action, the Company resolved at the meeting of Board of Directors on May 20, 2016, to change the number of shares constituting one unit of shares from 1,000 shares to 100 shares as of October 1, 2016. In order to maintain price level per trading unit of common stocks of the Company and the number of voting rights of shareholders after the change of the number of shares constituting one unit into 100 shares, the Company intends to consolidate ten (10) shares of the Company's common stock into one (1) share.

Q2. Will the consolidation of shares have any impact on asset value?

A2. There will be no change in the Company's assets or capital after the consolidation of shares. Accordingly, although there is a possibility of being influenced by the stock market trends and other factors, in theory, there will be no change to the asset value of the stocks held by shareholders. After the consolidation, although the number of stocks held by a shareholder will be one-tenth of the original number, there will be a tenfold increase in the amount of net assets per share.

Example of number of shares/asset value before and after the share consolidation (aside from share market trends and other factors)

	Before the consolidation	After the consolidation
Number of shares	1,000 shares	100 shares
Net assets per share	¥120	¥1,200
Asset value	¥120,000	¥120,000

Q3. How will the number of shares and voting rights be affected?

A3.

(Number of shares held)

(Translation)

The number of shares held by each shareholder after the consolidation of shares will be the number of shares obtained by multiplying the number of shares recorded in the latest register of shareholders as of September 30, 2016 by one-tenth (rounded down to the nearest whole share). The number of shares recorded in accounts opened with securities companies and other financial institutions by shareholders will be changed to the number corresponding to the consolidation of shares on October 1, 2016.

If any fractional shares less than one (1) share arise as a result of the consolidation of shares, the Company will sell them in a lump, and distribute the proceeds to shareholders whose shares become fractions of shares in proportion to their respective fractions.

(Number of voting rights)

Through the consolidation of shares, the number of shares held will be reduced to one-tenth of the original number, but because the number of shares constituting one unit will also be changed (from 1,000 shares to 100 shares), there will be no change to the number of shareholders' voting rights.

Specifically, the number of shares held and number of voting rights before and after the consolidation of shares and change of the number of shares constituting one unit are as follows:

	Before the consolidation		After the consolidation		
	Number of shares held	Number of voting rights	Number of shares held	Number of voting rights	Resulting fractional shares
Example 1	3,000 shares	3 votes	300 shares	3 votes	None
Example 2	1,800 shares	1 vote	180 shares	1 vote	None
Example 3	404 shares	None	40 shares	None	0.4 share
Example 4	5 shares	None	None	None	0.5 share

- After the consolidation of shares come into effect, 80 shares in Example 2 and 40 shares in Example 3 become fractional shares less than one unit. Shareholders may, at its request, use the system for selling or purchasing fractional shares in the same way as before.
- Fractional shares equivalent to 0.4 share in Example 3 and 0.5 share in Example 4 arise. The Company will sell these fractional share equivalents collectively and deliver the proceeds from the sales to shareholders where these fractions arise in proportion to the fraction.
- In Example 4, shareholder status is lost as the number of shares owned after the consolidation of shares is none.
- It should be noted that where a shareholder has opened accounts across multiple securities companies, as a general rule, the procedure for the consolidation of shares will be applied to the balance of the Company's shares recorded in the transfer account book of each securities company. Please contact securities companies you deal with for details.

Q4. If the consolidation of shares is approved at the General Meeting of Shareholders, are there any procedures that shareholders will need to undertake following that?

A4. No special procedures will be required.

(Translation)

Q5. If the consolidation of shares is approved at the General Meeting of Shareholders, what will the future schedule be specifically?

A5. If the General Meeting of Shareholders approves it, the main schedule for the change to the number of shares constituting one unit and the share consolidation is planned to proceed as follows.

September 28, 2016:	Trading unit for the Company's shares changes to 100 shares*
October 1, 2016:	Effective date for change to number of shares constituting one unit and the consolidation of shares
Early November 2016:	Notifications of consolidation of shares allotments sent to shareholders
Beginning December 2016:	Commencement of payment of fractional selling price

* The effective date for the change to the number of shares constituting one unit and the consolidation of shares is scheduled to be October 1, 2016. However, due to share transfer procedures, trading in the Company's shares by shareholders on the Tokyo Stock Exchange will be conducted on and after September 28, 2016 based on the assumption that the trading unit (100 shares after the consolidation) is effective.

(Translation)

Agenda 3: Election of Seven (7) Directors

The tenure of office of Directors Hideichi Kawasaki, Naoki Sato, Takao Hiramoto, Shinya Kamagami, Toshiya Hatakeyama. Takuma Ishiyama and Minoru Morio will expire at the end of this general meeting of shareholders.

Seven candidates for directors are shown as follows.

Candidates for Directors (Seven):

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th>Brief personal profile, position and responsibility in the Company and significant concurrent positions</th></tr>
<tr><td rowspan="2">[Re-election]
1</td><td rowspan="2">Hideichi Kawasaki
(January 10, 1947)

Number of years in office as Director:
11 years
(as of the conclusion of this general meeting of shareholders)

Number of attendance at meetings of the Board of Directors
(the year under review):
14 out of 14 times
(100%)

Number of Oki shares held:
Common stock
137,000 shares</td><td>Apr. 1970 Joined Oki Electric Industry Co., Ltd.
Apr. 2001 Executive Officer
Apr. 2004 Senior Vice President
Jun. 2005 Managing Director
Apr. 2009 Senior Executive Vice President and Member of the Board
Jun. 2009 President, Representative Director
Apr. 2016 Representative Director, Chairman of the Board (incumbent)</td></tr>
<tr><td>Reason for the selection of candidate for Director
Based on his experience as he was President and Representative Director until fiscal 2015, Mr. Hideichi Kawasaki has been assisting and advising the new management team as Representative Director and Chairman of the Board from April 2016. Therefore, the Company judges that he is a proper candidate for the position to continuously strengthen the supervising function of the Board of Directors.</td></tr>
<tr><td rowspan="2">[Re-election]
2</td><td rowspan="2">Shinya Kamagami
(February 9, 1959)

Number of years in office as Director:
2 years
(as of the conclusion of this general meeting of shareholders)

Number of attendance at meetings of the Board of Directors
(the year under review):
14 out of 14 times
(100%)

Number of Oki shares held:
Common stock
24,000 shares</td><td>Apr. 1981 Joined Oki Electric Industry Co., Ltd.
Apr. 2001 Manager, Hardware Development Department No. 2, Terminal Systems Division, Systems Solution Company
Apr. 2005 Manager, Systems Hardware Development Division, Systems Hardware Company, Systems Networks Business Group
Apr. 2011 Executive Officer
Apr. 2012 Senior Vice President
June. 2014 Senior Vice President and Member of the Board
Apr. 2016 President, Representative Director (incumbent)</td></tr>
<tr><td>Reason for the selection of candidate for Director
As he assumed the office of President and Representative Director in April 2016, Mr. Shinya Kamagami has been engaging in management of OKI Group with the goals of “consolidating a financial foothold” and “realizing a sustainable growth” while he is also working on establishing new Mid-term Business Plan. Therefore, the Company judges that he is a proper candidate for the position of Director.</td></tr>
</table>

(Translation)

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions
[Re-election] 3	Toshinao Takeuchi (May 20, 1957) Number of years in office as Director: 2 years (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): 14 out of 14 times (100%) Number of Oki shares held: Common stock 50,000 shares	Apr. 1980 Joined Oki Electric Industry Co., Ltd. Jul. 1997 Manager, E-commerce System Engineering Department, Financials Systems Division, System Business Group Apr. 2002 President, Net Business Solution Company Nov. 2008 Manager, Financials Systems Division Apr. 2009 Executive Officer Apr. 2012 Senior Vice President Apr 2014 Senior Vice President and Member of the Board Apr. 2016 Executive Vice President and Member of the Board (incumbent) General Manager, ICT Business Division (incumbent) **Reason for the selection of candidate for Director** Mr. Toshinao Takeuchi has been supervising overall management of the Group as a Member of the Board since 2014. In addition, as an Executive Vice President, he is engaging in management of ICT Business Division, the biggest business organization in the Company, since April 2016. Therefore, the Company judges that he is a proper candidate for the position of Director.
[Re-election] 4	Toshiya Hatakeyama (July 6, 1957) Number of years in office as Director: 1 year (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): 10 out of 11 times (91%) Number of Oki shares held: Common stock 30,000 shares	Apr. 1980 Joined Oki Electric Industry Co., Ltd. Oct. 2007 Manager, Accounting & Control Division Apr. 2008 Executive Officer Jan. 2013 Manager, Group Administration Division Apr. 2015 Senior Vice President June. 2015 Senior Vice President and Member of the Board (incumbent) July. 2015 Chief Financial Officer (incumbent) Apr. 2016 General Manager, Corporate Management Group (incumbent) Chief Compliance Officer (incumbent) **Reason for the selection of candidate for Director** Mr. Toshiya Hatakeyama has been supervising overall management of the Group as a Member of the Board and serving concurrently as Chief Financial Officer since 2015. In addition, he is also serving as General Manager of Corporate Management Group and Chief Compliance Officer for engaging in management of the Company from April 2016. Therefore, the Company judges that he is a proper candidate for the position of Director.

(Translation)

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions
[Newly-nominated] 5	Masayuki Hoshi (March 9, 1960) Number of years in office as Director: – (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): – Number of Oki shares held: Common stock 10,000 shares	Apr. 1982 Joined The Fuji Bank, Limited Apr. 2007 General Manager of Global Trade Finance Division, Mizuho Corporate Bank, Ltd. Apr. 2009 Executive Officer, General Manager of Corporate Banking Division No.17, Mizuho Corporate Bank, Ltd. Apr. 2011 Managing Executive Officer, Head of Global Transaction Banking Unit and Head of Global Asset Management Unit, Mizuho Corporate Bank, Ltd. Jun. 2014 Managing Executive Officer, Head of Financial Institutions & Public Sector Business Unit and Head of Transaction Banking Unit, Mizuho Financial Group, Inc. May 2015 Senior Vice President, Oki Electric Industry Co., Ltd. (incumbent) Apr. 2016 Chief Risk Management Officer (incumbent) General Manager, Corporate Planning Group (incumbent) **Reason for the selection of candidate for Director** Mr. Masayuki Hoshi has gained experience in corporate management at Mizuho Financial Group and he has been engaging in operation centered on marketing and sales as well as finance of the Company as Senior Vice President since he joined the Company in May 2015. In addition, he is playing a core role in management by concurrently serving as Chief Risk Management Officer and General Manager of Corporate Planning Group from April 2016. Therefore, the Company judges that he is a proper candidate for the position of Director.
[Outside] [Re-election] 6	Takuma Ishiyama (February 17, 1947) Number of years in office as Director: 6 years (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): 14 out of 14 times (100%) Number of Oki shares held: Common stock 0 shares	Mar. 1975 Obtained scores for doctorate degrees and resigned from Graduate School of Law, Waseda University Jul. 1978 Assistant Professor, Faculty of Law, Aichi Gakuin University Dec. 1985 Obtained doctorate degree Apr. 1986 Professor, Faculty of Law, Dokkyo University Apr. 1991 Professor, School of Commerce, Waseda University May 2003 Registered as lawyer (Dai-ichi Tokyo Bar Association) Apr. 2004 Professor, Law School, Nihon University (incumbent) Jun. 2010 Director, Oki Electric Industry Co., Ltd. (incumbent) **Reason for the selection of candidate for Outside Director** Although Mr. Takuma Ishiyama has not been directly involved in corporate management, he possesses experience and advanced knowledge as lawyer and doctor of laws. Considering his specialty in the Companies Act, the Company judges that he is able to perform appropriate supervising over the business management at the Company from his objective standpoint and based on his high ethical standard.

(Translation)

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions
[Outside] [Re-election] 7	Minoru Morio (May 20, 1939) Number of years in office as Director: 9 years (from 2001 to 2010) 1 year (from 2015) Number of attendance at meetings of the Board of Directors (the year under review): 11 out of 11 times (100%) Number of Oki shares held: Common stock 10,000 shares	Apr. 1963 Joined Sony Corporation Jun. 1988 Director, Sony Corporation Jun. 1993 Executive Deputy President, Sony Corporation Jun. 2000 Director and Vice Chairman, Sony Corporation Jun. 2001 Outside Director, Oki Electric Co., Ltd. Jun. 2004 Advisor, Sony Corporation Apr. 2006 Executive Alumnus, Sony Corporation (incumbent) Jun. 2010 Resigned as Director, Oki Electric Co., Ltd. Jun. 2013 Outside Director, the Bank of Yokohama, Ltd. (incumbent) Jun. 2014 Outside Audit & Supervisory Board Member, ZUKEN ELMIC, Inc. Jun. 2015 Director, Oki Electric Industry Co., Ltd. (incumbent) Apr. 2016 Outside Director, Concordia Financial Group, Ltd. (incumbent) (Significant concurrent positions) Outside Director, the Bank of Yokohama, Ltd. Outside Director, Concordia Financial Group, Ltd. **Reason for the selection of candidate for Outside Director** With a wealth of experience and knowledge cultivated through his career in the electronics industry, in addition to high ethical standard, the Company judges that he is able to strengthen the supervising function of the Board of Directors on management by providing appropriate advice on managerial environment and managerial issues.

Notes:

1. There is no special conflict of interest between each candidate and the Company.
2. Mr. Takuma Ishiyama and Mr. Minoru Morio are candidates for outside directors.
3. Mr. Minoru Morio was an outside director of the Company from June, 2001 to June, 2010.
4. The Company has entered into the liability limitation agreement with candidates for outside directors Takuma Ishiyama and Minoru Morio. The outline of the agreement is provided in “Outline of Liability Limitation Agreements” (on page 16) in the Business Report. If their reappointment is approved, the Company will continue this agreement with them.
5. Mr. Takuma Ishiyama and Mr. Minoru Morio are independent officers based on the terms of the Tokyo Stock Exchange. If their reappointment is approved, they will continue to be independent officers. In addition, net sales to Sony Corporation, the Bank of Yokohama, Ltd. and Concordia Financial Group, Ltd. account for less than 1% of the OKI Group’s total net sales and Mr. Takuma Ishiyama and Mr. Minoru Morio meet the criteria for independent officers.

(Translation)

Agenda 4: Election of Two (2) Audit & Supervisory Board Members

The tenure of office of Audit & Supervisory Board Member Kuninori Hamaguchi and Kaoru Yoshida will expire at the end of this general meeting of shareholders. Two candidates for Audit & Supervisory Board Members are shown as follows.

This agenda has been approved by the Audit & Supervisory Board.

Candidate for Audit & Supervisory Board Members (Two):

Candidate number	Name (Date of birth)	Brief personal profile, position and significant concurrent positions
[Outside] [Re-election] 1	Kuninori Hamaguchi (November 21, 1946) Number of years in office as Audit & Supervisory Board Member: 4 years (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): 14 out of 14 times (100%) Number of attendance at meetings of Audit & Supervisory Board (the year under review): 16 out of 16 times (100%) Number of Oki shares held: Common stock 9,000 shares	Apr. 1970 Joined Tateisi Electric Manufacturing Co. (currently OMRON Corporation) Sep. 2000 Manager, Semiconductor Division, OMRON Corporation Jun. 2001 Senior Vice President, OMRON Corporation Oct. 2007 Executive Vice President, ADM Inc. (currently KAGA DEVICES CO., LTD.) Jan. 2008 Senior Vice President, ADM Inc. (currently KAGA DEVICES CO., LTD.) Jun. 2009 Advisor, ADM Inc. Jun. 2012 Audit & Supervisory Board Member, Oki Electric Industry Co., Ltd. (incumbent) **Reason for the selection of candidate for Outside Audit & Supervisory Board Member** With a wealth of experience in corporate management cultivated through his career at OMRON Corporation and KAGA DEVICES CO., LTD., the Company judges that he is able to audit the management of the Company appropriately by utilizing his wealth of experience, insights and high ethical standard.

(Translation)

Candidate number	Name (Date of birth)	Brief personal profile, position and significant concurrent positions	
[Outside] [Newly-nominated] 2	Yoichi Nitta (June 20, 1955) Number of years in office as Director: – (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): – Number of attendance at meetings of Audit & Supervisory Board (the year under review): – Number of Oki shares held: Common stock 0 shares	Apr. 1978	Joined Yasuda Life Insurance Company (currently Meiji Yasuda Life Insurance Company)
		Apr. 2002	Deputy General Manager, Marketing Promotion, Yasuda Life Insurance Company (currently Meiji Yasuda Life Insurance Company)
		Apr. 2005	General Manager, Public Sector Marketing, Chubu, Yasuda Life Insurance Company (currently Meiji Yasuda Life Insurance Company)
		Apr. 2008	General Manager, Public Sector Marketing 4, Yasuda Life Insurance Company (currently Meiji Yasuda Life Insurance Company)
		Apr. 2011	General Manger, Marketing Management, Meiji Yasuda General Insurance Co., Ltd.
		Apr. 2012	Director & General Manger, Marketing Promotion, Meiji Yasuda General Insurance Co., Ltd.
		Apr. 2013	Managing Executive Director, Meiji Yasuda General Insurance Co., Ltd.
		Reason for the selection of candidate for Outside Audit & Supervisory Board Member Mr. Yoichi Nitta has an experience of executing operation centered on marketing and sales at Meiji Yasuda Life Insurance Company, as well as the experience in in corporate management as Managing Executive Director at Meiji Yasuda General Insurance Co., Ltd. Therefore, the Company judges that he is able to audit the management of the Company appropriately by utilizing his wealth of experience and insights as well as his high ethical standard.	

Notes:

1. Mr. Kuninori Hamaguchi is a candidate for Outside Audit & Supervisory Board Member and he is also an independent officer based on the terms of the Tokyo Stock Exchange. If his reappointment is approved, he will continue to be an independent officer. In addition, net sales to OMRON Corporation and KAGA DEVICES CO., LTD. account for less than 1% of the OKI Group's total net sales and Mr. Kuninori Hamaguchi meets the criteria for an independent officer.
2. Mr. Yoichi Nitta is a candidate for Outside Audit & Supervisory Board Member. If his appointment is approved, he will be an independent officer. In addition, net sales to Meiji Yasuda Life Insurance Company and Meiji Yasuda General Insurance Co., Ltd. account for less than 1% of the OKI Group's total net sales and Mr. Yoichi Nitta meets the criteria for an independent officer.
3. The Company has entered into the liability limitation agreement with Mr. Kuninori Hamaguchi. The outline of the agreement is provided in "Outline of Liability Limitation Agreements" (on page 18) in the Business Report. If his reappointment is approved, the Company will continue this agreement with him.
4. If the appointment of Mr. Yoichi Nitta is approved, the Company will enter into the liability limitation agreement with him. The outline of the agreement is provided in "Outline of Liability Limitation Agreements" (on page 18) in the Business Report.
5. Mr. Kuninori Hamaguchi was not aware beforehand of the improper accounting at an OKI Group overseas consolidated subsidiary discovered in 2012 during his term of office. However, since the fact was discovered, he has been appropriately fulfilling his duties presenting his proposals on matters including measures to prevent reoccurrences of similar incidents in an active manner, as well as monitoring the progress of implementation.

(Translation)

(Reference) The Company's stance towards independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company elects Outside Directors and Outside Audit & Supervisory Board Members based on the following policies

1) Persons who are not business executers*[1] of the OKI Group
2) Parties for whom the OKI Group is not a major business partner (parties whose sales to OKI Group exceeds 2% of the total sales of the parties' group) or business executers thereof
3) Parties who are not major businesses partners of the OKI Group (parties to whom OKI Group' sales exceeds 2% of the total sales of the OKI Group) or business executers thereof
4) Parties who are not major shareholders of the Company (parties who holds 10% or more of the total voting rights directly or indirectly) or business executers thereof
5) Persons who are not business executers of parties of whom the OKI Group is a major shareholder
6) Persons who are not consultants, accounting specialist such as certified public accountants, or legal experts such as attorney-at-law receiving significant amount of money (more than ¥10 million annually) or other property (property worth more than ¥10 million annually), except for compensation paid to Directors and Audit & Supervisory Board Members, from the OKI Group (or if the entity receiving such property is an organization including corporation and association, persons belonging to the organization)
7) Persons who do not belong to the accounting firm conducting statutory audits of the Company
8) Persons who have not fallen under any of items 1) through 7) in the past 10 years
9) Persons who are not relatives within two degrees of kinship of the following persons
   a. Persons who fall under any of the above 2) through 7) (however, for the "business executers" in 2) through 5), this applies only to principal business executers*[2], for the "persons belonging to the organization" in 6), this applies only to principal business executers thereof or persons with professional certificates or license such as certified public accountants and attorney-at-law if the relevant organization is an audit firm or law firm, and for "persons who belong to the accounting firm" in 7), this applies only to principal business executers thereof or persons with professional certificates or license such as certified public accountants.)
   b. Principal business executers of the OKI Group
   c. Persons who have fallen under the above b in the past 10 years

*1 "Business executers" refer to persons who perform executive roles among Directors (excluding Outside Directors), Executive Officers, and employees etc.

*2 "Principal business executers" refer to persons who perform important business execution among Directors (excluding Outside Directors), Executive Officers, and General Managers etc.

In addition to these policies, the Company elects Outside Directors and Outside Audit & Supervisory Board Members, on the ground of each candidate's experience and knowledge in respective professional fields being beneficial to the Company at present.

The Company judged that two Outside Directors and two Outside Audit & Supervisory Board Members elected by the aforementioned policies have no potential conflict of interest with ordinary shareholders, and designated them as independent officers to stock exchange.

(Translation)

Agenda 5: Grant of Stock Option for Stock-linked Compensation (Equity Warrants) to Directors

1. Reasons for the Proposal

Compensation paid to Directors in the amount of no more than ¥600 million (Not including the amount of compensation paid as employee wages for Directors who are also employees) was approved at the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006, and has remained at that amount to the present.

However, in line with the revising Executive compensation system, the Company proposes to provide compensation to Directors (excluding Outside Directors) in the form of equity warrants allotted as compensation-type stock option, in addition to the above-mentioned compensation, with the aim of raising Directors' morale and motivations towards contribution to the enhancement of business performance and corporate value over medium-to-long term by sharing with shareholders not only the benefits from the rise in stock prices, but also risks due to the fall of stock prices through clear correlation between compensation and business performance of the Company and stock prices. The amount of compensation related to such equity warrants shall be no more than ¥100 million. Outlines of the relevant equity warrants are stated in 2 below and the maximum units shall be 1,000 per year.

The Company currently has six (6) Directors (excluding Outside Directors), and if the Agenda 3 is approved as proposed, the number of Directors excluding Outside Directors will be five (5). Allotment time of equity warrants to each Director and allocation etc. shall be left to the Board of Directors.

2. Details of the Proposed Changes

Outlines of equity warrants to be allotted to Directors (excluding Outside Directors) as compensation are as follows.

(1) The number and type of shares to be issued upon exercise of equity warrants

The type of shares to be issued upon exercise of equity warrants shall be common stock of the Company, and the number of shares to be issued upon exercise of equity warrants (hereinafter "the number of shares issued") shall be 1,000. If Agenda 2 is approved as proposed, provided that the share consolation comes into effect, the number of shares issued will be 100 beginning October 1, 2016.

Moreover, in the event of share splitting, free allotment of shares, or share consolation, the number of shares issued will be adjusted as appropriate using the following formula. However, this adjustment will be made only with respect to equity warrants not yet exercised at that time. In this calculation, any fractional shares less than one share will be disregarded.

Adjusted number of shares issued＝Number of shares issued before adjustment×Ratio applicable to the splitting, free allotment, or consolation of shares

Furthermore, upon merger or demerger, or when the Company becomes a wholly owned subsidiary through share exchange or share transfer, the Company can adjust the number of shares issued appropriately in consideration of circumstances such as merger ratio if the equity warrants are successional.

(Translation)

(2) Total number of equity warrants

The maximum number of equity warrants to be allotted within one year after the date of an Ordinary General Meeting of Shareholders in each fiscal year shall be 1,000, and the Company plans to allot such equity warrants every year.

Even if the annual maximum amount to be allotted of 1,000 units were continuously allotted for ten years, dilution rate of the Company’s shares will remain at approximately 1.2% when all of the equity warrants, including the amount already being issued, were exercised, and thereby it is considered to be remained within appropriate level.

(3) Amount to be paid for equity warrants

Amount to be paid for equity warrants shall be the fair value calculated based on the Black-Scholes Model or any other reasonable method as of the allotment date of equity warrants. Such amount shall be off set against an equivalent amount of compensation to be paid by the Company

(4) Value of assets to be contributed upon the exercise of equity warrants

The value of assets to be contributed upon the exercise of each equity warrants shall be ¥1 per share to be issued upon the exercise of such equity warrants, multiplied by the number of shares issued.

(5) Exercise period of equity warrants

The exercise period shall be set by the Board of Directors within 25 years from the following date of the allotment date of equity warrants.

(6) Conditions of exercising equity warrants

A person who has received allotment of equity warrants (hereinafter the “holder of equity warrants”) may exercise the equity warrants only within 10 days from the day following the day he/she loses both of his/her position as Director or Executive Officer of the Company. Other conditions of exercising equity warrants shall be set by the Board of Directors of the Company.

(7) Restriction on transfer of equity warrants

The acquisition of equity warrants by transfer shall require approval by a resolution of the Board of Directors of the Company

(8) Treatment of fractional shares less than one (1) share upon exercise of equity warrants

Any fractional shares less than one (1) share to be issued to the holders of equity warrants upon the exercise of equity warrants shall be disregarded.

(9) Other matters regarding equity warrants

Details of the above (1) through (8) and other matters regarding equity warrants shall be established by the Board of Directors of the Company.

(Translation)

(Reference)

If the introduction of stock option for stock-linked compensation (equity warrants) to Directors (excluding Outside Directors) is approved, the Company intends to establish the same scheme, equity warrants as stock option, for Executive Officers of the Company following a separate resolution at the Board of Directors.

(Translation)

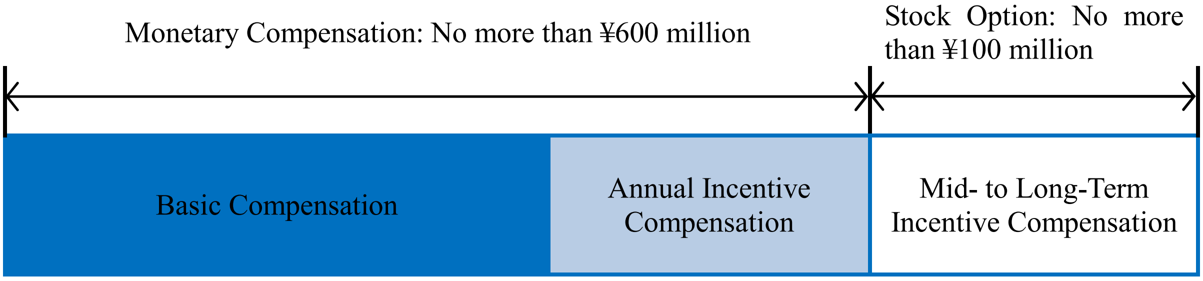
(Reference) The Company's stance towards Directors' compensation, etc.

In order to achieve "continuous growth" of the OKI Group, a shift to the management focused on "more aggressive goal setting" and "growth over mid- and long-term" is essential, and therefore OKI has revised its compensation system as part of efforts to develop an environment for such a shift. The Company has established the Personnel Affairs and Compensation Advisory Committee, chaired by Outside Director, and determined compensation for Directors at the Board of Directors following the deliberation and discussion at the said Committee.

Compensation etc. for Directors, excluding Outside Directors, was mainly comprised of basic compensation in the past. However, it now has been changed to that consists of basic compensation, annual incentive compensation, and mid- to long- term incentive compensation. The content of compensation is provided as follows, in the stance of clarifying correlation between compensation and business performance, with the consideration of levels at other companies, among other factors. In addition, OKI has adopted the executive officer system, and for Directors who concurrently serve as Executive Officers, such elements as their position and evaluation of the execution of duties by them will be taken into consideration as important factors in the determination of the compensation for Directors. Compensation etc. for Outside Directors consists only of basic compensation.

Type	Content of compensation
Basic compensation	When serving as Executive Officer concurrently, monetary compensation shall be paid, determined individually tailored to position, followed by duties.
Annual incentive compensation	Monetary compensation shall be paid, determined individually with a linkage with the past year's consolidated business performance of the OKI Group and that of the division each Director is responsible for.
Mid- to long-term incentive compensation	Stock option for stock-liked compensation shall be granted, at certain ratio of basic compensation amount, in the view of value sharing with shareholders and the enhancement of corporate value as well as shareholders' value over the mid-to long-term.

Agenda 5 is a proposal of the maximum amount of the abovementioned mid-to long-term incentive (stock option for stock-liked compensation with the annual maximum amount to be ¥100 million and the annual maximum units to be allotted of 1,000). With regard to basic compensation and annual incentive compensation, the Board of Directors will determine and pay within ¥600 million per year, as resolved at the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006, following the deliberation and discussion at the Personnel Affairs and Compensation Advisory Committee.



(Translation)

Appendix

Instructions for the Exercise of Voting Rights via the Internet

1. **Matters requiring your agreement concerning the exercise of voting rights via the Internet**
   We kindly request your consent to the following regarding exercise of voting rights via the Internet.
   1) Exercise of voting rights via the Internet is only possible by accessing the voting site designated by the Company (http://www.it-soukai.com/) via a PC or a mobile phone. When exercising the voting right using this site, you are requested to log in to the site using your voting rights exercise code and password provided in the right corner of the voting rights exercise form, enclosed with the Notice, then follow the guidance on the screen. To ensure security, you are requested to enter the password when executing the first log-in.
   2) You are requested to complete entries by 5:15 p.m., June 23 (Tuesday), 2016 (JST), which is the deadline for execution. Please exercise your voting rights at your earliest convenience.
   3) If you exercise your voting rights both in writing and via the Internet, we will regard the vote cast via the Internet to be effective.
   4) If you exercise your voting rights more than once, we will regard the last vote you cast via the Internet to be the effective one.
   5) You will bear all connection charges for using the Internet (service provider access fees, communication charges, etc.).

2. **Technical specifications**
   1) Internet environment: an environment, where the Internet can be used, such as conclusion of a contract with an Internet provider, is required.
   2) Browser: Internet Explorer 5.01 SP2 or above
   3) Software
      Adobe Acrobat Reader Ver. 4.0 or later, or Adobe Reader Ver. 6.0 or later
   4) Screen resolution
      800x600 dots (SVGA) or more

3. **Notes on information security**
   Please rest assured that you will be able to use our systems safely as we use cryptographic technology (128-bit SSL) in order to prevent exercise-related information from being falsified or wiretapped.
   The voting rights exercise code and password provided on your voting rights exercise form are an important means of validating you as our shareholder. Please ensure that they are not disclosed to others. The Company's staff will never ask you to disclose your password.

4. **Contact**
   1) For information concerning the operation of personal computers for the electronic exercise of voting rights:
      Internet Help Dial, Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
      Tel: 0120-768-524 (toll-free)
      From 9:00 a.m. to 9:00 p.m. excluding Saturdays, Sundays and national holidays
   2) For address changes and other matters other than (1) above:
      Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
      Tel. 0120-288-324 (toll-free)
      From 9:00 a.m. to 5:00 p.m. excluding Saturdays, Sundays and national holidays

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