

Financial Results for the Fiscal Year ended March 31, 2010

April 28, 2010

Oki Electric Industry Co., Ltd.

- Indication method of amounts in hundred millions yen are as follow:
Amounts in each item are rounded to the nearest hundred million yen. Variances are calculated in the hundred millions.
- The projections and plans in this material are subject to change depending upon the changes of business environments and other conditions.

Table of Contents

I. Financial results for the FY ended March 2010

1. Summary of segment information
2. Changing factors of operating income
3. Segment information
4. Profit and loss
5. Balance sheets
6. Cash flows

II. Projections for the FY ending March 2011

1. Assumptions of FY end. March 2011 plans
2. Revision of business segments
3. Summary of segment information
4. Changing factors of operating income
5. Profit and loss projections
6. Cash flow projections
7. Capital expenditure and R&D expenses

Summary of segment information

*Semiconductors excluded from previous year

Though net sales fell short of previous projection announced on February 3, operating income achieved profit as planned.

[YoY comparison]

● **Net sales decreased by 47.7 B yen**

- Info-telecom: Sales decreased due to demands from financial business in domestic market had ran its course and the impact of enterprises reducing investment caused by the economic downturn.
- Printers: Sales declined because of the decreasing sales for SIDM due to the shrinking market, in addition to the impact of currency exchange.
- “Others” segment : Sales decreased mainly in components related businesses, due to the impact of the economic downturn.

● **Operating income increased by 8.4 B yen**

(Billion yen)	Net sales		Operating income (loss)	
	FY end Mar. 10	FY end Mar. 09	FY end Mar. 10	FY end Mar. 09
Info-telecom	274.9	302.3	14.6	7.0
Printers	145.2	160.7	6.3	7.8
Others	23.8	28.5	(0.4)	(1.4)
Eliminates & Corp.	—	—	(6.5)	(7.8)
Subtotal	443.9	491.6	14.0	5.6

Previous Projections	
Net sales	Operating income (loss)
280.0	12.5
150.0	8.0
26.0	0.0
—	(6.5)
456.0	14.0

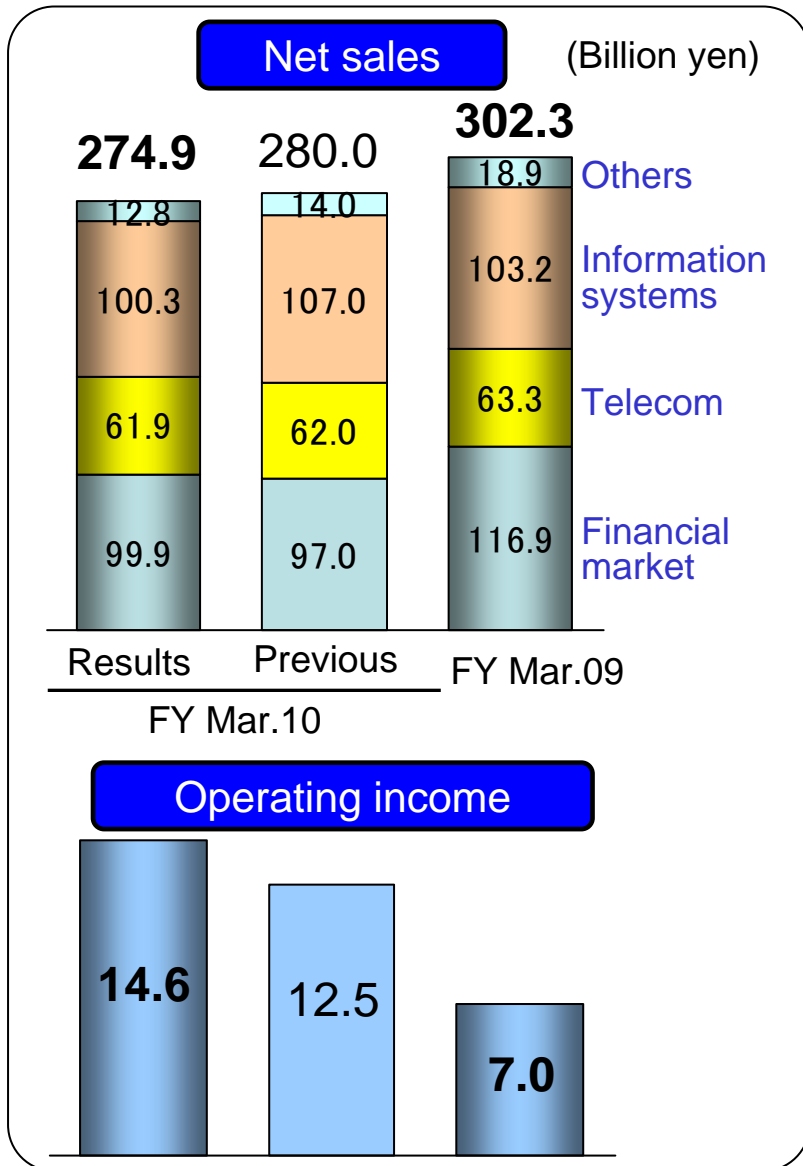
Changing factors of operating income

- Impact of decrease in marginal profit from volume decline, price falls, and the strong yen was offset by reducing production and procurement costs and optimizing fixed costs.

		(billion yen)	Operating income (loss)
	Results of FY ended March 2009 (excluding semiconductors)		5.6
	Results of FY ended March 2010		14.0
	Variance of operating income		+8.4
Major factors of changes	Changes in volume and product mix		(8.5)
	Price decline		(3.5)
	Impact of currency exchange		(1.5)
	Reduction of procurement and production costs		+7.0
	Changes in fixed costs		+15.0

VE: Value Engineering

Segment information: Info-telecom systems



[Comparison with previous projections(Feb.3)]

Though sales mainly from enterprises decreased due to economic stagnation, operating income increased through efforts in cutting fixed costs, etc.

[YoY comparison]

■ Net sales decreased by 27.4 B yen

➤ **Financial market:**
Sales for ATMs in China increased. Sales from the replacement of ATMs in domestic retail markets and from large projects of bank branch systems decreased since demand had run its course.

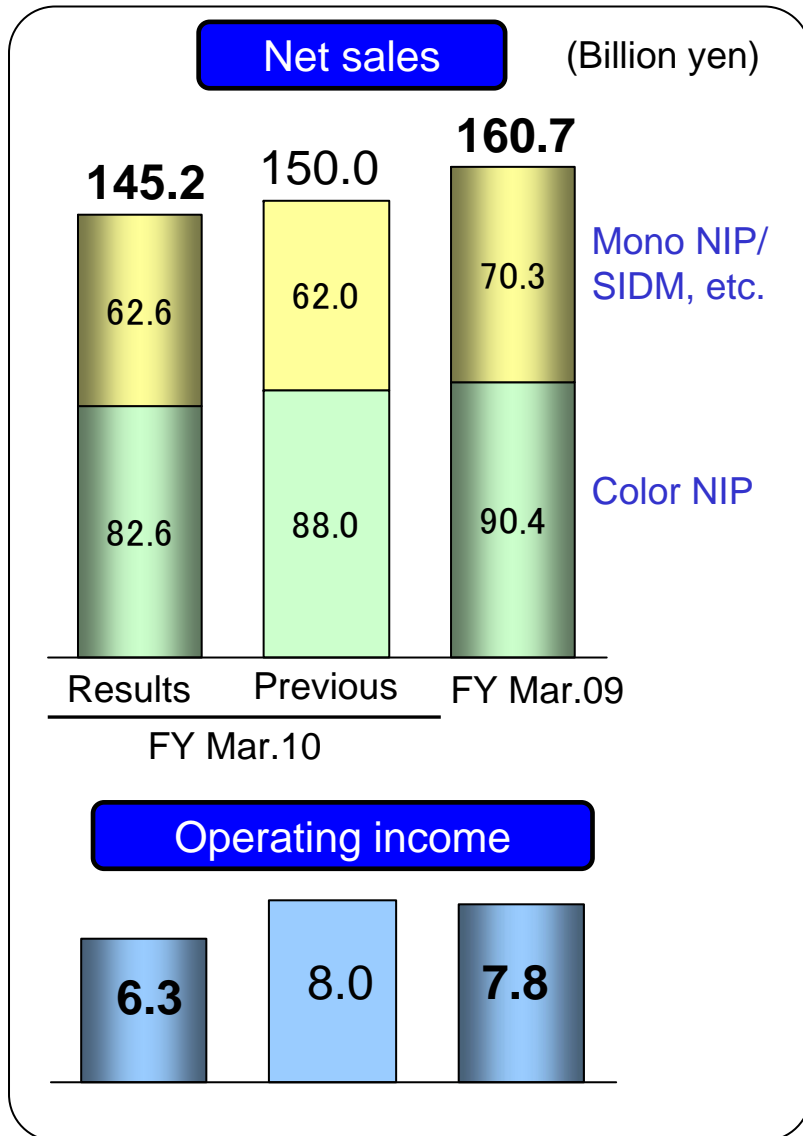
➤ **Telecom:**
Shipment of GE-PON increased. Overall net sales remained flat due to narrowing low profit home network products, etc.

➤ **Information systems:**
Though sales for public sector increased, sales for enterprises decreased due to the impact the economic downturn.

■ Operating income increased by 7.6 B yen

Impact of decrease in marginal profits from volume decline was offset by reducing production and procurement costs and optimizing fixed costs.

Segment information: printers



[Comparison with previous projections(Feb.3)]

Sales decreased due to the decline of unit sales influenced by the sluggish economy in the U.S. and Europe. Operating income fell below the plan due to the impact of decrease in marginal profit from volume decline.

[YoY comparison]

■ Impact of currency exchange

➤ Net sales declined by 9.5 B yen. Operating income declined by 1.8 B yen

■ Net sales decreased by 15.5 B yen.

➤ Color NIP:

-Sales decreased by 5.5 B yen, impacted by currency exchange.

-Though unit sales increased due to the launch of a new model MFP, overall net sales decreased as a result of tendency to restrain color printing and decline in hardware prices, caused by the economic downturn. (Currency exchange is excluded)

➤ Mono NIP, SIDM, etc.:

- Sales for Mono NIPs increased through promotion in Europe and the launch of new products. Sales for SIDM decreased as the whole market shrinks.

■ Operating income decreased by 1.5 B yen.

While OKI made efforts to reduce production and procurement costs and optimize fixed costs, operating income declined due to the impact of currency exchange, decrease in marginal profit from volume decline, and price decline.

NIP: Non-Impact Printer

SIDM: Serial Impact Dot Matrix

Profit and loss

(Billion yen)	FY Mar. 2010	FY Mar. 2009 *	Previous Projections
Net sales <i>Excluding Semiconductors</i>	443.9	545.7 491.6	456.0
(Cost of sales ratio)	(72.7%)	(75.3%)	
Cost of sales	322.6	410.7	
SG&A	107.4	134.6	
Operating income <i>Excluding Semiconductors</i>	14.0	0.4 5.6	14.0
Other loss	(5.2)	(6.6)	
Recurring income/ loss	8.8	(6.2)	7.5
Extraordinary loss	(3.6)	(30.5)	
Income before income taxes	5.1	(36.7)	
Income taxes	(1.5)	(8.3)	
Net Income/loss	3.6	(45.0)	2.0

* Semiconductor business was spun off and its shares were transferred in October 2008.

[YoY comparison]

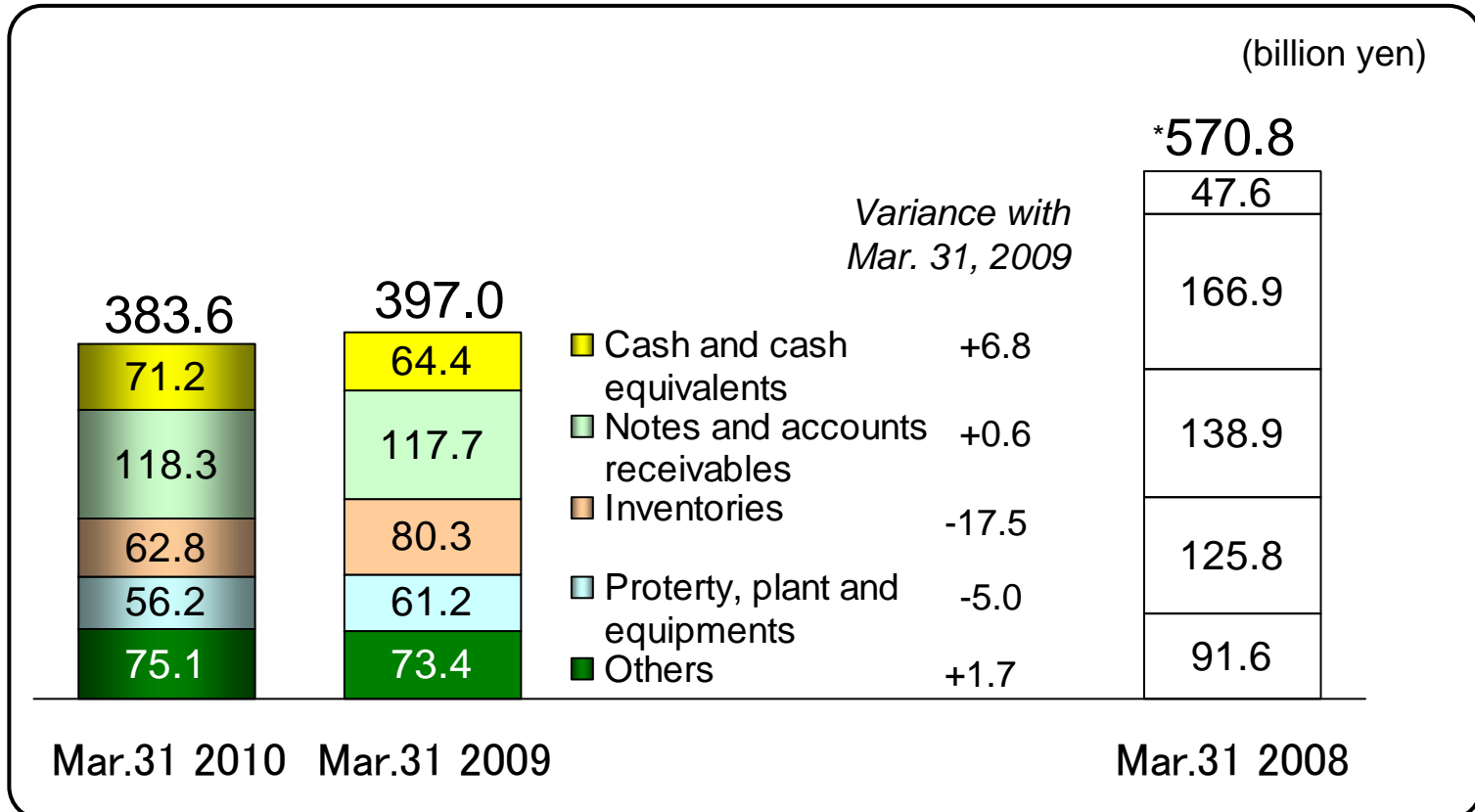
- Impact of semiconductor transfer:
Net sales declined by 54.1B yen
Operating loss improved by 5.1B yen
 - SG&A, excluding influence of semiconductor transfer, decreased from efforts in optimizing fixed costs, etc.
- Other income and expenses improved, mainly due to efforts such as reducing interest expense by cutting interest-bearing debt.
- Extraordinary loss improved substantially; previous year included implementing measures to revamp its business structure and valuation loss caused by the change of inventory valuation standards, etc.

[Reference: Currency exchange rate]

	FY Mar. 2010	FY Mar. 2009
USD	92.9	100.5
Euro	131.2	143.5

Balance sheet [Assets]

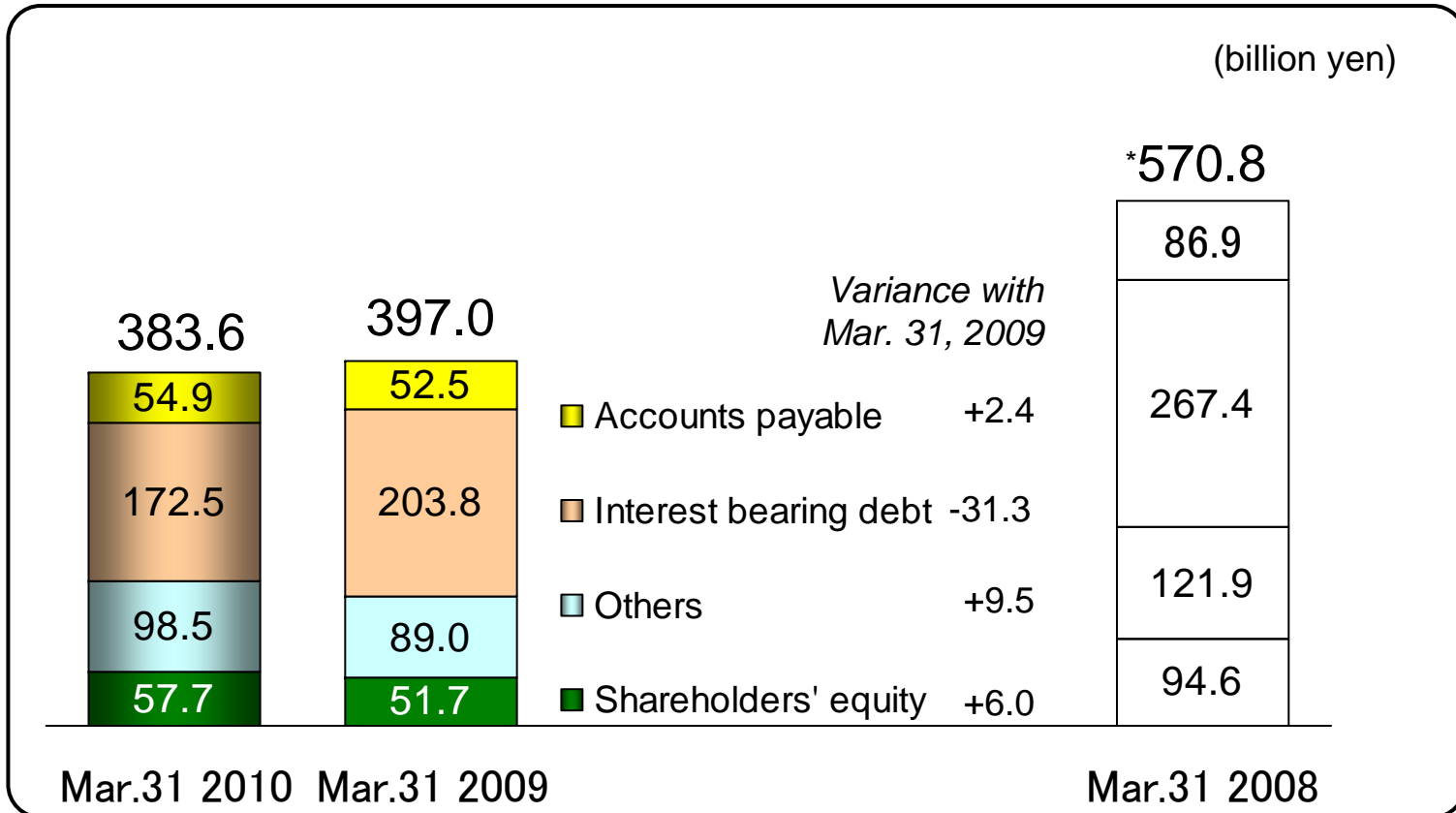
- Cash and cash equivalents increased by 6.8 B yen, as free cash flows increased due to working capital improvement, despite decrease caused by redemption of interest bearing debt, etc.
- Inventories decreased by 17.5 B yen due to efforts in improving working capital, etc.



*The assumed total assets excluding semiconductor business at the end of March 2008 was 435.4B yen.

Balance sheet [Liabilities and shareholders' equity]

- Interest bearing debt declined by 31.3 B yen through redemption of corporate bonds, etc. (Net interest bearing debt decreased by 38.0 B yen.)
- Shareholders' equity increased by 6.0 B yen due to the increase in the valuation adjustments of owned shares in addition to the net income during this fiscal year.



*The assumed total assets excluding semiconductor business at the end of March 2008 was 435.4B yen.

Cash flows

- Cash flows from operating activities increased, mainly due to improved net income
- Free cash flows were appropriated for the redemption of corporate bonds.

	FY end. Mar. end. 10	* FY end. Mar. end. 09	(Billion yen)
I. Cash flows from operating activities	51.3	18.9	
Income before income taxes	5.1	(36.7)	
Depreciation & amortization	15.5	25.9	
Changes in working capital	19.4	17.6	
Others	11.3	12.1	
II. Cash flows from investing activities	(13.0)	57.5	
Purchases of property, plant & equipment	(8.0)	(17.3)	* Gain on transfer of semiconductor business shares included
Others	(5.0)	(*) 74.8	
Free cash flows (I+II)	38.3	76.4	
III. Cash flows from financing activities	(31.3)	(59.5)	
Net cash flow (I+II+III)	7.0	16.9	
IV. Cash and cash equivalents at the period end	71.2	64.4	
V. Interest bearing debt at the period end	172.5	203.8	

* Semiconductor business was spun off and its shares were transferred in October 2008.

Table of Contents

I. Financial results for the FY ended March 2010

1. Summary of Segment information
2. Changing factors of operating income
3. Segment information
4. Profit and loss
5. Balance sheets
6. Cash flows

II. Projections for the FY ending March 2011

1. Assumptions of FY end. March 2011 plans
2. Revision of business segments
3. Summary of segment information
4. Changing factors of operating income
5. Profit and loss projections
6. Cash flow projections
7. Capital expenditure and R&D expenses

Assumptions of FY end. March 2011 plans

As the first year of the mid-term business plan, execute the plan steadily

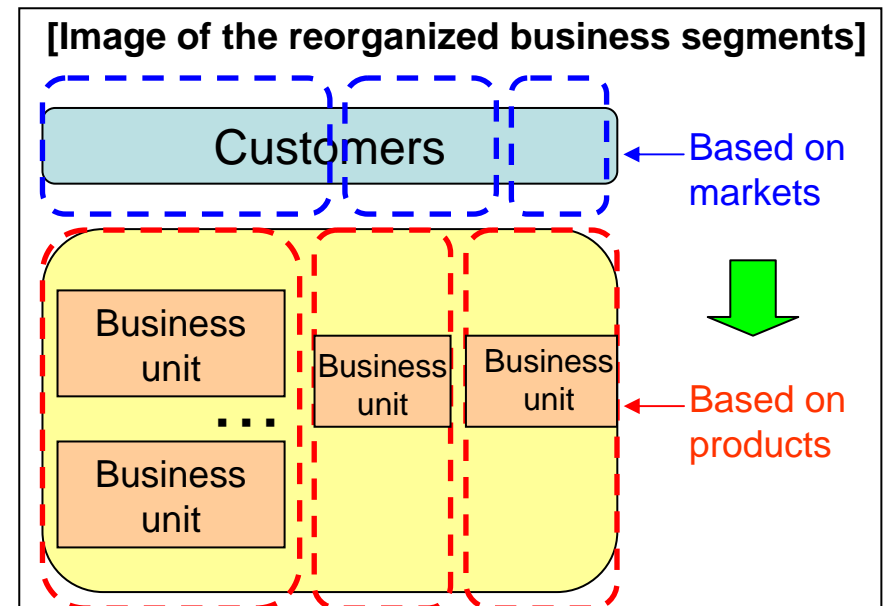
Establish a business structure that generates profit stably without depending on sales expansion even under the severe business environment

[Direction of OKI's approach]

1. Shift to a consolidated group management
2. Enhance "monozukuri" (manufacturing)
3. Strengthen service business
4. Create new businesses based on unique technologies

■ Reorganize business segments, following the changes in business management units

- Change the base of business management from markets to products
- Maximize Group consolidated profitability



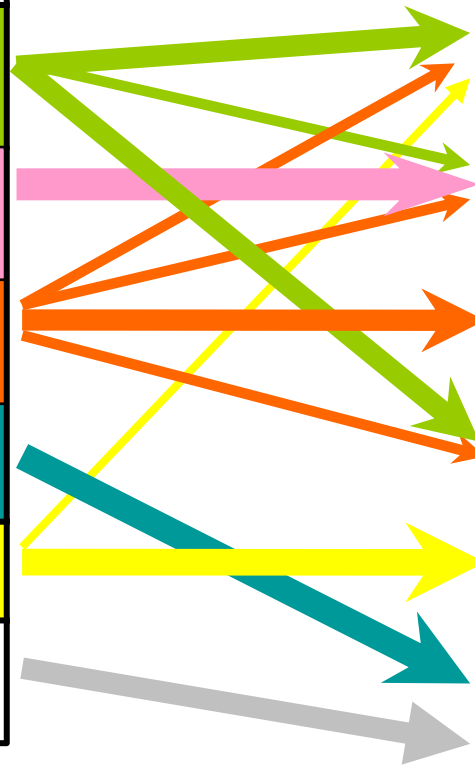
Revision of business segment

- Change the base of business segment from market to products
- Business segments; “Info-telecom systems”, “Printers”, and “Others”
- Drive business operation by 6 business units based on products

FY end. Mar.10

Segment (Market-based)	Sub-segment (Market-based)
Info-telecom systems	Financial systems
	Telecom systems
	Info-systems
	Others
Printers	Printers
Others	independent biz.,etc.

FY end. Mar.11



Biz.unit (Products-based)	Segment (Product-based)
Solutions & services	Info-telecom systems
Telecom systems	
Social infrastructure systems	
Mechatronics systems	
Printers	Printers
EMS	Others
Others	

EMS: Electronics Manufacturing Service

Summary of segment information

[Full year comparison]

- Net sales is expected to increase by 6.1 B yen to 450.0 B yen.
- Operating income is expected to decline by 2.0 B yen to 12.0 B yen.
- “Others” segment: Both sales and operating income are expected to increase, mainly due to the increase in EMS biz.

(billion yen)		FY end. Mar. 2011 (Plan)		FY end. Mar. 2011 (after restatement)	
		Full year	1 st half	Full year	1 st half
Info-telecom	Net Sales	262.0	101.5	267.4	107.6
	Operating income	11.5	(1.0)	15.0	0.6
Printers	Net Sales	142.0	62.5	140.3	65.9
	Operating income	5.0	(1.0)	6.1	1.9
Others	Net Sales	46.0	21.0	36.2	15.5
	Operating income	2.2	0.4	(0.6)	(1.3)
Corporate & Eliminations	Operating income	(6.7)	(3.4)	(6.5)	(2.8)
Total	Net Sales	450.0	185.0	443.9	189.0
	Operating income	12.0	(5.0)	14.0	(1.6)

Changing factors of operating income

[Main factors of changes]

- Change in volume and product mix: +6.5 billion yen

- Increase in marginal profits through increased sales for printers. Improvement in profitability by accelerating business selection and concentration.

[Reference : Currency exchange rate]

- Price decline: -2.0 billion yen

- Impact of currency exchange: -3.0 billion yen

- Both assumed mainly for printers

FY end. March 2011 (Plan)		FY end March 2010 (Results)	
USD	Euro	USD	Euro
90.0	120.0	92.9	131.2

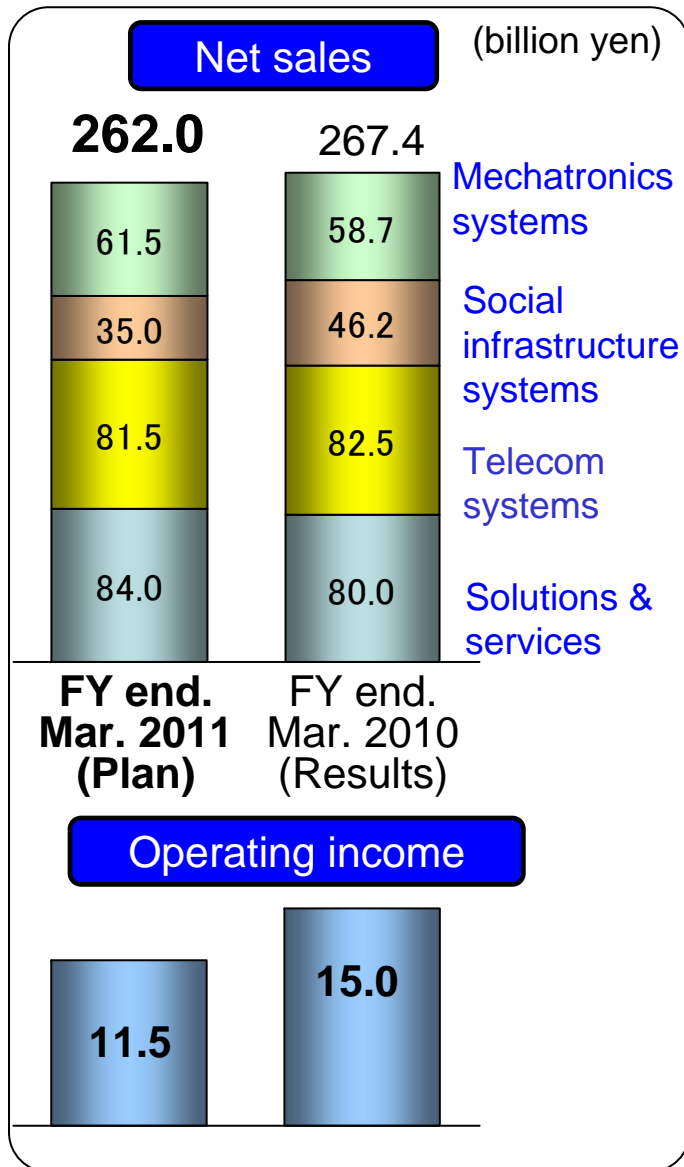
- Reduction of production and procurement costs : 5.5 billion yen

- Accelerate Group procurement enforcement measures as presented in the mid-term business plan, in addition to the former activities.

- Changes in fixed cost : -9.0 billion yen

- OKI expects expenses to increase due to the effects of treatment optimization and up-front investment mainly for R&D, though it will work further to reduce expenses.

Segment information: Info-telecom systems



■ Net sales is expected to decline by 5.4B yen.

➤ Solutions & services:

Sales for ATM monitoring services will increase. OKI plans to start LCM service. Focus on developing large project of bank branch systems for FY end. March 12 onward.

LCM: Life Cycle Management

➤ Telecom systems:

Sales for enterprises will increase due to enhanced one-stop services and effects of alliance. Overall sales will remain roughly flat.

➤ Social infrastructure systems:

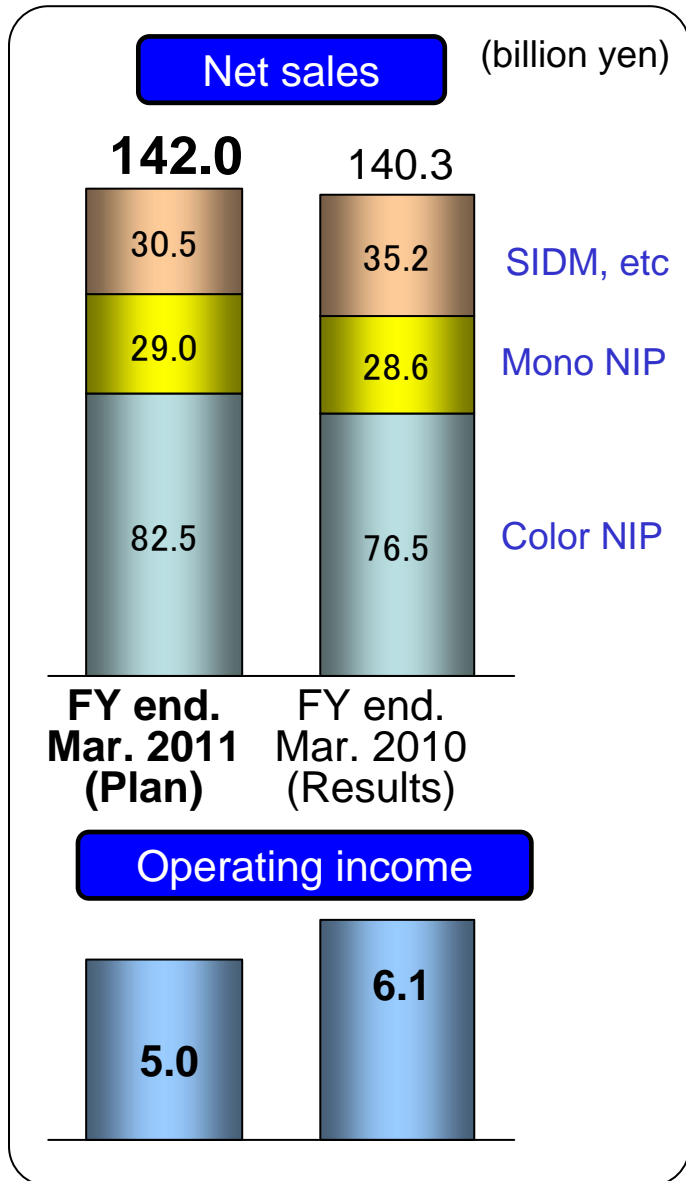
Though procurement was as planned, sales decreased as large project replacements for some governmental offices were in the changeover period.

➤ Mechatronics systems:

Sales in Japan will be steady and remain flat. Sales for ATMs in China will continuously expand and increase.

■ Operating income is expected to decrease by 3.5 B yen, due to the decline in marginal profits caused by decrease in sales for public infrastructure etc.,

Segment information: Printers



■ **Impact of currency exchange; sales and operating income are expected to decrease by 8.0 B yen and 2.9 B yen.**

■ **Net sales is expected to increase by 9.7 B yen. (Currency exchange is excluded.)**

- The NIP market is showing signs of recovery from the worst effects of the downturn in FY end. Mar.2010
- Unit sales for color NIPs and mono NIPs will increase due to expanding product lineup by launching new models. Sales for consumables is also expected to increase.
- Features of products
 - ✓ Color NIP: Launch high cost-effective products featuring high-performance, compact size, energy-saving, etc. Aim to attack the SMB market aggressively. SMB: Small and Medium Business
 - ✓ Mono NIP: Expand unit sales by enhancing customization capability and functionality.
- Sales for consumables will grow due to increase in unit sales for FY end. Mar. 2010 and the number of units operating in the market has become stable.

■ **Operating income is expected to increase by 1.8 B yen, due to improved marginal profits through increase in sales, despite price down. (Currency exchange is excluded.)**

Profit and loss projections

- Recurring income declines by 0.8 B yen, to 8.0 B yen, despite operating income declining by 2.0 B yen, since other income and expenses is expected to improve due to a decrease in interest-bearing debt.
- Net income is expected to reach 4.5 B yen, improving by 0.9 B yen. This is due to improvement in extraordinary income and losses through amortization of negative goodwill.

(billion yen)	FY end. Mar. 2011 (Plan)		FY end. Mar. 2010 (Results)	
	Full year	1 st half	Full year	1 st half
Net sales	450.0	185.0	443.9	189.0
Operating income/loss	12.0	(5.0)	14.0	(1.6)
Recurring income/loss	8.0	(7.5)	8.8	(4.7)
Net income	4.5	(8.0)	3.6	(7.0)

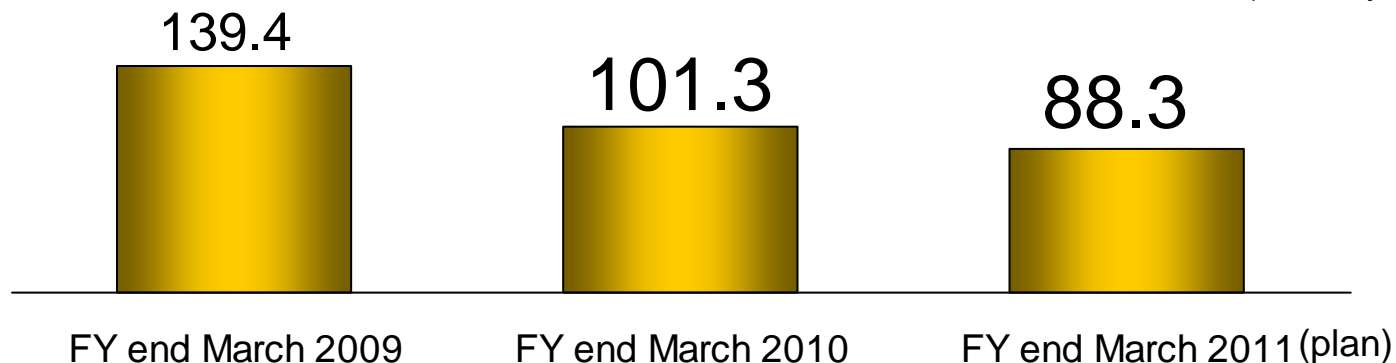
Cash flow projections

- Generate 13.0B yen free cash flows, and reduce net interest bearing debt

(billion yen)	FY end. Mar. 2011 (Plan)	FY end. Mar. 2010 (Results)
I. Cash flows from operating activities	30.0	51.3
II. Cash flows from investing activities	(17.0)	(13.0)
Free cash flows (I+II)	13.0	38.3
III. Cash flows from financing activities	(23.0)	(31.3)
Net cash flow (I+II+III)	(10.0)	7.0
IV. Cash and cash equivalents at the period end	61.2	71.2

[Balance of interest bearing debt]

(Billion yen)



Capital expenditure & R&D expenses projections

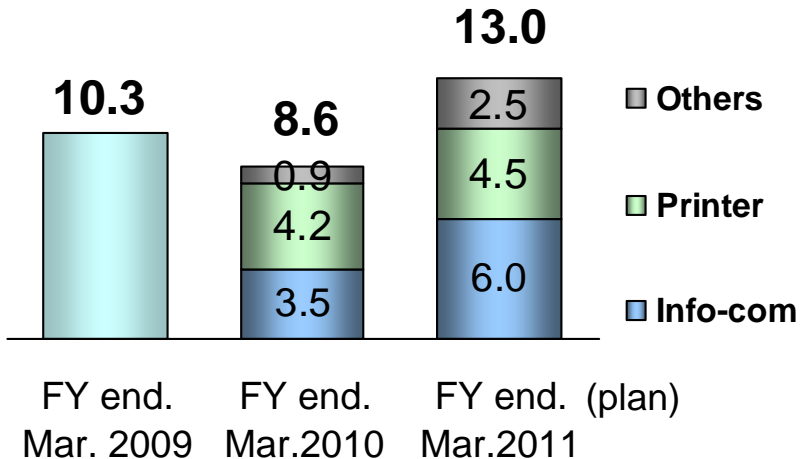
- OKI aims to strengthen competitive edge by investing proactively in the focusing businesses

Property, Plant & Equip.

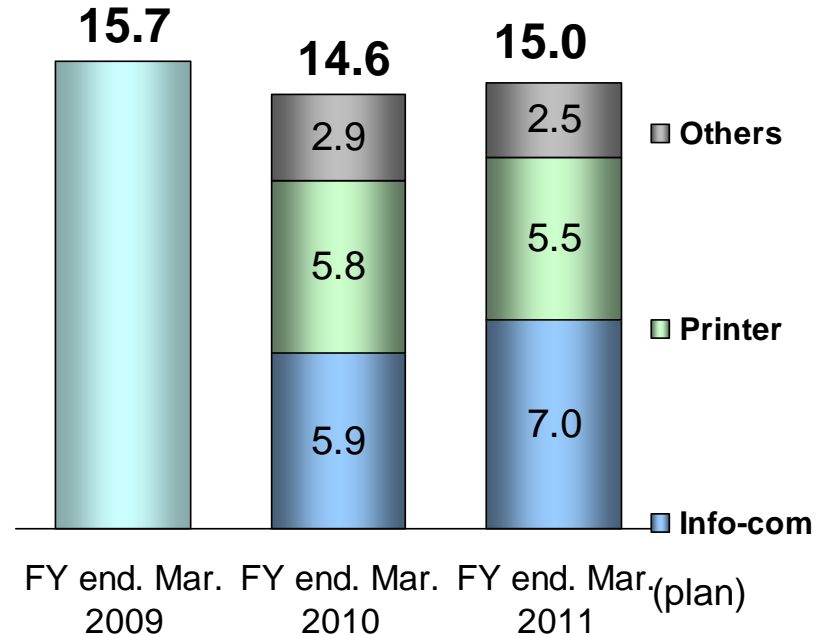
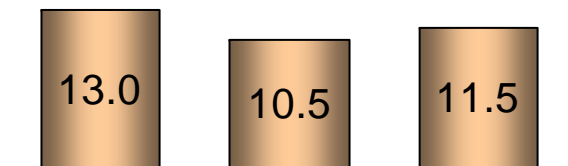
(Billion yen)

R&D Expenses

[Capital Expenditure]



[Depreciation]



*Excluding Semiconductors” for FY end. March 2009

*Reflecting restated values for FY end. March 2010