

# Initiatives to Revamp OKI's Business Structure

In March 2007, OKI formulated three basic strategies to revamp its business structure with the aim of recovering profitability. Since then, the Company has been steadily implementing measures that follow these basic strategies.

Basic Strategy

1

## Accelerate Business Selection and Concentration

### Procedures for Selecting and Concentrating Businesses

Businesses have been divided into four categories based on business performance indicators that include net sales, operating income ratio (3%), market potential, market share, synergy, and differentiation factors (technology, products, and know-how). OKI is carrying out business operations based on each of these strategies.

| Business Category              |          | Business Policy   |
|--------------------------------|----------|---|
| Focus businesses               | Existing | Sales expansion based on existing "strong products"   |
|                                | New      | New business creation and expansion based on synthesizing and integrating advanced technologies   |
| Stable earnings businesses     |          | Maintain and expand stable earnings through greater efficiency                                    |
| Businesses becoming profitable |          | Make every effort to become profitable / Businesses lacking profit potential will be consolidated |

Within the telecom and information systems businesses in particular, OKI has been promoting the reduction of and withdrawal from low-profit businesses. As a result, earnings in the fiscal year ended March 31, 2009 improved, despite drops in net sales compared with the previous fiscal year.

### Spin Off of the Semiconductor Segment and Transfer of Shares

On October 1, 2008, OKI spun off its semiconductor business through a company split (total assets: approximately ¥130.0 billion), transferring 95% of shares from applicable subsidiaries to ROHM CO., LTD. Remuneration for the transferred shares (¥85.8 billion) has been aggressively invested towards focus businesses, while a portion of this amount has been used to repay interest-bearing debt, strengthening OKI's financial standing.

### Focus Business Following the Transfer of Semiconductor Subsidiary Shares

From here on, OKI will focus on its core competencies, the info-telecom convergence and mechatronics (ATMs, printers, and others) businesses. OKI will also work to expand the concentration of overseas businesses, particularly in the mechatronics business.

Basic Strategy

2

## Shift to a More Efficient Management Style

### Splitting Up the Areas Related NGN Operations in the Telecom Business

Deeming it important to formulate a business structure that heightens management agility and is capable of rapidly responding to environmental changes, OKI established OKI Networks Co., Ltd. on October 1, 2008 with the purpose of gaining an advantage in the fiercely competitive network market and achieving additional growth in the telecom business.

### Abolishing the Internal Company System and Making the Transition to a Business Divisions System

OKI established business divisions that have market-oriented business management functions and business control functions as well as divisions that possess product planning functions. By establishing a structure that is capable of consolidating each business domain as it creates mutual linkage, OKI is taking steps to enhance its competitiveness and strengthen its management style.

### Thorough Optimization of Fixed Costs

Amid dramatically changing business conditions, OKI is thoroughly optimizing fixed costs to further bolster its corporate structure. As a result, OKI reduced fixed costs during the fiscal year ended March 31, 2009 by approximately ¥10.0 billion compared to the previous fiscal year. By implementing the following measures in the fiscal year ending March 31, 2010, the Company projects that additional reductions of approximately ¥14.0 billion can be achieved.

- **Reduction of cash outflows:**  
Undertake operations within the Group by effectively utilizing personnel and make efficient use of investments
- **Corporate streamlining:**  
Review and share common functions in accordance with the new structure following the transfer of semiconductor subsidiary shares
- **Eliminate and integrate subsidiaries (including production bases):**  
Generate new businesses, provide comprehensive services and efficiently operate businesses through integration
- **Reduce personnel costs:**  
Implement measures—including urgent actions—in response to deteriorating economic conditions

Basic Strategy

3

## Develop Strong Businesses Based on Strong Products

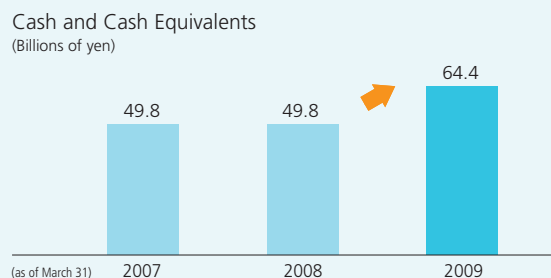
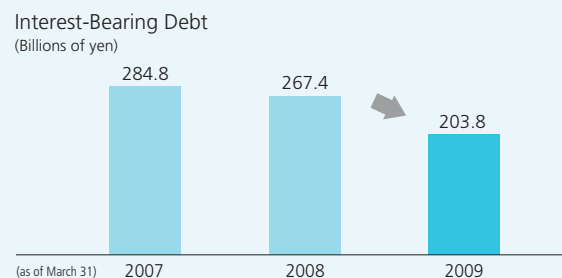
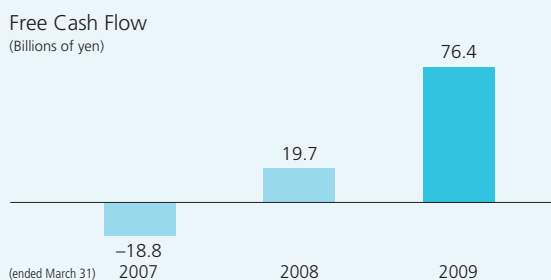
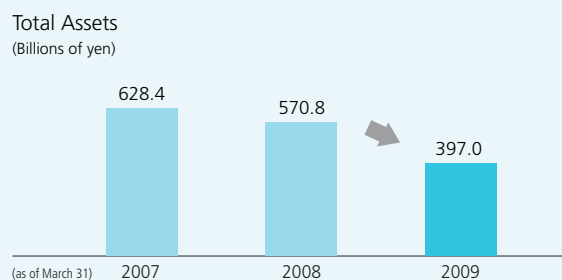
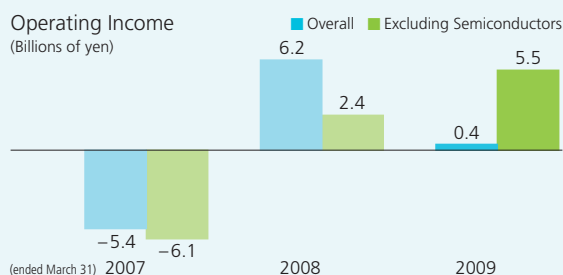
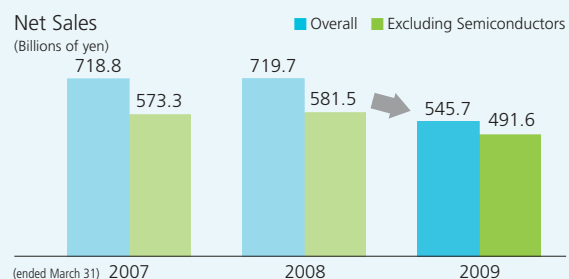
### Strong Business Development:

Focusing on the info-telecom convergence and mechatronics businesses, OKI will rebuild differentiated competitiveness through the following initiatives:

- Reexamine Group resources (personnel, goods, business, technological, product, and other) to synthesize, integrate and pair these based on effective resource utilization
- Proactively utilize alliances formed with global partners

\*Detailed information regarding these efforts is presented for each business segment beginning on page 12.

### Shifts in Key Figures Due to Restructuring Measures



Fiscal year ended March 31, 2009 marks the year in which OKI completed the formulation of its fully restructured business foundation.

From the fiscal year ending March 31, 2010 onward, OKI will work to develop businesses that exemplify its identity more fully.