

ANNUAL REPORT 2016

(For the year ended March 31, 2016)



ABOUT OKI

Corporate Philosophy

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.

Open up your dreams



Profile

Founded in 1881, Meikosha, Ltd. was the forerunner of today's OKI and Japan's first telecommunications equipment manufacturer. Meikosha's success came from the company's "enterprising spirit" to attempt to become the first domestic manufacturer of telephones only five years after Alexander Graham Bell's invention of the telephone in 1876.

Underpinned by this "enterprising spirit," which has been nurtured and passed down throughout the Company's long history, OKI has developed and provided a succession of products that have contributed to the development of today's information society. Always in the vanguard of technology innovation, OKI began selling computers containing Japan's first domestically developed core memories, developed the world's first cash recycling automated teller machine (ATM) that recycles deposited bills as funds for withdrawals, developed LED printers, and introduced the first Voice-over-Internet Protocol (VoIP) system to the Japanese market.

As a company that supports social infrastructural development, OKI will quickly grasp and incorporate the needs of the market into the development of products that satisfy customers, while contributing to the development of an information society. Guided by its brand statement, "Open up your dreams," OKI will diligently strive to achieve the dreams and hopes of stakeholders, to become the preferred global partner of choice and achieve continuous growth.

CONTENTS

1	Profile	21	Management
2	Financial and Non-Financial Highlights	22	Risk Management/Compliance
4	To Our Stakeholders	23	Information Security
8	Special Feature: Our EMS Business —EMS Customers Chose	24	Improvement of Customer Satisfaction
10	At A Glance	25	Respect for Employees
12	Overview of Operations	26	Consideration for the Environment
12	ICT	28	Social Contribution
13	Mechatronics Systems	29	OKI Group's CSR
14	Printers	30	Financial Section
15	EMS	56	Investor Information
16	Research and Development	57	Company Profile
18	Corporate Governance		

Editorial Policy

- Annual Report 2016 is published with the aim of disseminating useful information to investors and other stakeholders.
- In addition to the OKI Group's financial information such as business activities and results for fiscal year 2015, we have also reported information on our environmental, social, and governance initiatives, which had previously been published in our CSR reports.
- For specifics on our policies and systems in the areas of environmental and social matters, please visit our website.

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Years ended March 31

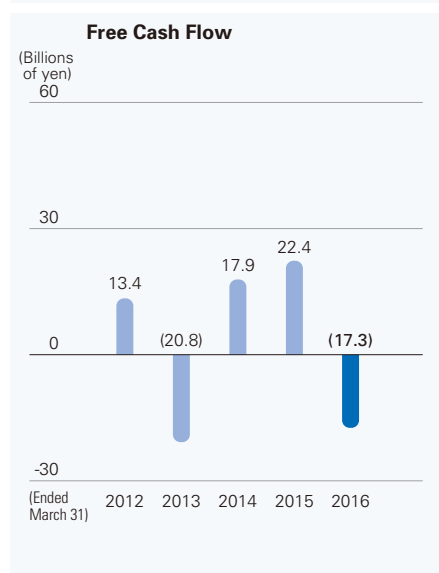
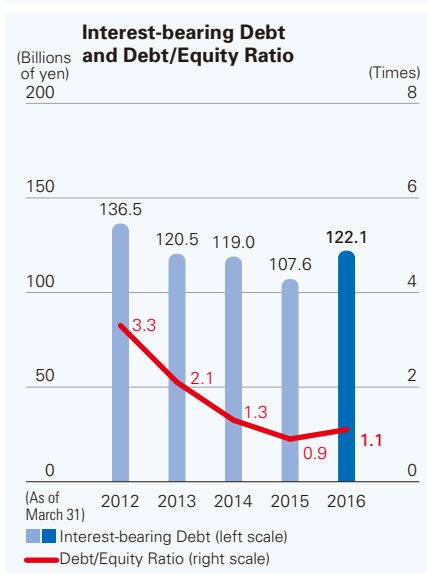
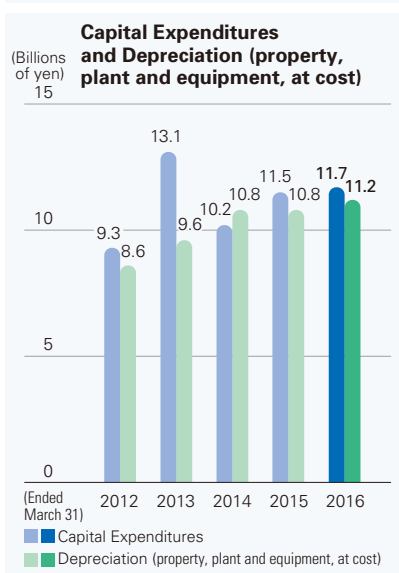
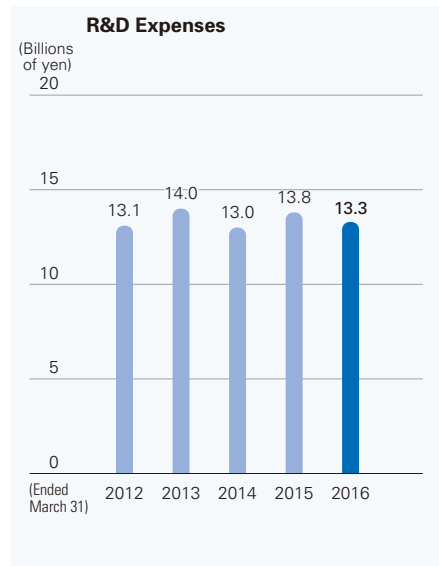
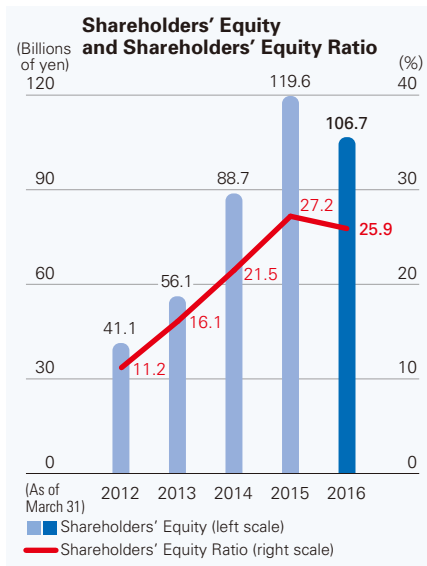
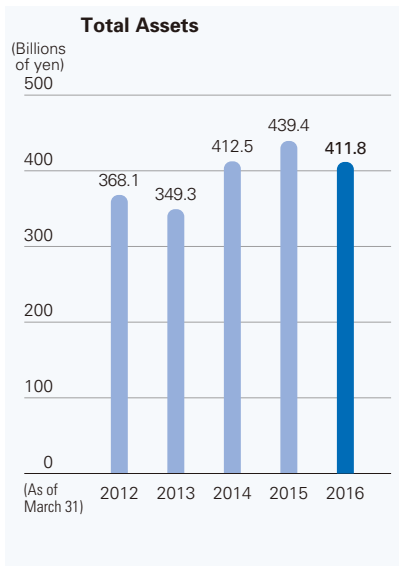
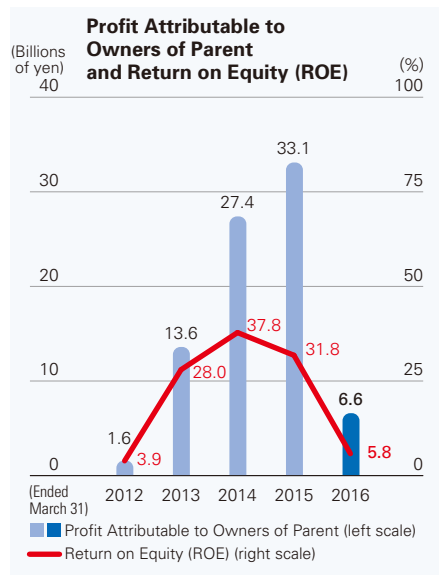
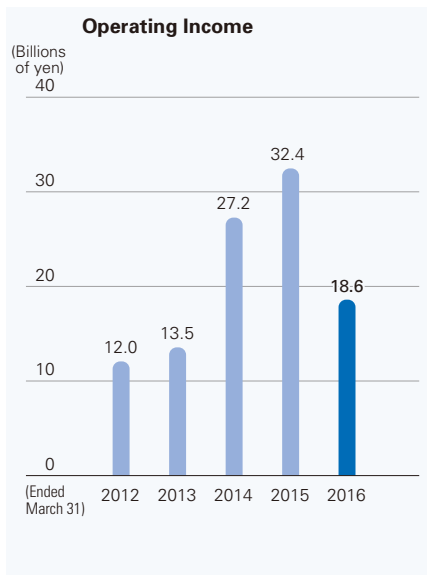
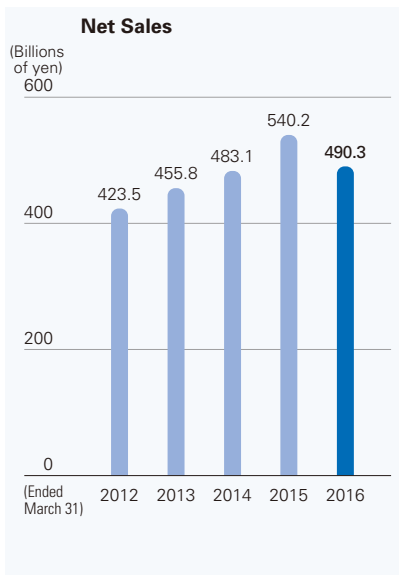
Ended March 31	Millions of yen					Thousands of U.S. dollars (Note 1)
	2012	2013	2014	2015	2016	2016
For the year						
Net sales	¥ 423,480	¥ 455,824	¥ 483,112	¥ 540,153	¥ 490,314	\$ 4,377,803
Operating income	11,980	13,475	27,196	32,415	18,594	166,017
Profit attributable to owners of parent	1,555	13,599	27,359	33,091	6,609	59,008
Net cash (used in) provided by operating activities	22,791	(11,619)	31,868	40,999	(3,573)	(31,901)
Net cash (used in) provided by investing activities	(9,392)	(9,214)	(13,977)	(18,583)	(13,762)	(122,875)
Free cash flow	13,399	(20,833)	17,890	22,415	(17,335)	(154,776)
At the year end						
Total assets	¥ 368,065	¥ 349,322	¥ 412,514	¥ 439,358	¥ 411,776	\$ 3,676,571
Shareholders' equity	41,125	56,072	88,735	119,626	106,733	952,973
Interest-bearing debt	136,478	120,524	119,004	107,570	122,084	1,090,035
Ratios						
Return on assets (ROA) (%)	0.4	3.8	7.2	7.8	1.6	
Return on equity (ROE) (%)	3.9	28.0	37.8	31.8	5.8	
Shareholders' equity (%)	11.2	16.1	21.5	27.2	25.9	
						U.S. dollars (Note 1)
Per share amounts						
Net income	¥ 0.32	¥ 17.24	¥ 36.21	¥ 40.03	¥ 7.61	\$ 0.06
Net assets (shareholders' equity, excluding warrants and non-controlling interests in consolidated subsidiaries)	13.42	34.40	79.32	137.74	122.91	1.09
Cash dividends	—	—	3.00	5.00	5.00	0.04
Non-financial data ^(Note 2)						
Number of employees	16,736	17,459	21,090	20,653	20,190	
Employment rate of challenged people (%)	1.83	1.99	2.17	2.12	2.13	
Ratio of manager-level females (non-consolidated, %)	2.34	1.98	2.14	2.42	2.60	

Note 1: The U.S. dollar amounts in this annual report are translated from yen, for convenience only, at ¥112 = U.S. \$1.00, the approximate exchange rate prevailing on March 31, 2016.

Note 2: Environment-related data are disclosed in the OKI Group Environmental Report and on the website: <http://www.oki.com/en/eco/>.

Forward-looking Statements

This annual report contains forward-looking statements concerning the OKI Group's future plans, financial targets, technologies, products, services and performance. These forward-looking statements represent assumptions and beliefs based on data and calculation methods currently available to OKI as of the date of publication, and therefore OKI does not guarantee the accuracy of statements are subject to changes attributable to business risks and uncertainties, which may affect OKI's performance and consequently cause actual results to differ from our forecasts.



TO OUR STAKEHOLDERS



**We aim to build a business foundation
for sustainable growth, sowing seeds
for new business creation.**

Profile

Date of birth Feb. 9, 1959

Career Apr. 2016 President, Representative Director
Apr. 2015 General Manager, Corporate Planning Division, Chief Compliance Officer
Jun. 2014 Director and Senior Vice President
Apr. 2014 Chief Technology Officer
Apr. 2012 Senior Vice President
Apr. 2011 Executive Officer and General Manager, Systems Hardware Business Div.
Apr. 2010 General Manager, Automated Business Dept., Systems Hardware Business Div.
Apr. 2001 General Manager, Hardware Development Dept.-2, Systems Hardware Business
Div. Systems Solution Company
Apr. 1981 Joined Oki Electric Industry Co., Ltd.

A handwritten signature in black ink that reads "S. Kamagami".

Shinya Kamagami
President
Oki Electric Industry Co., Ltd.

Greetings from Our New President

I want to respectfully express my sympathies to the people afflicted by the 2016 Kumamoto Earthquakes in southern Japan, and let them know that everyone in the OKI Group hopes from the bottom of our hearts that they are safe and recover quickly. In my new capacity as the president and representative director of the OKI Group, I would also like to extend a warm greeting to all our stakeholders.

The global economy faces a dizzying array of changes. Emerging countries were until recently an engine for the global economy but they have slowed sharply, affecting our earnings considerably. I believe, however, it is precisely in such an environment that an unremitting growth strategy is necessary.

Regardless of how much the environment around us changes, the OKI Group seeks to increase its corporate value. As a company that supports social infrastructure development, we believe the basis for boosting corporate value is providing products and services that contribute to

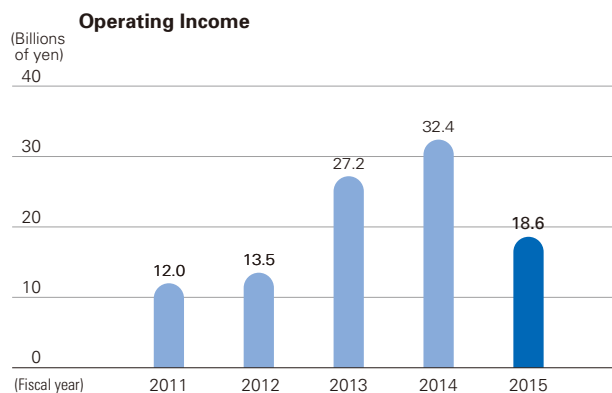
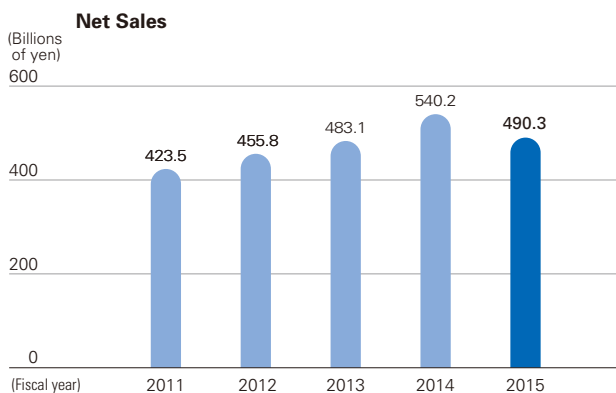
the creation of a safe, comfortable society and retaining the trust of our stakeholders while constantly ensuring our clients feel secure.

In the thirty years since I joined the OKI Group, I have been involved in many fields, ranging from technical development in mechatronics systems, which centers on ATMs, to marketing and business management. "Frontline first" has always been my motto. No matter how challenging a situation has seemed, I have always overcome such challenges by seeking input from those closest to the issues at hand whether the issues involved design, manufacturing, sales or problems requiring us to visit customers. From here, the OKI Group will prepare seeds for future growth, factoring in the changing business environment, while listening closely to the voices of those in the field and factory floor. We will devote all our strength and resources to managing the Group in a way that enables us to achieve sustainable growth and respond to the hopes of our stakeholders.

Fiscal Year 2015 Business Results

In fiscal year 2015, the business environment changed sharply, coming off a strong first year for the Mid-term Business Plan 2016 as the OKI Group reported strong performance in fiscal year 2014. Net sales came to ¥490.3 billion, a decline of ¥49.9 billion year on year, and operating income to ¥18.6 billion, a decline of ¥13.8 billion year on year. These declines reflected slower economic growth in emerging countries, exchange rate fluctuations, and the ongoing suspension of ATM shipments to a sales partner in China. Ordinary income was ¥11.4 billion, a ¥26.5 billion decrease year on year due to the swing to foreign currency losses this fiscal year against gains in the prior fiscal year in non-operating income and expenses. Profit attributable to owners of parent was ¥6.6 billion, a ¥26.5 billion decrease year on year.

As for our financial position, total assets came to ¥411.8 billion, a decrease of ¥27.6 billion from the previous fiscal year-end. While there were no major changes in the asset mix versus the previous fiscal year-end, shareholders' equity declined by ¥12.9 billion to ¥106.7 billion from the previous fiscal year-end. Despite booking net income and adding to retained earnings, valuations of our shareholdings and pension assets declined due to flagging stock markets. In addition, accumulated other comprehensive income fell as a result of shifts in translation adjustments stemming from foreign exchange impacts. The shareholders' equity ratio of 25.9% was 1.3 points lower than the level of the previous fiscal year-end, and the DE ratio of 1.1 times was 0.2 points higher than the level of the previous fiscal year-end.



Outlook for Fiscal Year 2016

Fiscal year 2016 is the final year of the Mid-term Business Plan 2016, which was announced in November 2013. Our new forecasts for fiscal year 2016 factor in major changes to the business environment such as a slumping economy in Brazil, a falloff in ATM sales due to the suspension of shipments to a sales partner in China, and foreign exchange rate volatility, to go along with printer market contraction and fiercer sales competition. On this basis, we forecast net sales of ¥500.0 billion and operating income of ¥20.0 billion.

Our policies for fiscal year 2016 are “securing stable profitability,” “generating growth businesses,” and “consolidating a financial foothold.” As for “securing stable profitability,” we will work to further expand earnings by securing profits at stable-earnings businesses aimed at domestic markets by leveraging our high-grade customer base. With regards to “generating growth businesses,” we announced major changes to our organization structure that came into effect on April 1, 2016. Mechatronics systems had been subsumed in the former info-telecom systems segment but with its growth as a core business for the OKI Group, we spun it off as a standalone segment so it can work to further step up its global expansion. Moreover, we established the ICT Business Division via the merger of the solutions & services business, the telecom systems business, and the social infrastructure business in an effort to create new businesses that would work to fuse together info-telecom fields. As for “consolidating a financial foothold,” we are working to further enhance our balance sheet via a reduction of working capital and the generation of cash flows.

We expect the ICT business to fare well mainly on the back of transportation infrastructure-related systems for road traffic, flight control, and the like. We look for the

mechatronics systems business to continue remain robust on domestic sales of cash handling equipment. As for overseas sales of ATMs, we are working to rebuild our China business, and we will continue to expand in markets globally. The printer business will strive to achieve deeper penetration with a high-value-added, niche strategy of developing markets in specific industries such as medical care and design. Moreover, the business will also expand sales in professional printing markets via sales synergies with the wide format printer business. As for the EMS business, sales are expected to remain brisk.

FY2016 Targets

Net sales	¥500.0 billion
Operating income	¥20.0 billion
Profit attributable to owners of parent	¥12.0 billion

Policies for FY2016

- **Secure stable profitability**
- **Generate growth businesses**
- **Consolidate a financial foothold**

Our Thinking on Corporate Governance

With the adoption in fiscal year 2015 of the Japan's Corporate Governance Code, the OKI Group has taken steps to bolster the effectiveness of the Board of Directors such



as nominating two outside directors to the Board and setting up the Personnel Affairs and Compensation Advisory Committee as a voluntary committee to secure transparency in decision-making processes for appointments of board members and executive officers and remuneration for them.

We believe it is vital to reinforce risk management and ensure compliance is deep rooted across the Group, improve fairness and transparency in management, and further speed up decision-making processes to answer the trust our stakeholders place in us and endeavor to enhance corporate value over the medium- and long-term and sustainable growth. With these as our basic policies, we will continue to strive to improve and strengthen corporate governance.

To Fulfill Our Social Responsibilities

Amid further global business expansion, we are making governance at the Group level even stronger so we can advance the notion of responsible management. At the same time, we believe it is important to contribute what we can to creating a sustainable society in terms forming an accurate recognition of social issues from various angles in our corporate activities.

The OKI Group strives to fulfill its social responsibility in accordance with its corporate philosophy. To that end, OKI established the OKI Group Charter of Corporate Conduct as a statement of values that OKI Group companies need to share and it set up the OKI Group Code of Conduct to be conformed to by all OKI executive officers and employees, and it is working to ensure thoroughgoing adherence to them. To advance proactive initiatives to reduce the Group's environmental impacts, we adopted the OKI Group Environmental Vision 2020 that sets targets for 2020 in four areas: realization of low-carbon societies, prevention of pollution, resource circulation, and biodiversity conservation. In recognition such activities should

be advanced properly based on international norms, OKI joined the United Nations Global Compact in 2010 and engages in activities concerning human rights, labor, the environment, and anti-corruption in support of the Compact's ten principles.



Returning Profits to Shareholders

OKI considers shareholder return to be a management priority and endeavors to return profits to shareholders in a continuous and stable manner. Our per-share dividend payment in fiscal year 2015 was an interim dividend of ¥2 and a year-end dividend of ¥3 for an aggregate full-year dividend of ¥5. In view of the business plan mentioned earlier and our policy on returning profits to shareholders, our per-share dividend plan for fiscal year 2016 is for an interim dividend of

¥2 and a year-end dividend of ¥3 for an aggregate full-year dividend of ¥5.

As a plank in our efforts to strengthen our financial base, we are building up our shareholders' equity with a target of increasing our shareholders' equity ratio to over 30%. Our aim is to pay dividends in a stable and continuous manner while taking into account how to balance returning profits to shareholders with other considerations.

In Conclusion

2016 will mark 135 years since our birth in 1881. Since our founding we have contributed to social progress, responding to change at each and every juncture and overcoming difficulties while facing an environment where change has been the only constant. The social trust we have earned over the years and the wonderful customers who do business with us are a treasure we would not trade for anything. With the expectation the years ahead will continue be shaped by groundbreaking change, we will grow as a

socially responsible corporation drawing on the "enterprising spirit" that informs our corporate philosophy. As we strive to increase our corporate value, we will provide products and services that contribute to realizing a safe, secure society by leveraging our strengths in info-telecom and mechatronic technologies, which we have honed unceasingly over our long history. I look forward to support and cooperation from all our stakeholders.

July 2016



Designing



Mounting

Special Feature
Our EMS Business

EMS Customers Chose

Since starting out in 2002, OKI has continued to expand in the electronic manufacturing services (EMS) business. We provide “Japanese EMS” that mega EMS vendors overseas are not able to keep up with and build up a unique status in this field, with an aim to expanding our business further.



Manufacturing

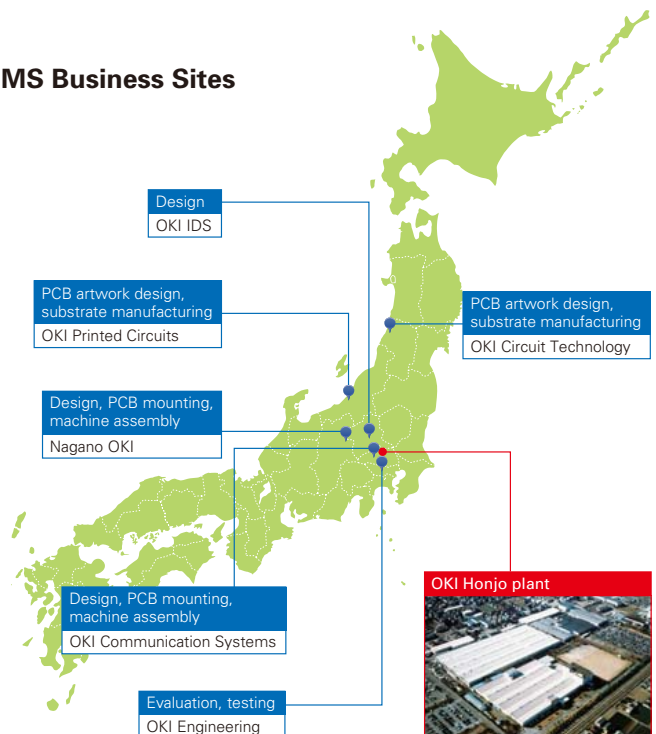


Testing

What “Advanced M&EMS” Means at OKI

OKI provides consigned manufacturing services covering mechatronics and electronics underpinned by an extensive track record as well as design and manufacturing technologies we have amassed through our monozukuri (manufacturing) culture in info-telecom fields. From conventional EMS consignments to options that include DMS processes, we offer a one-stop service across the entire gamut from design and development to mass production. At domestic Group companies starting with the OKI Honjo plant, the mother factory for our EMS business, we offer high-end EMS services that aim to serve as the “virtual factory” of our customers. Among the benefits for our EMS customers are: (1) faster product development and improved cash flow as they can channel resources into their core competencies such as product planning and marketing; (2) the creation of high-value-added products as our production know-how and proprietary technologies can be fused with their ideas and technologies; (3) greater leeway to hedge sales volatility risk as they can manage factory expenses such as fixed assets and capital investments as variable costs; and (4) faster delivery and market launch of products they plan and develop.

EMS Business Sites



Four Competitive Advantages

OKI has for over 130 years continued to build social infrastructure products such as phone networks and many categories of telecom equipment that are vital and never afford even a second of break. Our technologies for realizing high quality and high reliability were developed over this span. In the production of our own products, our record in high-mix, low-volume manufacturing spans many years and is formidable. Drawing on our years of experience and track record, we have leveraged our proprietary technologies and know-how to expand our EMS business.

Moreover, we have become proficient in managing flexible production lines, drawing on the know-how we amassed in efficiently managing high-mix, low-volume manufacturing through our many customer dealings to date. With the entire team constantly searching for task process efficiency improvements, we advance such initiatives by shining a light on sub-tasks embedded in each phase of the entire process and search for task process efficiency improvements with the delivery deadline firmly in mind. Our EMS business can deliver low-cost solutions via scale economies as an OKI Group member, benefits from group procurement of materials and parts, and synergies from pruning processing costs using just-in-time (JIT) manufacturing methods.

Current Initiatives

In fiscal year 2015, we acquired the Ome factory of Yokogawa Manufacturing Corporation as a follow-on move to the printed circuit board business we obtained from TANAKA KIKINZOKU KOGYO K.K. in fiscal year 2012. We have commenced production there as the factory handover came with a consignment for all the printed circuit board (PCB) and substrate mounting Yokogawa Manufacturing had previously carried out in Japan. The Ome factory enables an integrated production approach extending from PCBs to PCB mounting, helping to open a way with customers requiring quick delivery.

Since we launched the EMS business in 2002, it has expanded while developing markets for communications equipment, industrial instruments, measuring instruments, and medical equipment. We will go further in developing customers with products where our strengths—delivering

Four Reasons Customers Prefer OKI

1 High-quality, high-reliability *monozukuri*

For customers products, we draw on technological capabilities and know-how honed at the frontlines of Japan's *monozukuri* manufacturing culture, globally recognized for its high quality and reliability.

2 Strong capabilities in high-mix, low-volume manufacturing

We are flexible in responding to customers needs, even for consigned production work that other EMS providers seem to avoid, drawing on the know-how in high-mix, low-volume manufacturing we have amassed over the years in honing our products.

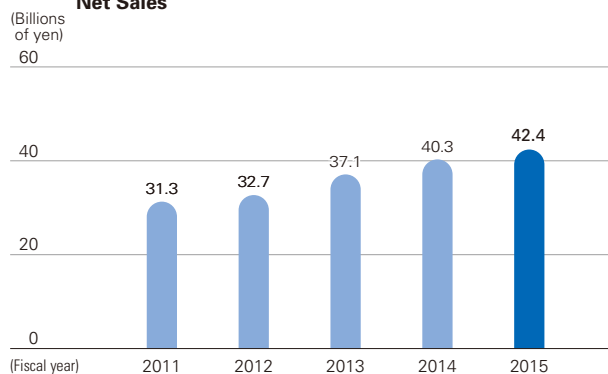
3 Flexible on delivery times

We fine-tune our response on delivery times, from quick delivery to even a sudden revision in deadlines.

4 A rigorously low-cost approach

In addition to low-cost procurement leveraging the OKI Group's scale economies, we prune processing costs via an iterative *kaizen* approach and ingenuity.

Net Sales



high quality and high reliability and high-mix, low-volume manufacturing—differentiate us from rivals. We will seek to develop new markets such as energy and aviation and space equipment and further expand our business.

Responsibility for People's Safety Infuses Our *monozukuri* Culture

For medical equipment, adherence to extremely high task process standards is necessary because malfunctions could result in incidents that put people's lives at risk. There is considerable pride that goes into a *monozukuri* culture that prizes high quality, and medical equipment requires a different sort of *monozukuri* approach than what is commonly accepted for info-telecom systems. It was a culture shock for me, but I have gained an appreciation for the safety-first values and sense of mission necessary to manufacture medical equipment where people's lives could be at stake. Morale among frontline employees is high, and we constantly look for ways to be original and creative every day, such as coming up with our own ideas for tools.

Voice

EMS Production Section-2
EMS Business Division
Takao Kimura



AT A GLANCE

BUSINESS SEGMENTS

MAIN PRODUCTS AND SERVICES

ICT

Business providing solutions that use IoT and solutions that enable business processes to be optimized and streamlined

- Traffic infrastructure-related systems (flight control systems, ITS-related systems)
- Disaster-related systems (firefighting-related systems, disaster prevention administrative radio systems for municipalities)
- Self-defense-related systems
- Communications equipment for telecom carriers
- Bank branch systems and centered-administration systems for financial institutions
- Ticket reservations and issuing systems
- UC* systems (IP-PBX/business telephones, contact centers, etc.)
- 920MHz band wireless multi-hop communication systems

*UC: Unified Communication



Mechatronics Systems

Business offering products built on core mechatronics technology including ATMs and cash handling equipment

- ATMs
- Cash handling equipment
- Bank branch terminals
- Ticket reservations and issuing terminals
- Check-in terminals
- Currency exchange machines
- ATM monitoring and operations services



Printers

Business offering printers leveraged by OKI's unique LED technology

- Color LED and monochrome LED printers
- Color LED and monochrome LED multi-function printers (MFPs)
- Dot-impact printers
- Wide format inkjet printers



EMS

Business offering consigned design & manufacturing services based on our extensive record in social infrastructure equipment

- Consigned design & manufacturing services for communications equipment
- Consigned design & manufacturing services for industrial instruments
- Consigned design & manufacturing services for measuring instruments
- Consigned design & manufacturing services for medical equipment
- Consigned design & manufacturing services for broadcasting, electricity, and traffic-related



Others

Independent business via subsidiaries

- Electronic components
- Power devices
- Precision compact motors
- Reliability testing and environmental conservation-related services

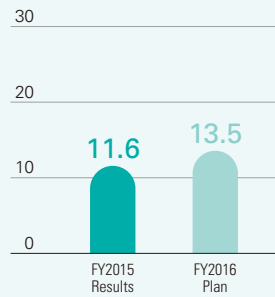
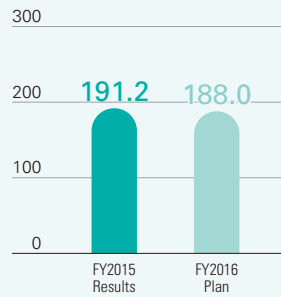
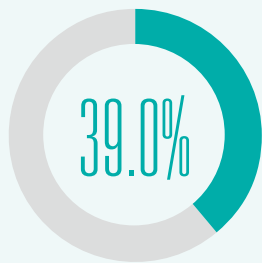


SALES COMPOSITION

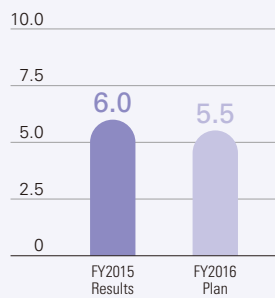
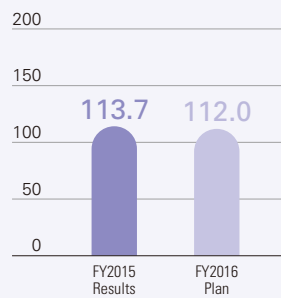
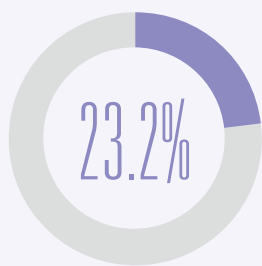
NET SALES (Billions of yen)

OPERATING INCOME (Billions of yen)

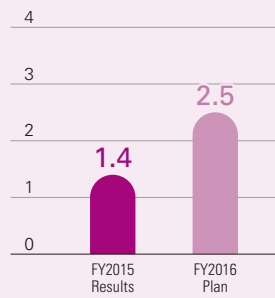
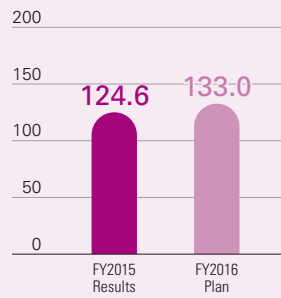
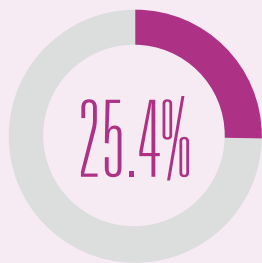
MAJOR CONSOLIDATED SUBSIDIARIES



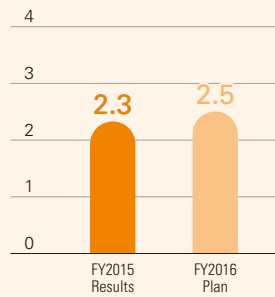
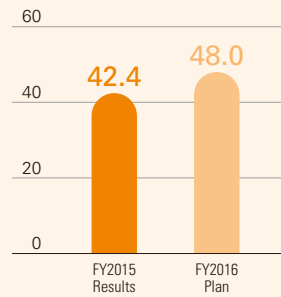
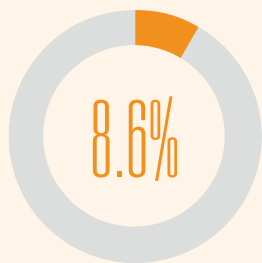
- OKI Customer Adtech
- OKI Software
- OKI Wintech
- Shizuoka OKI



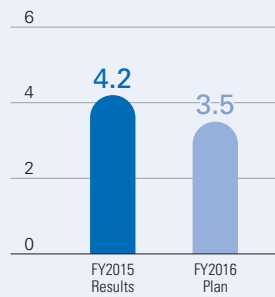
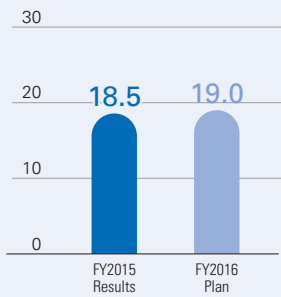
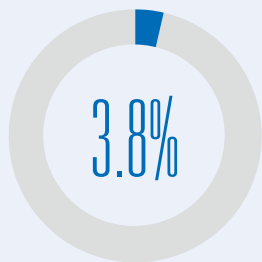
- Japan Business Operations
- OKI Electric Industry (Shenzhen)
- OKI Banking Systems (Shenzhen)
- OKI Brasil



- OKI Data
- OKI Data Infotech
- OKI Digital Imaging
- OKI Data Americas
- OKI Europe
- OKI Data Manufacturing (Thailand)



- Nagano OKI
- OKI Printed Circuits
- OKI Communication Systems
- OKI Circuit Technology
- OKI IDS



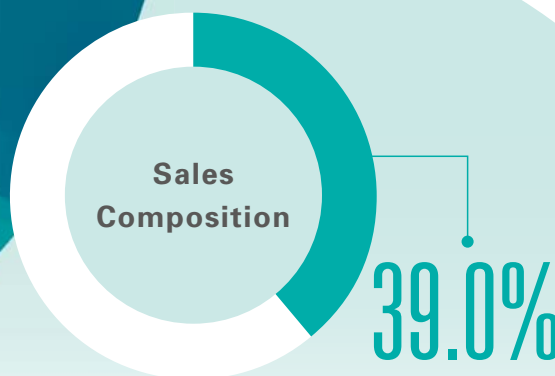
- OKI Micro Engineering
- OKI Techno Power Systems
- OKI Sensor Device
- OKI Engineering

*Figures for fiscal year 2015 have been restated to reflect the segment reorganization.

OVERVIEW OF OPERATIONS

ICT

While working to further bolster the profitability of stable-earnings businesses, we aim to achieve sustainable growth by creating new solutions that go beyond conventional frames based on IoT.



• Fiscal Year 2015 Earnings

Net sales declined 14.3% year on year to ¥191.2 billion. In the enterprise solutions business, sales were brisk in part due to front-loaded demand in systems for domestic financial institutions. In the corporate market, the trend was steady on progress in securing new projects, etc. In the telecom systems business, telecom carriers wound down investments related to existing network systems, and the large impact from the end of related sales in the first quarter translated into a sales decline. In the social infrastructure systems business, there were solid order inquiries for flight control systems and disaster prevention systems for municipalities but overall sales declined as demand for digitizing firefighting wireless systems peaked out in the previous fiscal year.

Operating income came to ¥11.6 billion for an operating margin of 6.1%. Despite the large impact of a decline in sales volume, there were benefits from reductions to fixed costs and progress on structural reforms.

• Outlook for Fiscal Year 2016

The Japanese economy is expected to remain in a mild recovery phrase in fiscal year 2016. We expect social infrastructure investment as a whole to remain steady as the government's growth strategy keeps social infrastructure investment on a

firm footing as a whole and as private-sector capital investment edges up gently. We also expect the ICT business to evolve into a growth area as needs grow for solutions that address social problems such as managing infrastructure maintenance, labor shortages, medical nursing care, and disaster prevention and mitigation, while initiatives in the area of new technologies, such as the Internet of things (IoT), are actively promoted.

Within such a business environment, we forecast firm trends led by transportation infrastructure-related systems such as flight control systems and road traffic. In the solutions business for enterprises, we also expect growth in systems-related projects for transportation, distribution, and manufacturing industries. Meanwhile, in the public sector systems business, we expect sales to decline as the number of large projects shrinks and the replacement demand cycle ebbs for digital wireless communication systems for firefighting in the disaster prevention business.

In the ICT business, we will make stable-earnings businesses even more rock solid with the aim of further enhancing profit margins through optimal allocation of resources. In addition, we will accelerate initiatives aimed at creating new growth businesses utilizing IoT-based solutions that go beyond the conventional framework.

TOPICS

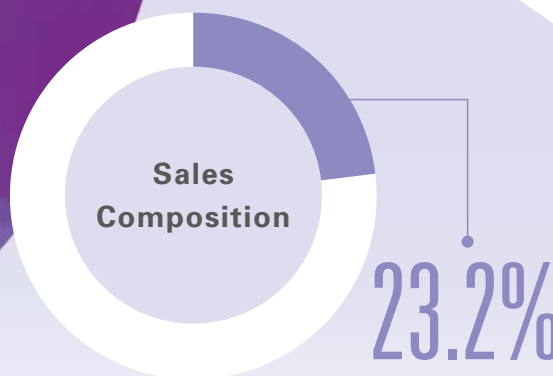
Launched Drone Detection System

OKI launched a system to detect approaching drones day or night using its aerial acoustic sensing technology. The system detects in-flight drones, collecting and analyzing flight noises specific to drones. Calculating distance, direction, and the angle of the vehicle, the system can issue alerts to monitors. It offers configuration flexibility to respond to various needs such as video confirmation using embedded cameras, expansion of the detection range, and remote monitoring using a network.



Mechatronics Systems

We work to bolster our earnings base by further accelerating the global expansion of the ATM business and focusing on sales of cash handling equipment in Japan.



• Fiscal Year 2015 Earnings

Net sales declined 11.3% year on year to ¥113.7 billion. As for ATM shipments overseas, our sales partner in China to which we have extended sales credit defaulted on outstanding debts, so we suspended new shipments to this partner from June 2015. We are continuing with arbitration proceedings to seek payment against sales credit extended. As a result of this, our sales in China fell sharply but our direct sales under the OKI brand without going through our sales partner fared well there. In emerging countries, sales from our businesses in Brazil declined on curtailed investment by customers as the country's economy slowed. In other regions, we delayed shipments owing to slowing economies and changing customer circumstances, so unit sales of ATMs undershot our plan. In Japan, however, sales of cash handling equipment to retail stores and service vendors grew steeply, and bank branch terminals for the financial institutions also recorded brisk sales.

Operating income came to ¥6.0 billion for an operating margin of 5.3%. Sales were robust overall at the domestic business, but sales volume overseas dropped off considerably.

• Outlook for Fiscal Year 2016

While slowing in a few emerging countries is evident, from a global perspective, we think there is still ample latent ATM demand. In the overseas ATM business in fiscal year 2016, we are rebuilding our sales system in China, signing a contract with a new sales partner. We expect unit sales of OKI brand products to decline overall, taking into account a likely fallback against the sales increase of the prior fiscal year. While the severe economic environment in Brazil is likely to continue, we expect the start of shipments for large orders from state-run banks received in fiscal year 2015 to contribute to earnings improvement. The goal of the overseas ATM business is still to grow globally, and we look for growth in regions apart from China and Brazil. In the domestic market, we expect briskness in the previous fiscal year to be sustained and support further growth in cash handling equipment sales.

We expect earnings overall to be even with the year-earlier level on a decline in unit shipments of ATMs to China despite a likely improvement in Brazil on shipments for large orders.

TOPICS

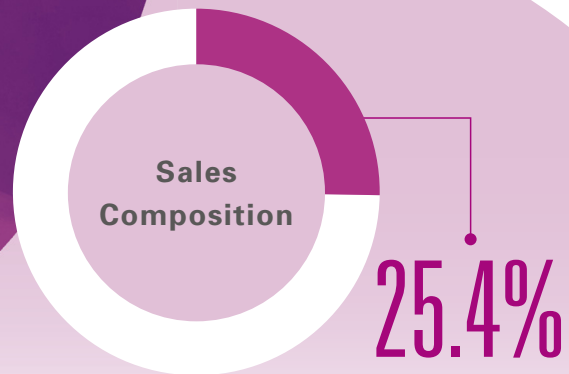
Launched Withdrawal/Deposit Machine "USCOS II-CV" for Narrow Spaces

We launched the USCOS II-CV withdrawal/deposit machine for space-constrained stores that supports stricter cash management and greater task efficiency for administrators. The USCOS II-CV performs the basic functions of a medium-sized withdrawal/deposit machine and small banknote and coin changer but installation requires a space of just 42cm across, so it can fit into a small store where a conventional withdrawal/deposit machine could not be installed. It reduces the task burden of administrators with an easy-to-navigate user interface.



Printers

In addition to strengthening sales of high-value-added products, we strive to enhance our profitability by developing niche market globally.



• Fiscal Year 2015 Earnings

Net sales decreased 3.6% year on year to ¥124.6 billion. Sales of LED printers remained brisk overall, with sales of high-value-added strategic products such as color multi-function printers (MFPs), the product line on which we have been most focused, getting a lift thanks in part to a stronger sales support structure. Meanwhile, in existing products, the overall market continued to shrink, led by color single-function printers (SFPs) for office use. Our decision to maintain the price level amid the intensifying price competition in the market also led to lower sales volumes of our existing products. From the middle of the second quarter of fiscal year 2015, however, we were able to apply the brakes to the decline in sales volumes in part by selective price revision of products. In addition, we acquired from Seiko Instruments Inc. its wide format printer business on October 1, 2015.

Operating income came to ¥1.4 billion, a decline of ¥5.3 billion year on year. A better product mix stemming from an increase in high-value-added products helped to offset the negative impacts of the unit sales decline in existing products and price competition but fluctuations in foreign exchange rates drained ¥4.6 billion from operating income on a year-on-year basis.

• Outlook for Fiscal Year 2016

For fiscal year 2016, we expect fierce price competition in the printer market to persist as the printing needs of the office market continues to shrink. This mainly reflects less printing demand as mobility becomes increasingly common among office workers, along with changing work styles and IT infrastructure. In this environment, as a result of strengthening of the sales channel support system in the United States and Europe, sales of strategic products at the printers business are growing and improving the product mix. We aim to increase sales by globally deepening our niche strategy through the development of markets in specific industries such as medical care and design, as well as by improving product mix. In addition, we expect the wide format printer business we acquired in fiscal year 2015 to contribute to sales across the entire year in fiscal year 2016. With sales synergies from the wide format printer business, we seek to expand sales in the professional printing market. We expect earnings to grow on an increase in sales volume and a further shift toward high-end models in our product mix.

TOPICS

Establishes Wide Format Printer Company

OKI Data Infotech was established on October 1, 2015 after the acquisition of the globally-deployed wide format printer business of Seiko Instruments Inc. to OKI Data. The acquisition comes with new technologies and development resources such as large inkjet printers as well as a product portfolio and relevant sales channels that enable us to offer one-stop solutions targeted at the printing, distribution, and retail sectors. We will strive to strengthen the printer business in the professional printing market.



EMS

We strive to further expand our proprietary high-end electronics manufacturing services using our strength in combining high-mix, low-volume manufacturing with high quality and reliability.



8.6%

• Fiscal Year 2015 Earnings

Net sales rose 5.1% year on year to ¥42.4 billion. In particular, sales at the circuit board business were solid due in part to the effect of the acquisition from Yokogawa Electric Corporation of the Ome Factory of Yokogawa Manufacturing Corporation on April 1, 2015. In the market for industrial instruments and measuring instruments, sales increased as new customers came onboard. In contrast, sales fell in the market for communication equipment in response to curtailed investment by end-users.

Operating income increased by ¥0.3 billion year on year to ¥2.3 billion on higher sales volumes and other factors.

• Outlook for Fiscal Year 2016

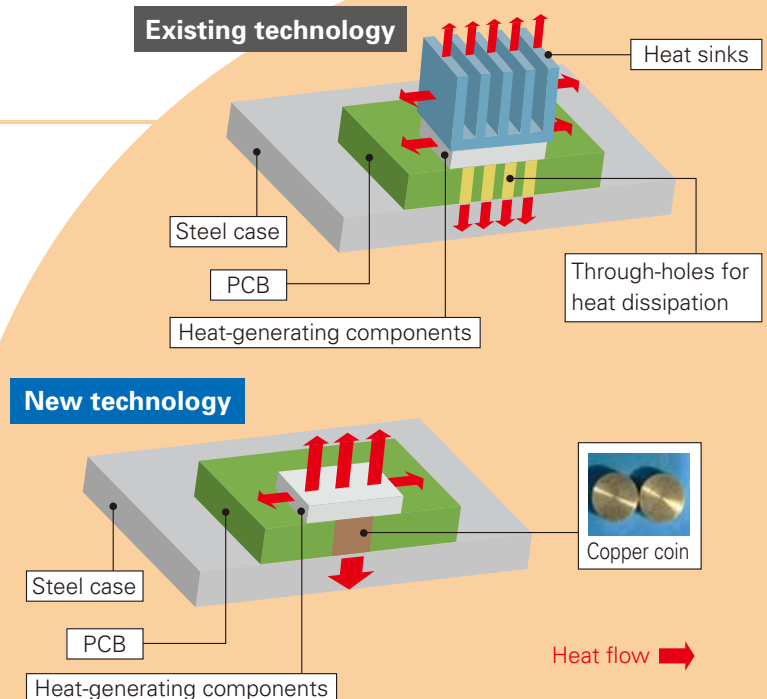
Since its founding, the EMS business has continued growth in sales and income. We look for sales growth again in fiscal year 2016 on increased new customers and new projects received from our existing customers. We will continue to expand operations using M&A opportunities like we have in the past. We expect income growth on an increase in sales from new customers and new projects. We will endeavor to maintain profit margins at a certain level taking into account the profitability of each project while eyeing on developing new business opportunities.

TOPICS

Mass-production Technology for Multi-layer Copper-coin PCBs for High Speeds and High Frequencies

OKI Circuit Technology successfully developed design and mass production technologies for multi-layer printed circuit boards that support high speeds and high frequencies based on copper coin insertion. The new technology achieves a 20-fold improvement in heat dissipation. Inserting cylindrical copper coins into through-holes without leaving gaps using a specially-developed method that minimizes pressure loading ensures greater area for heat conduction for a limited number of through-holes. The newly developed T-Coin* structure enables a long service life and high reliability.

*T-Coin: Technology of copper Coin insert



RESEARCH AND DEVELOPMENT

Aiming to Improve the Business Value through Development of Advanced Technology

The OKI Group actively develops cutting-edge technologies with the aim of contributing to building “a safe, secure and comfortable society” as an important theme for R&D. We designate the important areas of technology for “a safe, secure and comfortable society” as “sensing,” “smart network,” and “data mining.” We are further advancing the integration of OKI’s traditional strengths of media processing technologies and optical signal processing technologies with OKI’s ability to build basic systems.

Furthermore, we are pouring effort into innovation development that will connect the fruits of research and development with new business value, aiming for the creation of new businesses.

1. Research and Development for OKI’s Safe, Secure and Comfortable Society Vision

The ICT foundation for a safe, secure and comfortable society is formed by organically connecting the technologies of “sensing,” “smart network,” and “data mining.” Our efforts in these technological areas include the following.

Sensing

OKI successfully developed optical fiber sensing technology that detects the distributions of strain and temperature variation from subtle changes in optical signals propagating through optical fiber. The technology can be used for infrastructure health monitoring via embedded optical fiber sensors as well as fire detection and other tasks. This technology will contribute to next-generation social infrastructure along with existing imaging and radio sensing technologies.

Smart Network

OKI developed the world’s first 920MHz band wireless multi-hop network technology with enhanced power efficiency and capability of accommodating both large- and small-scale systems. This versatility allows various sensors and equipment to be connected to networks regardless of the environment. This technology can potentially be integrated with data mining technology for use in the structural monitoring field.

Data Mining

OKI is developing data mining technology to find and utilize hidden “meaningful information” from among an expansive environment of diversified information and information on people’s activities conveyed via networks after obtained from sensing, as well as from text information in various locations.

2. Research and Development Leveraging OKI’s Strengths

OKI has strengths traditionally in media processing technologies for audio and video and optical signal processing technologies, and is able to compete on a global level in these areas.

Aiming for Audio and Video Technologies that Provide More Comfort

OKI developed the Area Sound Enhancement System with multiple directional microphones positioned surrounding the targeted sound pickup area to capture sound exclusively from that area. The technology makes it possible to capture clear voices in a specified area in conference rooms, offices, and other environments where several people may be talking at the same time. The technology can also have applications for voice recognition in high-noise conditions such as in cars. In addition, through the fusion of video coding technology and sensing technology, OKI is developing technologies that provide more comfortable sound and video, such as surveillance cameras that retain high-resolution data only of the faces of people in video images.

Aiming for Further Development of Optical Signal Processing Technologies

In order to realize further improvements in energy conservation and compactness, OKI is working to develop new optical signal processing technology for next-generation optical access networks with a view to the coming 5G and the IoT era.

3. Development of Basic Technologies for the Future

The accumulation of technologies that we develop will become the foundation that supports OKI’s future businesses. In particular, OKI is researching usability technologies, quantum cryptography technologies, and recognition technologies. Usability technologies are indispensable to terminal equipment that we have many years’ research experiences. Quantum cryptography technologies will enable the realization of indecipherable encoding when everything in society becomes interconnected and security turns to be more important. Recognition technologies, also, is necessary to replicate human intellectual functions.

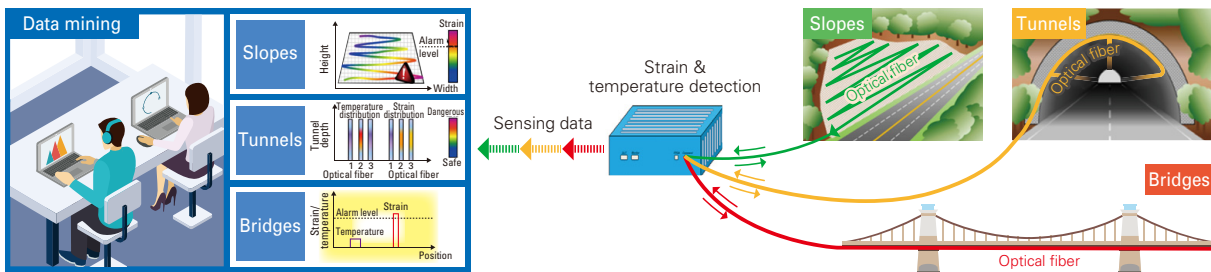
TOPICS 1

Optical Fiber Sensing Technology Enables Precise, Real-time Monitoring of Large Structures

OKI developed optical fiber sensing technologies that enable real-time fire detection and health monitoring of large structures such as bridges and tunnels.

Optical fiber sensing technology is a distributed measurement technology that detects the location and degree of strain in structures as well as temperature changes from optical signals in optical fiber attached to structures. Existing measuring instruments for optical fiber sensors are expensive with lengthy measurement time requirements, ranging from tens of seconds up to several minutes, limiting applicability and preventing broad adoption.

To address this, we successfully achieved simultaneous sharp reductions in costs and measurement times (a hundredth of previous spans) by introducing a new measurement method via an optical detecting unit that serves as the core optical fiber sensor. As a result, phenomenon that had been difficult to measure, such as real-time distributed measurement of dynamic strain in large structures, becomes a low-cost project. In addition, distributed measurement of multiple structures with one measuring instrument is performed repeatedly, so we expect costs to be further reduced.



Comment from the Technical Engineer

A major strength of the optical fiber sensing technology is that it can comprehensively grasp the status of structures without using a large number of sensors. Capitalizing fully on this strength of this technology, we are working to develop data mining and reliable sensing technologies that can accurately grasp the status of large structures such as bridges and tunnels that are seen as an aging risk given their long service record.

TOPICS 2

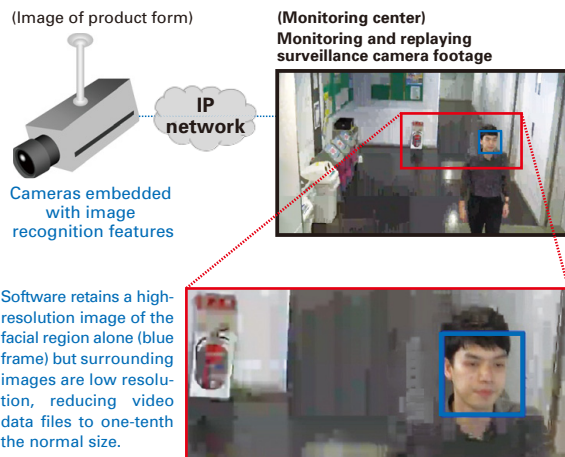
"Intelligent Surveillance Camera" Limits High-resolution Data to Facial Area, Reduces Transmission Load

OKI is developing an intelligent surveillance camera with new functions achieved via the fusion of its proprietary image recognition technology and video coding technology.

The installed base of surveillance cameras to prevent crime, etc. has increased in the past several years, and these surveillance cameras have shifted to digital from analog formats. As a result, multiple locations can be monitored remotely via high resolution video but the resulting flood of video data has led to ballooning costs for communication lines and storage.

To address this, we developed software that detects the faces of people captured in surveillance camera video and reduces the size of video files to a tenth of their normal size with only data for the facial region retained high-resolution. We aim to launch an "intelligent surveillance camera" embedded with this software as a product soon. Furthermore, we will strive to expand the range of applications and add even more value to our products by introducing functions such as facial recognition and vehicle recognition.

"Intelligent surveillance cameras"



Comment from the Technical Engineer

We created new value with the development of an "intelligent surveillance camera" that combines two notable technologies, image recognition and video coding. The Face Sensing Engine (FSE) is based on image recognition technologies we developed, and OKI has worked on video coding for many years. I was impressed with how interesting it is to fuse together elemental technologies, along with the depth of the well for elemental technologies.

CORPORATE GOVERNANCE

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 bolster and 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.”

Corporate Governance Structure

OKI maintains a corporate auditor system, with the Board of Directors and the Audit & Supervisory Board. With an executive officer system in place, it strives to promote timely decision-making processes by separating business execution and oversight. It endeavors to improve the fairness and transparency of management by nominating outside directors to the Board as well as setting up a voluntary committee on nomination, remuneration, etc. 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, OKI seeks to bolster risk management and ensure rigorous compliance via the Risk Management Committee, which includes outside directors.

•Board of Directors, Audit & Supervisory Board

The Board of Directors in principle meets once a month but can call extraordinary meetings when necessary, and is responsible for deciding fundamental management policies and other important matters and overseeing business execution. To enhance management fairness and transparency, two of the Board’s seven members are outside directors with a high level of independence. The chairman presides over meetings of the Board of Directors. To clarify management responsibility for each fiscal year, directors are appointed for single-year terms.

The Audit & Supervisory Board comprises four Audit & Supervisory Board members, two of which are outside Audit & Supervisory Board members with a high level of independence. Based on audit policies, methods, etc. decided at Audit & Supervisory Board meetings, Audit & Supervisory Board members attend Board of Directors’ meetings and other important meetings, verify the content of reports received from directors etc., and conduct investigations into matters concerning the Company’s operations, financial status, etc. Collaborating closely with outside directors, the internal Auditing Division, and the accounting auditors, Audit & Supervisory Board members audit the performance of duties by directors.

•Executive Officer System

OKI appoints executive officers to implement operations in accordance with management policies determined by the Board of Directors so as to separate the functions of business execution and oversight of management and promote timely decision-making processes. Moreover, to assist the president in making decisions, the Company has established the Management Committee.

•Utilization of Voluntary Committees

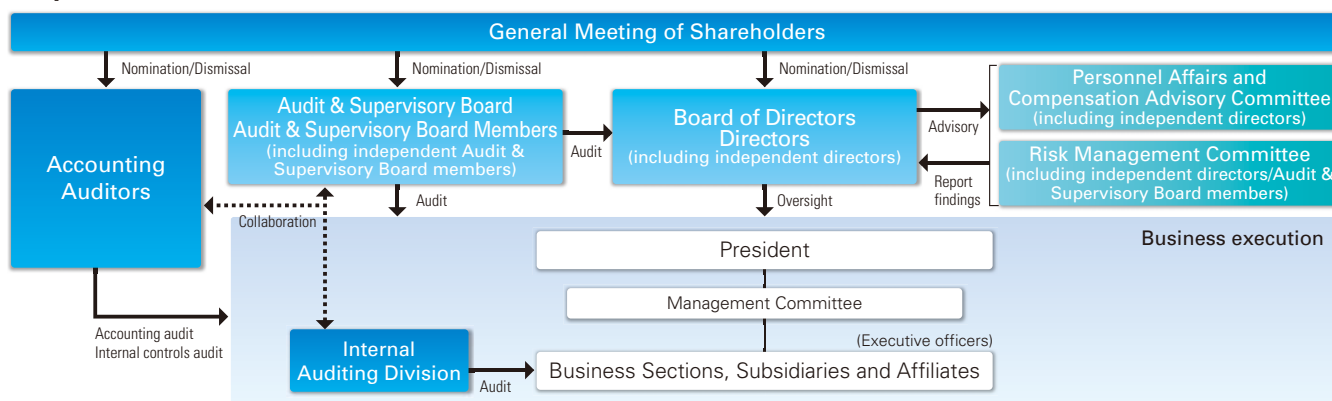
OKI has established the Personnel Affairs and Compensation Advisory Committee as a voluntary committee to secure transparency in the decision-making processes for appointments of board members and executive officers and remuneration for them. Outside directors play leading roles on the committee. After deliberating from an objective perspective on appointments or dismissals of board members and executive officers as well as the structure and level of their compensation etc., the committee reports their findings to the Board of Directors.

Moreover, with the establishment of the Risk Management Committee, where outside directors and Audit & Supervisory Board members attend as advisors, to grasp the risks attendant with business execution and respond to them unerringly, OKI strives to promote rigorous compliance and reinforce risk management.

Internal Controls

In accordance with Japan’s Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors passed a resolution concerning the Basic Policy for the Establishment of an Internal Control System and OKI has been developing a system to secure appropriate business operations. Pursuant to the Financial Instruments and Exchange Act, we also have an internal control reporting system in place, through which we submit internal control reports to the Kanto regional bureau of the Ministry of Finance and disclose assessment results of the effectiveness of our internal controls related to financial reporting.

Corporate Governance Structure



Response to Corporate Governance Code

•Japan's Corporate Governance Code

Adoption of Japan's Corporate Governance Code at the Tokyo Stock Exchange commenced from June 2015. The code establishes fundamental principles for transparent, fair, timely and decisive decision-making by companies with due attention to

the needs and perspectives of their various stakeholders. In its preamble, the code promotes self-motivated actions by companies to seek sustainable growth and increase their corporate value over mid- and long-term via appropriate implementation of the principles. In this way, adoption is expected to contribute to the development and success of companies, investors and the Japanese economy as a whole.

Corporate Governance Code: Overview of General Principles

1. Securing the Rights and Equal Treatment of Shareholders

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively. In addition, companies should secure effective equal treatment of shareholders. Adequate consideration should also be given to minority shareholders and foreign shareholders.

2. Appropriate Cooperation with Stakeholders Other Than Shareholders

Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders. The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

3. Ensuring Appropriate Information Disclosures and Transparency

Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk, and governance. The board should ensure that such disclosed information is useful.

4. Responsibilities of the Board

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over mid- to long-term and enhance profitability and capital efficiency, the board should equally and appropriately fulfill its roles and responsibilities, including:

- (1) Setting the broad direction of corporate strategy;
- (2) Establishing an environment where appropriate risk-taking by the senior management is supported; and
- (3) Carrying out effective oversight of directors and the management from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization.

5. Dialogue with Shareholders

In order to contribute to sustainable growth and the increase of corporate value over mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

•Status of Response to Corporate Governance Code

OKI filed a "Corporate Governance Report" presenting its response to the Corporate Governance Code to the Tokyo Stock Exchange in December 2015 and has since filed updates as appropriate.

In recognition of ongoing responsibilities to all of its stakeholders and in keeping with the spirit of the Corporate Governance Code, OKI is working to achieve sustainable growth and increase corporate value over mid- and long-term.

Main Disclosure Items Based on Principles in the Corporate Governance Code

Cross shareholdings

Apart from stocks held for pure investment purposes, OKI works to strengthen, maintain, and built relationships with business partners and alliance partners and, on this basis, OKI holds shares in those parties where it recognizes it is conducive to increasing corporate value over mid- and long-term. As for voting rights as to its cross shareholdings, OKI exercises them on the basis of whether actions are suitable for the investee company as well as whether doing so increases OKI's corporate value over mid- and long-term.

Policies and procedures for determining compensation for the management and directors

Aiming to promote transparent processes and ensure objective judgments concerning decisions on the selection of directors and executive officers and their compensation, OKI established the "Personnel Affairs and Compensation Advisory Committee" comprising four members, including two outside directors. The committee deliberates on the structure and level of compensation for directors and executive officers and reports its findings to the Board of Directors.

OKI's basic policy for director and executive officer compensation is that it should serve as an incentive to improve earnings performance for the purpose of continuously increasing corporate value and reinforcing in corporate competitiveness of OKI while enabling it to secure exceptional human resources.

Policies and procedures for electing the management and nominating candidates for directors and Audit & Supervisory Board members

The aforementioned "Personnel Affairs and Compensation Advisory Committee" deliberates on personnel decisions involving directors and executive officers and report its findings to the Board of Directors. Regarding personnel decisions involving candidates for the Audit & Supervisory Board, the committee offers its view to Audit & Supervisory Board members.

In nominations and elections, OKI takes into consideration whether candidates satisfy the following requirements as well as legal eligibility: "good character, capacity for insight, high ethical standards, fairness, and integrity as well as a strong law-abiding spirit." OKI seeks those who can "execute their duties toward the realization of the OKI Group's corporate philosophy and continuous improvement of corporate value."

Policies concerning constructive dialogue with shareholders

Recognizing that proper use of input from investors on management and business activities can translate into greater management efficiency and increase corporate value, the president and the chief financial officer are the pillars of dialogue with shareholders, and the dedicated Investor Relations section performs a supporting role. Information disclosure forms the basis of dialogue, and OKI discloses information in a fair, timely and appropriate manner while rigorously disseminating information on strict management of insider information in accordance with rules and regulations.

Two outside directors with a high level of independence on OKI's Board of Directors use their expertise to support strong and effective governance.

Strong and Effective Governance that is Positive and Forward-looking

I have endeavored over the past six years as an outside director to contribute to strong and effective governance using my knowledge as a legal specialist. With the addition in 2015 of Mr. Minoru Morio, who has extensive experience as a corporate executive, the Board has two outside directors who can each draw on their fields of expertise to voice their objective viewpoints. My impression is debate at Board meetings has become much livelier. There were times soon after I joined the Board when I felt perplexed because I could not grasp insider terms unique to OKI used in debates. Now agenda items are explained to us in advance much more thoroughly, and I can come to meetings well prepared for debates.

The word "governance" tends to be seen as imposing "constraints" or "top-down controls" but the sort of governance we should aspire to is one that cultivates a "corporate culture where executive officers do not fear failure" and boldly seek to address challenges with confidence. With a new president at the helm, the OKI Group will need to reinforce the Group's management system so it can fly even further. If, in doing so, it restrains or rejects free speech in the workplace and value creation by those offering a rich variety of ideas, this would put the methods "cart" before the "value creation" horse. I would like to check steadfastly from an objective viewpoint whether decision-making by management is carried out properly while always keeping in mind the notions of "positive and forward-looking."



Outside Director
Takuma Ishiyama



Outside Director
Minoru Morio

Turning an Urgent Sense of Need for "Change" into Seeds for Growth

This is my second tenure as an outside director at OKI. I began my career at a company that was in many ways a pioneer in Japanese corporate governance such as its decision to seat an outside director on its Board, so when I joined OKI's board for the first time in 2001, my first impression was that its culture was quite traditional. Even when I voiced my views as an outside director at Board meetings, this more often than not did not provoke discussion, so I felt more than a few times there were missed opportunities.

OKI's current management team feels a strong sense of urgency on the need for change, and has put into place a framework for change. The operation of the Board of Directors has improved as executive officers provide us with detailed explanations of agenda items in advance so Board members can openly debate them based on the current situation facing those closest to the matter. Even for companies with a conservative governance approach, I believe fostering an environment where employees feel they can openly state whatever they believe to be the truth inside the company—rather than just the Board of Directors—is very important for risk management, etc. The Personnel Affairs and Compensation Advisory Committee was formed in the previous fiscal year. As a member of the committee, I made an effort to offer objective viewpoints as someone outside the Company such as confirming the processes by which the names of executive officer candidates are escalated up to the committee.

I will continue to support further growth at the Group through the sort of strong and effective governance that OKI ought to have.

MANAGEMENT

(As of June 24, 2016)

Directors



Chairman of the Board,
Representative Director
Hideichi Kawasaki



Representative Director
Shinya Kamagami



Director
Toshinao Takeuchi



Director
Toshiya Hatakeyama



Director
Masayuki Hoshi



Director
Takuma Ishiyama*1



Director
Minoru Morio*1

Audit & Supervisory Board Members

Standing Audit & Supervisory
Board Member
Hisao Suzuki

Standing Audit & Supervisory
Board Member
Tsutomu Tai

Audit & Supervisory
Board Member
Kuninori Hamaguchi*2

Audit & Supervisory
Board Member
Yoichi Nitta*2

Executive Officers

President
Shinya Kamagami

Executive Vice President
Toshinao Takeuchi

Senior Vice President
Toshiya Hatakeyama

Senior Vice President
Kenichi Tamura

Senior Vice President
Masayuki Hoshi

Senior Vice President
Seiji Mouri

Senior Vice President
Toru Hatano

Senior Vice President
Tetsuya Izaki

Executive Officer
Yoshiyuki Nakano

Executive Officer
Masaaki Hashimoto

Executive Officer
Hiroshi Endo

Executive Officer
Kiyoshi Yokota

Executive Officer
Katsuhiko Koseki

Executive Officer
Masashi Tsuboi

Executive Officer
Yuichiro Katagiri

Executive Officer
Toru Miyazawa

Executive Officer
Hiroshi Tsuchiya

Executive Officer
Masashi Fuse

*1 Outside Directors

*2 Outside Audit & Supervisory Board Members

RISK MANAGEMENT/COMPLIANCE

The OKI Group is working to reinforce risk management under the Risk Management Committee. In accordance with our “Compliance Commitment” and “OKI Group Code of Conduct” and, in order to perform corporate activities fairly, we are focusing on the enhancement of training, and we have established consultation and reporting channels.

Advancement of Risk Management

OKI is working to reinforce risk management under the Risk Management Committee (with the President as Committee Chairman, and outside directors and Audit & Supervisory Board members as advisors). The committee deliberates and decides basic policies relating to managing risk that accompany the Group’s business activities. The committee receives reports on risk information that accompany business activities from executive officers and divisions and promotes measures to prevent manifestation of risks.

The compliance risks (risks associated with violation of laws, regulations and in-house rules) requiring common management across the Group are managed by the Compliance Committee (the chair is a chief compliance officer), which oversees the Control Division that registers risks and implements preventive measures within the Group, thereby building and operating the management cycle that carries out regular verification of implementation status. Moreover, in order to discover and rectify improper activities at an early stage, we have established consultation and reporting channels to enable anonymous reports as well as reports to outside directors and Audit & Supervisory Board members at every Group company, and stipulated whistle-blowing regulations such as those about the protection of whistle-blowers.

In April 2016, we established the Risk & Compliance Management Division as a corporate headquarter division to further strengthen these activities.

Emergency/Disaster Response

The OKI Group has established “Safety Countermeasure Committees” at its domestic and overseas sites, as well as at Group companies, in order to ensure “protect people’s lives,” “prevent secondary accidents,” “contribute to local communities and foster good relationships with them,” and “continuity of business operations” in the event of disasters. For “continuity of business operations,” each business and corporate (headquarter) division develops a Business Continuity Plan (BCP), based on BCP Development Guidelines. The contents of each BCP are reviewed annually to improve its effectiveness. In fiscal year 2015, BCPs were reviewed with a focus on initial response to disasters in particular.

Enhancement of Compliance Training

The OKI Group implements training sessions for compliance managers at six sites in Japan for employees at the senior manager level as regular training. Participants learn in these sessions,

and roll out the gained knowledge in their business units. The deployment of such knowledge is checked through an e-learning program for all executive officers and employees of the Group. We have tools in place to promote learning and retention of program content such as sharing specific examples through the booklet called “Case Examples of Compliance.”



In fiscal year 2015, in response to an onsite investigation at OKI by the Fair Trade Commission in the previous fiscal year, we created training materials based on real cases regarding antitrust law, violations of anti-bribery related laws, and improper accounting, etc. and we reiterated in a rigorous manner the importance of compliance in training sessions for compliance managers. The results of these programs and issues are confirmed via compliance awareness studies that are continuously implemented, and study results are reflected in our training planning.

Participation Rates in Compliance Training Programs (for the OKI Group in Japan) in Fiscal 2015

Training overview	Participation rate
Training sessions for compliance managers (implemented from July to August 2015) Focused themes: Importance of compliance, labor law-related risks	100%
The e-learning program (about on-the-job compliance) (Implemented from December 2015 to January 2016)	100%

Approaches to Anti-Corruption

We put into practice in fiscal 2013 the “OKI Group Anti-Corruption and Anti-Bribery Policy” in the Group companies in and outside of Japan, and are enhancing our approach to anti-corruption.

The “OKI Group Anti-Corruption and Anti-Bribery Policy” sets out fundamental points for carrying out operations properly while complying with the related regulations applicable to each country and region in which the OKI Group operates. As company bylaws, we established specific rules governing the exchange of gifts and receiving/offering entertainment, and we have put into place and administer a system for the entire Group.

In addition, OKI joined the Anti-Corruption Working Group of Global Compact Network Japan (GCNJ) and served as a managing member of the working group from fiscal 2013 to fiscal 2015. OKI shares issues for engaging in anti-corruption measures with the participant companies, promotes information exchanges with experts and examines effective anti-corruption measures.

Elimination of Anti-Social Forces

In our "Basic Policy for the Establishment of an Internal Control System," OKI has clearly expressed its firm stance of resolutely preventing any kind of relationship with organized crime across our entire organization by working with the police against anti-social forces. The "OKI Group Code of Conduct" declares all employees to be thoroughgoing on this front. We have compiled a manual on how to respond to organized crime, and our transaction contracts carry a clause for eliminating organized crime.

Teaming up with Suppliers

For the OKI Group to promote fair corporate activities in response to the voice of stakeholders, cooperation from

suppliers within the supply chain is essential. Recognizing this point, OKI will dedicate itself to building a trusting relationship as a partner, and promote CSR procurement based on the "OKI Group Procurement Policies."

Based on the "OKI Group Supply Chain CSR Promotion Guidebook*1," we implement a survey on CSR promotion and the activities at our major suppliers in Japan while surveying their usage situation on conflict minerals. Since fiscal year 2014, we referred to the EICC*2 Code of Conduct to compile a survey chart, and have started surveys also on overseas suppliers using this chart.

*1 Our guidebook conforms to the "Supply Chain CSR Deployment Guidebook" of the Japan Electronics and Information Technology Industries Association (JEITA)

*2 Electronic Industry Citizenship Coalition

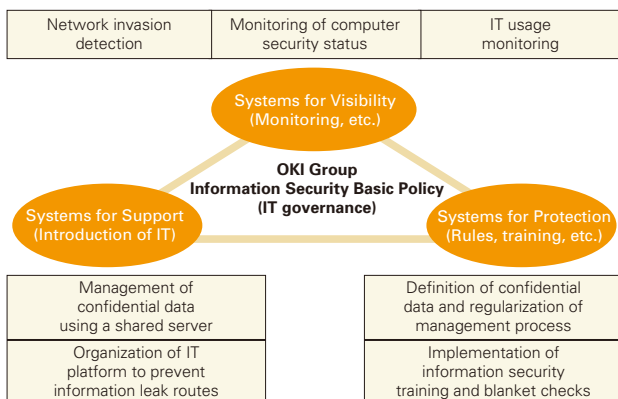
INFORMATION SECURITY

Based on the OKI Group Security Policy, the OKI Group has established a system to ensure information security under the leadership of the Information Security Committee and we work to properly manage and protect company and customer information.

Three Perspectives of Information Security

In the OKI Group, we use the three perspectives shown in the diagram below to broadly promote information security measures for computers, networks and information systems. We have established an organization specializing in security incident response called OKI-CSIRT*, which collaborates with external organizations, in order to enhance our preventive measures against threats to computer security in the Group and improve our capacity to respond to them.

*CSIRT: Computer Security Incident Response Team



Enhanced Actions at Overseas Sites

The OKI Group has promoted information security measures at overseas sites, moving forward with laying down rules concerning information security in each region, appointing security managers and introducing actions. In fiscal year 2015, to strengthen measures to protect against information leaks in China, we set usage limits for online storage services and implemented restrictions on sending and receiving messages via free email sites and services.

Enhancing Protection of Personal Information

We in the OKI Group have enhanced the protection of personal information, based on the Privacy Policy. We have committed to the protection of personal information under the leadership of our Chief Privacy Officer. Privacy managers have been appointed in all divisions and in Group companies. OKI and seven Group companies have acquired PrivacyMark certification as of June 2016.



IMPROVEMENT OF CUSTOMER SATISFACTION

Under its quality philosophy of “providing products that always make customers happy,” the OKI Group is moving ahead with initiatives that pay sufficient heed to safety concerns and user-friendliness in developing and providing products and services so they elicit customer satisfaction.

Quality Assurance System and Management

The “Quality Assurance Regulations,” the most significant rules among all quality-related rules and regulations of the company, defines OKI’s quality philosophy, responsibility and authority. Specific rules for activities based on these regulations are incorporated into the quality management system and operated in accordance with the nature of each operation. We have obtained ISO9001 certification at almost all our production sites, and have built the most appropriate quality control system for each production line or product.

Based on our “Product Safety Basic Policy,” OKI has made various efforts to ensure product safety, including the incorporation of provisions about product safety into agreements with our suppliers. For in the event of product accident, we have put in place rules to cope with any accident as the Group in a coordinated way. Also, continuous efforts are being made in each operation to incorporate the customers’ voices, which are received through daily communication and the surveys on their satisfaction levels, to improve our products, services and systems.

Supporting Enhancement of Manufacturing

We at OKI brought together our engineering functions—such as production control, product safety, environment and intellectual property—in the Engineering Support Center established in our Corporate (head office). We now use these gathered functions to support manufacturing in business sections and Group companies.

Taking production control as one of its functions, the Engineering Support Center holds the “OKI Group Production Reform Awards Presentation Meetings.” These provide an opportunity for staff from various bases to share their approaches to making reforms in order to involve peer groups. At the meeting held in December 2015, representatives from nine divisions, including overseas bases such as Thailand and China, gave presentations on various themes.



A scene at the December 2015 presentation

Initiatives to Improve Customer Satisfaction with Maintenance Service

An “IT Technology Contest” is held every year at OKI Customer Adtech, a maintenance service business, with the aim of improving the technical skills of customer engineers

(CE) who are responsible for maintenance tasks at customer-run sites and responding to malfunctions, and how effectively they respond to customers.

At the 22nd contest held in November 2015, 20 CEs selected from Group companies and business offices nationwide competed over the accuracy of their responses to scenarios where equipment at clients stopped working properly using onsite ATMs and servers as the non-functioning equipment. The judges, who also played the role of clients, checked various processes from arrival at a client’s place of business and repair work performed to departure from the standpoint of how important it is to respect what has been promised to clients in performing maintenance work and how reliable and skilled they are as engineers in performing repair and maintenance work. There was also a demonstration event on ATM unit repair tasks by our repair center, a logistics support section.



A CE showing his skills at the “IT Engineering Contest”

Universal Design Initiatives

OKI Group defines universal design as the achievement of a higher level of usability (basic user friendliness) and accessibility (consideration of elderly and disabled, etc.) in products and services so that all customers can use them properly, effectively and satisfactorily. User opinions gathered in verification experiments etc. are reflected in our products and services. For Automated Teller Machines (ATMs), one of our core products, we are working to improving operability by integrating universal design techniques such as handsets to enable the visually impaired to operate them using audio guidance and an ergonomic design that allows wheelchair users to get close to them.

In September 2015, as one way to bolster customer satisfaction (CS) at The Hyakugo Bank, Ltd. (head office is in Tsu City, Mie Prefecture), we upgraded all ATM screens to universal design fonts*.



Post-upgraded ATM screens

*Universal design fonts: Fonts that are designed by taking into consideration that, by using such fonts, anyone without regard to age, gender or disability can comfortably use products, services, residences, and facilities.

RESPECT FOR EMPLOYEES

Believing that protection of each employee’s human rights underlies all business activities, we work for thorough implementation through training and other such activities. We strive to build work environments with respect for diversity founded on our vision: “Pride, Passion, and Sincerity.”

Initiatives to Promote Diversity

Based on the notion that diversity is a wellspring of innovation, the OKI Group is bolstering such initiatives by establishing an organization dedicated for this purpose. In particular, one of our priority measures is supporting the success of women in the workplace. In our action plan based on the “Act of Promotion of Women’s Participation and Advancement in the Workplace,” we set targets for 2020 to (1) increase the ratio of women among all new graduate hires from 9% now to over 20%; and (2) double the ratio of female manager-level employees from 2% now to 4%.

Column

OKI Hosted Seminar to Support Advancement of Women

The December 2015 seminar we hosted to support the advancement of women at OKI Group is the second such event we have held. About 380 people attended the seminar, namely female employees, directors and executive officers, and division heads. At a panel discussion on the theme of “enabling women at OKI to be more active and successful,” seminar participants also forthrightly shared their views on cultivating a career mindset and bolstering the development of female employees.



Ongoing Support for Development of the Next-Generation

In recognition of activities that respond to the “Act on Advancement Measures to Support Raising Next-Generation Children,” we were granted the “Act on Advancement of Measures to Support Raising Next-Generation Children” certification (nicknamed “Kurumin”) by the Tokyo Labor Bureau in 2009 and 2012. During fiscal year 2015, we implemented system changes to make it easier for employees to use paid leave around the time a child is born such as extending the length of period they can use paid leave.

Promotion of Work-Life Balance

We at OKI established the Work-Life Balance Promotion Committee, comprised of labor union and management members, to verify the employees’ work hours and leave eligibilities. We have also amplified various systems such as the flextime system, HOP work (a discretionary labor) system, systems to provide special work conditions for persons caring for children and nursing the elderly, as well as “Special Leave for Particular Purposes” which can be used to participate in volunteer activities, to treat illness and injuries, to nurse family members, or to attend children’s school events, to further promote the employees’ work-life balance.

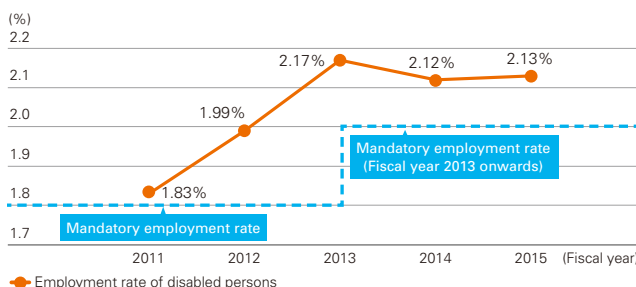
In fiscal year 2015, we achieved our labor-management goal of reducing to zero the number of employees who took less than six days of paid annual leave over the year.

Promoting Employment of Challenged People

The OKI Group has been working to employ challenged people, especially in OKI WorkWel, a special purpose subsidiary* of the Group, which promotes telework for the severely disabled. The percentage of challenged employees at the group in fiscal year 2015 was 2.13%.

*Special purpose subsidiary: Company established to provide special considerations for the employment of challenged people, as defined in the Act on Employment Promotion etc. of Persons with Disabilities.

Employment Rates of Challenged People



Labor Safety and Health, and Health Improvement Initiatives

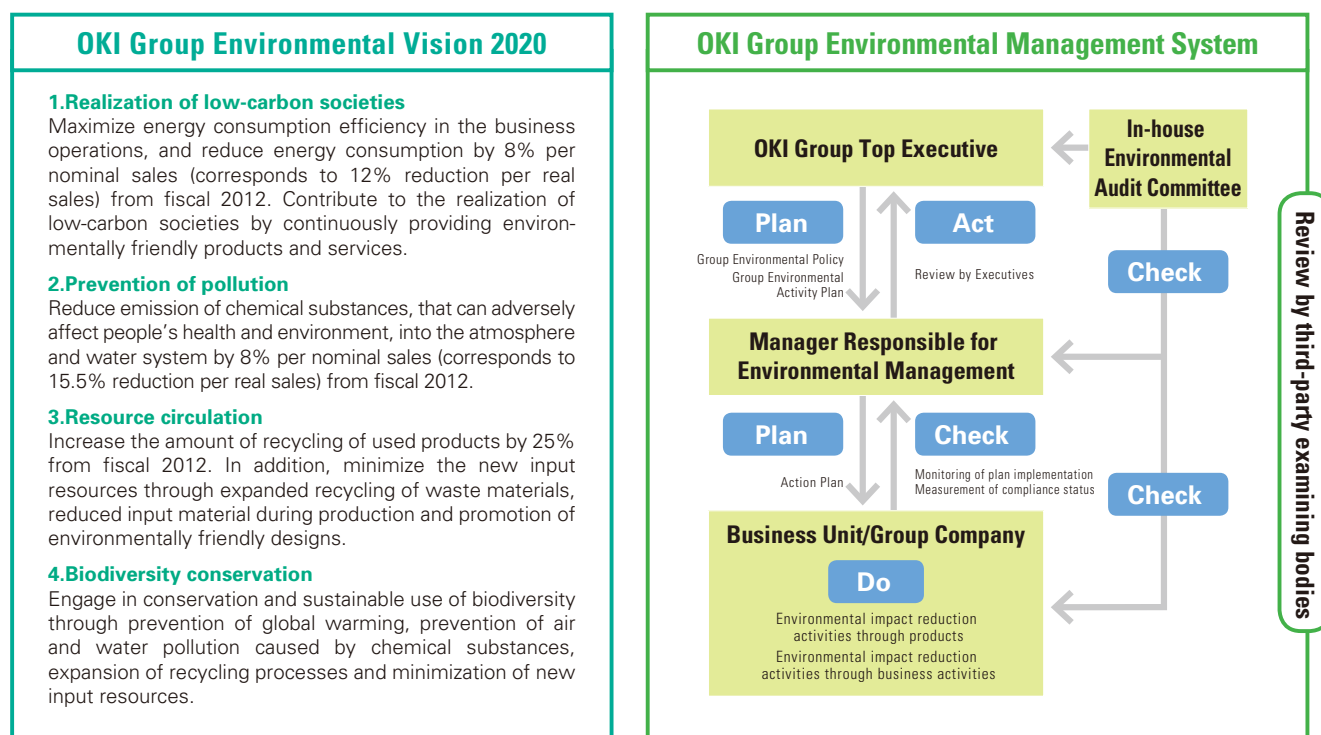
OKI established “Safety and Health Committees” in each region, with members from management and the labor union. These strengthened the safety and health system, create labor injuries and accidents prevention plan, patrol workplaces, provide safety and health training, etc. The Central Safety and Health Committee shares information on situations and initiatives in each region. OKI’s fiscal year 2015 incidence rate of occupational accidents* was 0.11.

Furthermore, the OKI Group promotes a fitness promotion activity called “Kenko OKI21” as an initiative to support mental and physical health. In particular, mental health is addressed by setting up an expert committee at the Central Committee of Safety and Health that promotes the use of a support tool for self-care, while also boosting support for efforts made by specialists including industrial doctors through a consultation counter.

*Incidence rate of occupational accidents: Number of casualties due to industrial accidents, per million man-hours worked.

CONSIDERATION FOR THE ENVIRONMENT

On the basis of the “OKI Group Environmental Policy” developed by taking environmental issues into consideration, the OKI Group plans specific activities and implements them under the banner of our “Environmental Vision 2020” that comprises mid- and long-term targets around four themes. Moreover, we operate environment management systems for the entire Group as the foundation for our environmental management.



OKI Group Main Environmental Activity Plan (Fiscal Year 2015): Targets and Achievements

Category	Activity Content	Fiscal 2015 Targets → Outcome
Realization of low-carbon societies		
Products	Development of energy-saving products	5 or more products → 7 products (reduction of over 50% in comparison to conventional products)
Business activities	Energy-savings in business locations (plants and offices)	Reduction of 8% or more → 1% reduction (consumption vs FY2012*1)
Prevention of pollution		
Products	Development of products complying with regulations on chemical substances in products	30 or more products → 49 products
Business activities	Reduction of chemical substance emissions from plants (atmosphere/water/soil)	Reduction of 7% or more → 3.2% reduction (consumption vs FY2012*2)
	Compliance with chemical substance related regulations (atmosphere/water/soil)	Compliance with legal audits; zero legal violations → achieved
Resource circulation		
Products	Recycling of used products	Over 4,000t → 3,330t
	Development of easily recyclable products	20 or more products → 30 products
Business activities	Reduction and appropriate disposal of waste	Implement zero emissions at 11 sites in Japan → achieved
Common		
Biodiversity conservation	Realization of low-carbon societies/prevention of pollution/resource circulation	Promotion of the above initiatives
Employee education	Implementation of training based on in-house needs	Comprehension level 95 points → 95 points (14 lectures conducted)

*1 Energy consumption (converted in crude oil: kℓ)/consolidated sales (100 million yen)

*2 Chemical substance emissions (t)/output (Billions of yen)

Environmental Activities across Life-cycles

As an enterprise supporting social infrastructure, the OKI Group delivers safety and security to customers and communities, while ensuring its compliance with laws and regulations and reduction of environmental impacts in each step of product life-cycle.

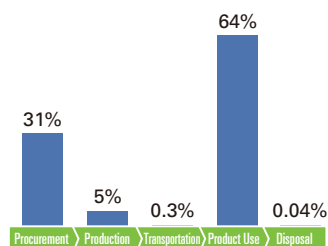
•OKI Group Life-cycle CO₂ Emissions

The OKI Group conducts life-cycle CO₂ surveys so as to grasp CO₂ emissions across its entire supply chain in Japan and overseas.

The survey results showed that the entire Group's CO₂ emissions across all life-cycles came to about 2 million tons, and about 60% of these emissions are from when our products are in use. We thus need to do more to improve the energy efficiency of our products while ensuring we satisfy our customers' needs.

The OKI Group is pushing forward with measures to promote reductions in environmental impacts such as improving the energy efficiency of our products.

Breakdown of the Ratios of OKI Group Life-cycle CO₂ Emissions (FY 2015)



•Internal System to Promote Energy-Saving Products

The OKI Group has introduced a system to certify products with superior environmental performance as "OKI Eco Products." For energy-efficient performance in particular, the system promotes the development energy-saving products by establishing standards for three levels of energy-savings effect with the highest rank going to products that reduce energy use by at least 50% versus the previous model and others.

In fiscal year 2015, seven products were newly registered in the system under the highest rank of "Eco Product Double Plus."

Initiatives to Reduce Environmental Impacts via Products

We are actively pressing forward with initiatives on "the reduction of power consumption," "conformity with regulations to control chemical substances," and "resource conservation" so we can contribute to reducing our environmental impact by offering environmentally-friendly products.

•Standby Power Consumption

Key for Energy-saving ATMs

"ATM-Bank IT Pro" and the space-saving ATM "CP21Z" consume much less electricity in standby mode than the previous models. Energy-saving features such as flexibility to manage the power source of each peripheral unit individually while ensuring instant startup from standby mode so as not to affect ease-of-use for customers successfully reduced electricity use by up to 75% for "ATM-Bank IT Pro" and by up to 60% for "CP21Z".



ATM "CP21Z"

Initiatives to Reduce Environmental Impacts in Business Activities

At every OKI Group site, various activities to contribute to reducing our environmental impacts are moving forward.

•Production Line Reforms Reduce Electricity and Resource Use by 70%

At Nagano OKI, the introduction of Point DIP machines for attaching electronic parts to printed circuit boards reduced electricity use for this stage of the production process by 74% and solder use by 70%.

Before this, vast amounts of electricity were required to heat the solder into a molten form so entire circuit boards could be dipped into the molten solder bath and the parts soldered onto the boards. With Point DIP machines, it is possible to apply solder at the necessary spots with pinpoint precision, sharply reducing electricity and solder use.

Environmental Activities of the OKI Group from the Perspective of Life-cycle

	Procurement	Production	Transportation	Product Use	Disposal
Low-carbon societies	<ul style="list-style-type: none"> Selection of energy-efficient components Reduction in transportation frequency through bulk purchase 	<ul style="list-style-type: none"> Improvement of production efficiency Re-examination of facility operations Renewal of production facilities 	<ul style="list-style-type: none"> Modal shifts Optimization of product loading Reductions in size and weight 	<ul style="list-style-type: none"> Energy-saving products Use of remote maintenance Simplification of organization 	<ul style="list-style-type: none"> Shortening of product recovery routes Use of biomass plastic
Prevention of pollution	<ul style="list-style-type: none"> Procurement of components and materials that do not contain hazardous substances 	<ul style="list-style-type: none"> Reduction of chemical substance usage and emission Prevention of mixing hazardous substances Adoption of replacement substances 	<ul style="list-style-type: none"> Adoption of packing materials that do not contain prohibited substances 	<ul style="list-style-type: none"> Reduction in the quantity of chemical substances used in products and packing materials 	<ul style="list-style-type: none"> Reduction in the quantity of chemical substances used in products and packing materials
Resource circulation	<ul style="list-style-type: none"> Optimization of procurement Reuse of packing materials 	<ul style="list-style-type: none"> Optimization of input materials Optimization of input resources Recycling of waste 	<ul style="list-style-type: none"> Simple packing Reuse of transportation materials 	<ul style="list-style-type: none"> Extension of product lifespan Reduction of maintenance components 	<ul style="list-style-type: none"> Recycling of used products Design for simple recycling Reductions in size and weight

Details of the OKI Group's environmental activities are provided in the "OKI Group Environmental Report" and on our website.



Website "Environmental Conservation":
<http://www.oki.com/en/eco/>

SOCIAL CONTRIBUTION

As a good corporate citizen, the OKI Group will consider and take actions in order to realize the genuine enrichment of society, and will implement social contribution activities that earn the support of the public. We in the OKI Group take an organized stance to promote support of donating, community contributions and employee volunteer work.

Ongoing Reconstruction Support for Earthquake Disaster-Affected Areas

The OKI Group is engaged in ongoing support activities to help rebuild areas damaged by the Great East Japan Earthquake. As part of its voluntary support activities, the Group has since fiscal year 2013 participated in “Collective Action for Recovery from the Great East Japan Earthquake” organized by the Global Compact Network Japan as a part of voluntary activities to support the “Watari Green Belt Project,” which aims at the re-growth of the tide-prevention forest in Watari Town, Miyagi Prefecture.

In response to the 2016 Kumamoto Earthquakes that happened in April 2016, we contributed ¥3 million for use in the restoration of the affected region and to rescue those affected.

Great East Japan Earthquake Reconstruction Support Activities in Fiscal Year 2015

- Volunteer activities for reconstruction support by employees (Watari Town, Miyagi Prefecture): a total of 18 employees
- Organizing Tohoku product fairs at OKI Warabi Culture Festival (for Fukushima Prefecture and Miyagi Prefecture)
- Participation in the “Christmas Project to Send Picture Books to Children in the Disaster Area” organized by the Japan Philanthropic Association: Donated 115 books collected across the Group

Donating through “The OKI 100 Yen Fund of Love”

We in the OKI Group have made various assistance efforts through “The OKI 100 Yen Fund of Love,” used to support the actions of volunteer groups. The participants in the fund include executives and employees of the member companies of the OKI Group (30 companies as of April 2016) who agree with the purport of the program. As a part of this, we have since fiscal year 1996 provided ongoing support to the blood program of the Japanese Red Cross Society (JRCS). In February 2016, we donated our 26th vehicle for collecting blood donations to the Shizuoka JRCS blood center in Shizuoka Prefecture.

Support for Field Trips for Disabled Elementary Students

OKI WorkWel, a special purpose subsidiary of the OKI Group, provides ongoing support for career training to students at special support schools. In January 2016, via a distant learning solution we provided with voice, video, and whiteboard functions to the Takamatsu Special School in Kagawa Prefecture, we enabled students with physical disabilities at the school’s elementary program to enjoy “virtual” social study field trips. A teacher at the Shodoshima-island school annex went to

a local soy sauce maker and relayed streaming video of the inside of *kura* brewing warehouse at the island’s soy sauce maker via a network link back to the main school where the children could enjoy a “virtual” tour, learning about the history of the soy sauce brewing warehouse and the series of steps that goes into making soy sauce.

Implementing Volunteer Activities for Environmental Preservation at Home and Overseas

At OKI Group sites at home and overseas, we implement ongoing volunteer programs for employees to contribute to activities with an environmental conservation purpose.



OKI employees volunteer to participate in a mangrove planting event.

Environmental Conservative Activities in Fiscal Year 2015

Activity location	Overview
Japan (Takasaki City, Gunma Prefecture; Izu City, Shizuoka Prefecture; and Komoro City, Nagano Prefecture)	A total of 207 employees participated in five tree planting volunteer activities centering on improvement cutting and periodic thinning at <i>sato-yama</i> forested areas.
Thailand (Saraburi Province)	Employees and their family members, 200 in total, participated in planting 6,000 saplings deemed to be nationally designated protected tree varieties in October in an area where trees had been felled.
Thailand (Chonburi Province)	Employees, 81 in total, helped plant 300 mangrove trees in a coastal area in June.
China (Shenzhen City, Guangdong Province)	Employees and their family members, 60 in total, released 150,000 juvenile fish on World Oceans Day, a United Nations-sponsored ceremonial event, in June.

Voice

Participated in Japan Overseas Cooperation Volunteers

OKI Software, No. 2 Group Telecom Solutions, Haruka Ota

For two years since July 2013, using the participation system for OKI Group in the Japan Overseas Cooperation Volunteers program, I have been involved in installing a library system at Tanzania’s National Central Library and instructing library personnel on how to use it. In addition to a shortage of engineers and frequent electricity outages, I also directly encountered cultural differences in areas such as working styles and ways of thinking. As the employees and I gradually built up a sense of trust and the system came online, I came to realize the importance of seeking out ground for compromise and speaking with others regardless of the environment as well as assertive action.



Instructing library personnel on how to input data on its book collection into the library system

OKI GROUP'S CSR

The OKI Group's initiatives of corporate social responsibility (CSR) focus on contributing to the improvement of the quality of life for people around the world through sound corporate activities based on our corporate philosophy. True to the company's enterprising spirit, our employees always take on new challenges and carry out corporate activities with sincerity. This is our response to the trust our stakeholders place in us.

Foundation of CSR at the OKI Group

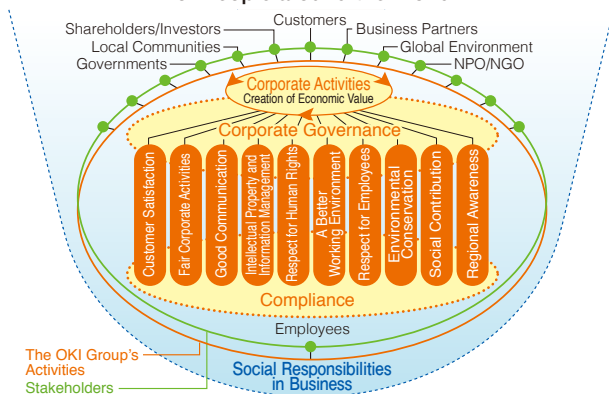
The OKI Group, as described in its corporate philosophy, aims at contributing to people around the world through its core business, namely the provision of products and services that can serve the development of the information age. What underlies the Group's CSR initiatives is our commitment to the pursuit and fulfillment of this idea.

Committed to CSR, OKI established the OKI Group Charter of Corporate Conduct as a statement of values that OKI Group companies need to share for the entire Group to fulfill its social responsibilities in accordance with the corporate philosophy. In addition, in accordance with the Charter, OKI set up the OKI Group Code of Conduct to be conformed to by all OKI executive officers and employees. This Code of Conduct has been adopted across all Group companies and incorporated into OKI's educational programs.

We will further strengthen contributions from our core business as we reconfirm the social responsibilities the OKI Group ought to fulfill in light of both international norms such as our support for the United Nations Global Compact and adoption of ISO26000, an internationally recognized standard for social responsibility and the trust our stakeholders place in us.

CSR Initiatives by the OKI Group

Contributing to the Improvement of the Quality of Life for People around the World



Participation in the United Nations Global Compact

In May 2010, OKI signed the United Nations Global Compact to declare its support for the Compact. It also became a member of the Global Compact Network Japan, which is a local network in Japan. The OKI Group supports the Global Compact's 10 principles in the areas of human rights, labor, environment, and anti-corruption, and will work to contribute to creating a sustainable society.



The Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Status of our SRI Index Inclusion

A socially responsible investing (SRI) index is a stock index which looks at CSR as important evaluation criteria in addition to financial aspects. As of April 1, 2016, OKI is a stock in the Morningstar Socially Responsible Investing Index (MS-SRI)*.



*The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. selects 150 companies from among approximately 3,600 listed companies in Japan by assessing their social responsibility, and converts their stock prices into the index.

FINANCIAL SECTION
FIVE-YEAR SUMMARY

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Years ended March 31

	Millions of yen					Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2013	2012*	2016
For the year:						
Net sales	¥ 490,314	¥ 540,153	¥ 483,112	¥ 455,824	¥ 423,480	\$ 4,377,803
Cost of sales	361,250	399,647	354,635	337,406	316,939	3,225,446
Gross profit	129,064	140,506	128,477	118,417	106,541	1,152,357
Operating income	18,594	32,415	27,196	13,475	11,980	166,017
Other income (expenses), net	(6,905)	5,116	4,564	5,159	(6,386)	(61,651)
Profit (loss) before income taxes	11,689	37,532	31,761	18,634	5,593	104,366
Profit (loss) attributable to owners of parent	6,609	33,091	27,359	13,599	1,555	59,008
Comprehensive income	(10,271)	39,462	22,442	16,040	3,461	(91,705)
At the year end:						
Total current assets	¥ 277,630	¥ 293,629	¥ 278,522	¥ 246,994	¥ 273,888	\$ 2,478,839
Total investments and long-term receivables	60,343	69,228	60,291	28,638	27,031	538,776
Property, plant and equipment, net	56,691	57,176	56,193	57,829	52,592	506,169
Other assets	17,111	19,323	17,506	15,861	14,552	152,776
Total assets	411,776	439,358	412,514	349,322	368,065	3,676,571
Total current liabilities	199,162	211,580	242,272	197,129	214,355	1,778,232
Total long-term liabilities	105,228	106,362	78,322	95,567	112,457	939,535
Total net assets	107,384	121,414	91,918	56,625	41,251	958,785
Capital stock	44,000	44,000	44,000	44,000	44,000	392,857

	Yen					U.S. dollars (Note 1)
Per share amounts:						
Earnings per share	¥ 7.61	¥ 40.03	¥ 36.21	¥ 17.24	¥ 0.32	\$ 0.06
Cash dividends per share (Common stock)	5.00	5.00	3.00	—	—	0.04
Number of shareholders (Common stock)	87,089	84,926	85,073	88,516	95,618	
Number of employees	20,190	20,653	21,090	17,459	16,736	
Ratios (%):						
Return on equity	5.8 %	31.8 %	37.8 %	28.0 %	3.9 %	
Return on assets	1.6	7.8	7.2	3.8	0.4	
Shareholders' equity	25.9	27.2	21.5	16.1	11.2	

*As restated (See Note 2)

Note 1: The U.S. dollar amounts in this annual report are translated from yen, for convenience only, at ¥112 = U.S. \$1.00, the approximate exchange rate prevailing on March 31, 2016.

Note 2: On August 8, 2012, the Company announced that improper accounting had been conducted at an overseas consolidated subsidiary. Based on the investigation reports by outside experts, the Company restated the consolidated financial statements for 2012.

FINANCIAL REVIEW

Annual Report for OKI Electric Industry Co., Ltd. and its Consolidated Subsidiaries

OVERVIEW OF THE FISCAL YEAR ENDED MARCH 31, 2016

NET SALES AND OPERATING INCOME

During the fiscal year under review, in the global economy, the economy in the United States was on a recovery track as seen in improved employment condition and increased consumer spending, while the economies in Europe also moved towards a moderate recovery. The Japanese economy continued to recover mildly overall, supported by improvements in employment conditions and corporate earnings, despite some effects of economic slowdown in emerging countries such as China and the drop in crude oil price.

In this business environment, the OKI Group recorded net sales of ¥490.3 billion (a year-on-year decrease of 9.2%), owing to a decrease in sales volume in the Info-Telecom Systems business and Printers business. Operating income was ¥18.6 billion (a year-on-year decrease of ¥13.8 billion), due to factors such as a decrease in sales volume and the effect of exchange rate change in the Printers business.

SEGMENT INFORMATION

Info-Telecom Systems

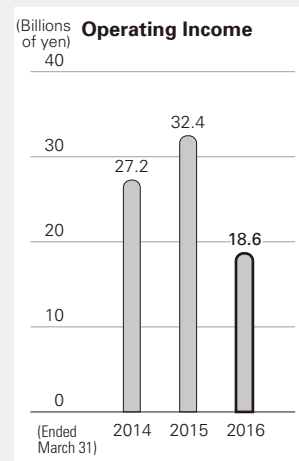
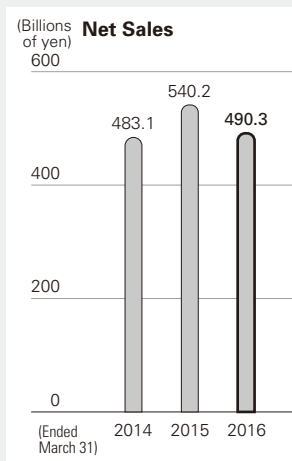
Net sales came to ¥304.8 billion (a year-on-year decrease of 13.5%). In the solutions & services business, sales increased as the business was generally firm thanks to winning new orders from enterprises. Telecom systems business' sales decreased because the investments related to existing network systems by telecom carriers came to an end and sales of them was ended in the first quarter. In the social infrastructure systems business, sales decreased owing to the digitizing demand for firefighting wireless system which peaked out in the previous fiscal year, while the demands for flight control systems and disaster prevention systems for municipalities were firm. In the mechatronics systems business, despite the robust sales of cash handling equipment in Japan, sales decreased due to a fall in the sales of ATMs to overseas caused by ongoing suspension of shipments to our sales partner in China, and continued restraint on capital investment of the customers in Brazil due to the local economic slowdown.

Operating income came to ¥16.5 billion (a year-on-year decrease of ¥9.4 billion) due to the decreased sales volume, which offset our efforts in fixed cost reduction, etc.

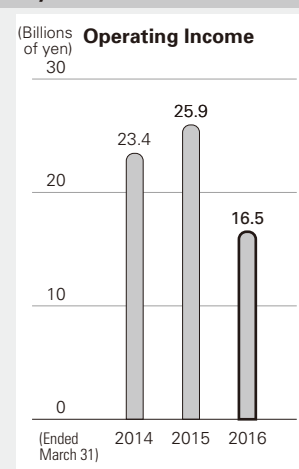
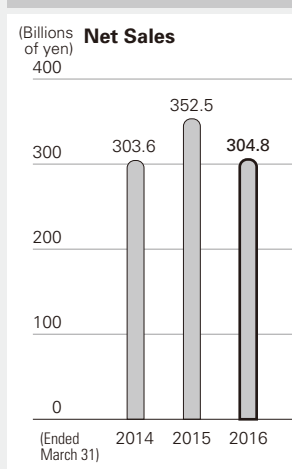
Printers

Net sales amounted to ¥124.6 billion (a year-on-year decrease of 3.6%). In LED printers, sales were generally firm for high-value-added strategic products including color MFPs, our main focus, partially due to strengthening the sales support system. On the other hand, unit sales of existing products, mainly color SFPs for office use, decreased due to the impact of the shrinking market and our decision to maintain the price level amid the intensifying price competition in the market. From the late second quarter, however, we selectively revised the price of products, whereby the falling sales volume stopped. On October 1, 2015, we acquired wide format printer business from Seiko Instruments Inc.

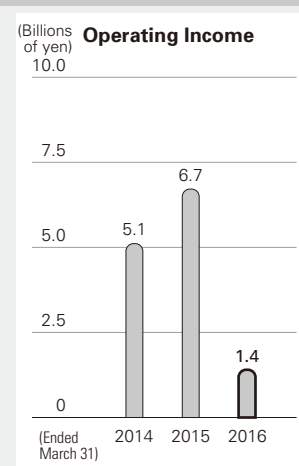
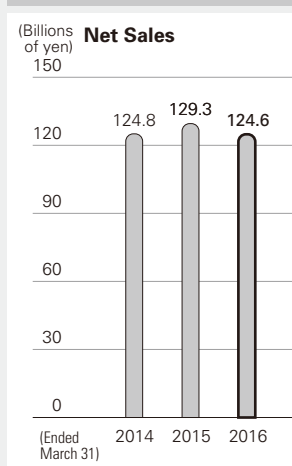
Operating income amounted to ¥1.4 billion (a year-on-year decrease of ¥5.3 billion) due to a decline in sales volume and the effects of foreign exchange rates.



Info-Telecom Systems



Printers



EMS Segment, Others

Net sales in the EMS segment came to ¥42.4 billion (a year-on-year increase of 5.1%) particularly due to the solid sales of circuit board business owing to the effect of the acquisition of Ome Factory of Yokogawa Manufacturing Corporation from Yokogawa Electric Corporation on April 1, 2015. Operating income increased to ¥2.3 billion (a year-on-year increase of ¥0.3 billion).

Net sales in the Others came to ¥18.5 billion (a year-on-year increase of 2.2%) and operating income increased to ¥4.2 billion (a year-on-year increase of ¥0.7 billion) thanks to the continued steady performance by reed switches and other components.

PROFIT ATTRIBUTABLE TO OWNERS OF PARENT

Profit attributable to owners of parent decreased by ¥26.5 billion year on year to ¥6.6 billion, due to recording foreign exchange losses in this fiscal year despite posting foreign exchange gains in non-operating income in the previous fiscal year. Against this backdrop, earnings per share came to ¥7.61 for the fiscal year ended March 31, 2016.

ASSETS AND LIABILITIES

At the end of the fiscal year under review, total assets decreased by ¥27.6 billion from the end of the previous fiscal year to ¥411.8 billion. Meanwhile, shareholders' equity decreased by ¥12.9 billion from the end of the previous fiscal year to ¥106.7 billion mainly due to the decrease of ¥15.3 billion in accumulated other comprehensive income and distribution of ordinary dividends of ¥4.3 billion, despite the recording of profit attributable to owners of parent of ¥6.6 billion. As a result, shareholders' equity ratio stood at 25.9%.

With respect to major decreases in assets, there were decreases of ¥5.8 billion in cash and deposits, ¥6.6 billion in inventories, ¥5.8 billion in investment securities, and ¥3.2 billion in net defined benefit asset.

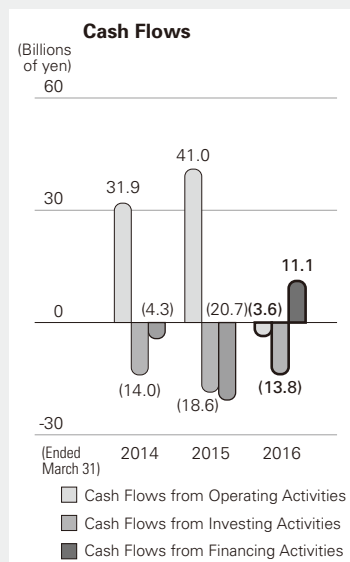
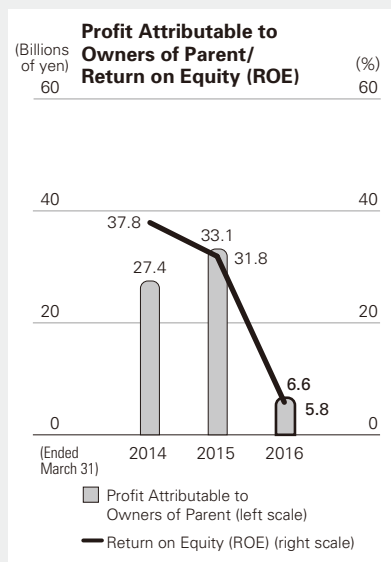
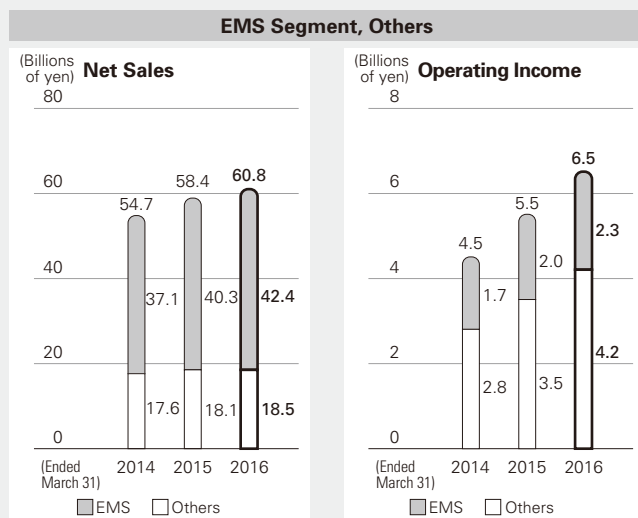
Total liabilities decreased by ¥13.5 billion. The major decrease was ¥13.6 billion in notes and accounts payable – trade. Loans payable increased by ¥14.5 billion from ¥107.6 billion at the end of the previous year to ¥122.1 billion.

CASH FLOW

Net cash used in operating activities amounted to ¥3.6 billion (an increase of ¥44.6 billion year on year in cash outflow) mainly due to deterioration in profit before income taxes and working capital.

Net cash used in investment activities amounted to ¥13.8 billion (a decline of ¥4.8 billion year on year in cash outflow) mainly due to purchases of property, plant, and equipment.

As a result, free cash flow, which is the sum of cash flows from operating activities and cash flows from investment activities, resulted in a net outflow of ¥17.3 billion (an increase of ¥39.8 billion year on year in cash outflow).



Net cash provided by financing activities amounted to ¥11.1 billion (an increase of ¥31.8 billion year on year in cash inflow) mainly due to an increase of loans payable.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased from ¥53.6 billion at the end of the previous fiscal year to ¥46.3 billion.

CAPITAL EXPENDITURES, DEPRECIATION, AND RESEARCH AND DEVELOPMENT EXPENSES

Capital expenditures increased by ¥0.2 billion year on year to ¥11.7 billion and depreciation increased by ¥0.4 billion year on year to ¥11.2 billion. R&D expenses totaled ¥13.3 billion, down ¥0.5 billion year on year on declines at each segment.

OUTLOOK FOR FISCAL YEAR ENDING MARCH 31, 2017

In the fiscal year ending March 31, 2017, while the economies in the United States and Europe are expected to remain on a moderate recovery trend and the Japanese economy is also expected to continue toward recovery, there are concerns for the downturn risks in the global economy due to the economic slowdown in China and other emerging countries.

As the business outlook for the OKI Group for the fiscal year ending March 31, 2017, we project a ¥9.7 billion year-on-year increase in net sales to ¥500.0 billion, a ¥1.4 billion increase in operating income to ¥20.0 billion, a ¥6.6 billion increase in ordinary income to ¥18.0 billion and a ¥5.4 billion increase in profit attributable to owners of parent to ¥12.0 billion. Currency translation differences are not factored in for the non-operating income and expenses.

The ICT business is forecast to be steady mainly in the traffic infrastructure-related systems including flight control and road traffic. For solution-related business, improvements in project mix are expected.

In the Mechatronics Systems business, solid performance of cash handling equipment is projected in the domestic market. The volume

of ATMs to overseas is forecast to decrease due to the fall in sales to our partner in China from that in the previous fiscal year. Also in China, there was a reactionary decline from the OKI brand products in the previous term. In Brazil, the shipment of large-scale projects to begin will contribute to the business performance. For overseas ATM business, we continue to pursue mid- to long-term growth.

In Printers business, as a result of strengthening the sales channel support system in the United States and Europe, sales of strategic products is gradually growing to improve the product mix. Going forward, we aim to expand sales in the professional markets through exploring the markets of certain industries such as medical and design, deepening our strategy focused on “niche and high-value-added,” as well as benefitting from the sales synergy generated with wide format printer business.

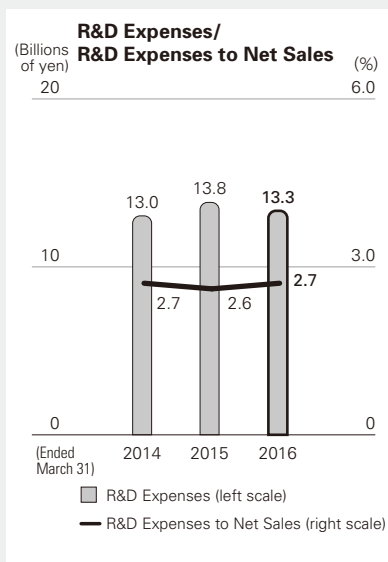
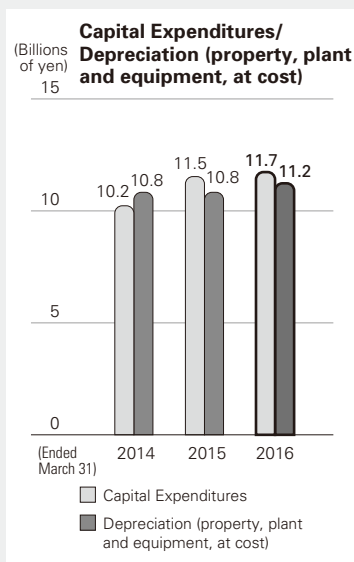
The EMS business has been growing field since its founding. We will work for its further growth in the next fiscal year.

In the Others, steady performance will continue in the components-related business of our subsidiaries.

The above forecasts for the fiscal year ending March 31, 2017 are based on exchange rate assumptions of ¥110 to the U.S. dollar and ¥125 to the euro.

Performance Forecasts for the Fiscal Year Ending March 31, 2017 (Billions of yen, unless otherwise stated)

Net Sales	Operating Income	Profit Attributable to Owners of Parent	Earnings per Share (Yen)
¥500.0	¥20.0	¥12.0	¥13.82



CONSOLIDATED BALANCE SHEETS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
As of March 31, 2016

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Current assets:			
Cash on hand and in banks (Note 7):			
Cash and cash equivalents	¥ 46,322	¥ 53,598	\$ 413,589
Other	1,507	33	13,455
Notes and accounts receivable (Note 7):			
Unconsolidated subsidiaries and affiliates	1,426	1,674	12,732
Other	146,438	147,275	1,307,482
Less: Allowance for doubtful receivables	(8,314)	(7,940)	(74,232)
Inventories (Note 4)	79,469	86,055	709,544
Other current assets (Note 9)	10,780	12,932	96,250
Total current assets	277,630	293,629	2,478,839
Investments and long-term receivables:			
Investments in and advances to unconsolidated subsidiaries and affiliates (Notes 5 and 7)	6,182	6,236	55,196
Other investments in securities (Notes 3, 6 and 7)	26,583	32,509	237,348
Asset for retirement benefits (Note 8)	27,286	30,478	243,625
Other long-term receivables	1,108	824	9,892
Less: Allowance for doubtful receivables	(818)	(820)	(7,303)
Total investments and long-term receivables	60,343	69,228	538,776
Property, plant and equipment, at cost:			
Land	13,079	12,461	116,776
Buildings	78,563	77,351	701,455
Machinery and equipment	120,356	120,363	1,074,607
Construction in progress	576	785	5,142
	212,577	210,961	1,898,008
Less: Accumulated depreciation	(155,885)	(153,785)	(1,391,830)
Property, plant and equipment, net	56,691	57,176	506,169
Other assets (Note 9)	17,111	19,323	152,776
Total assets	¥ 411,776	¥ 439,358	\$ 3,676,571

LIABILITIES	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Current liabilities:			
Short-term borrowings (Notes 6 and 7)	¥ 50,597	¥ 44,981	\$ 451,758
Current portion of long-term debt (Notes 6 and 7)	22,095	18,348	197,276
Notes and accounts payable (Note 7):			
Unconsolidated subsidiaries and affiliates	586	689	5,232
Other	79,684	93,780	711,464
Other accrued expenses (Note 7)	33,265	38,589	297,008
Other current liabilities (Note 9)	12,932	15,191	115,464
Total current liabilities	199,162	211,580	1,778,232
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	49,391	44,241	440,991
Liability for retirement benefits (Note 8)	25,304	23,196	225,928
Other long-term liabilities (Note 9)	30,532	38,924	272,607
Total long-term liabilities	105,228	106,362	939,535
Total liabilities	304,391	317,943	2,717,776
NET ASSETS			
Shareholders' equity (Notes 10 and 17):			
Capital stock:			
Authorized—2,400,000,000 shares			
Common stock:			
Issued—872,176,028 shares in 2016 and 2015	44,000	44,000	392,857
Additional paid-in capital	21,673	21,554	193,508
Retained earnings	44,255	41,989	395,133
Less: Treasury stock, at cost:			
3,782,833 shares in 2016 and 3,705,236 shares in 2015	(468)	(453)	(4,178)
Total shareholders' equity	109,460	107,090	977,321
Accumulated other comprehensive income:			
Net unrealized holding gain on other securities	4,642	8,291	41,446
Loss on deferred hedges	(562)	(72)	(5,017)
Translation adjustments	(12,835)	(10,433)	(114,598)
Retirement benefits liability adjustments	6,028	14,750	53,821
Total accumulated other comprehensive income	(2,726)	12,536	(24,339)
Subscription rights to shares	79	79	705
Non-controlling interests	572	1,708	5,107
Total net assets	107,384	121,414	958,785
Contingent liabilities (Note 16)			
Total liabilities and net assets	¥ 411,776	¥ 439,358	\$ 3,676,571

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Net sales	¥ 490,314	¥ 540,153	\$ 4,377,803
Cost of sales	361,250	399,647	3,225,446
Gross profit	129,064	140,506	1,152,357
Selling, general and administrative expenses	110,469	108,090	986,330
Operating income	18,594	32,415	166,017
Other income (expenses):			
Interest expense	(1,990)	(2,357)	(17,767)
Interest and dividend income	1,180	1,057	10,535
Equity in earnings of affiliates	423	652	3,776
Foreign exchange gain (loss), net	(6,374)	7,035	(56,910)
Insurance dividend	335	270	2,991
Litigation expenses	(376)	(223)	(3,357)
Gain on sale of investments in securities	1,935	225	17,276
Loss on sale and disposal of property, plant and equipment	(305)	(621)	(2,723)
Loss on impairment of fixed assets (Note 12)	(1,059)	—	(9,455)
Provision for environmental measures (Note 13)	(247)	—	(2,205)
Other, net	(424)	(921)	(3,785)
	(6,905)	5,116	(61,651)
Profit before income taxes	11,689	37,532	104,366
Income taxes (Note 9):			
Current	1,916	7,725	17,107
Deferred	4,495	(2,359)	40,133
	6,412	5,365	57,250
Profit	5,277	32,166	47,116
Loss attributable to non-controlling interests	(1,332)	(924)	(11,892)
Profit attributable to owners of parent (Note 17)	¥ 6,609	¥ 33,091	\$ 59,008

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Profit (loss)	¥ 5,277	¥ 32,166	\$ 47,116
Other comprehensive income			
Net unrealized holding gain (loss) on other securities	(3,627)	3,930	(32,383)
Gain (loss) on deferred hedges	(489)	317	(4,366)
Translation adjustments	(2,688)	(82)	(24,000)
Retirement benefits liability adjustments	(8,899)	3,148	(79,455)
Share of other comprehensive income of equity-method affiliates	155	(17)	1,383
Total other comprehensive income	(15,548)	7,295	(138,821)
Comprehensive income	¥ (10,271)	¥ 39,462	\$ (91,705)
Comprehensive income attributable to:			
Owners of the parent	¥ (8,653)	¥ 40,395	\$ (77,258)
Non-controlling interests	¥ (1,617)	¥ (932)	\$ (14,437)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2016

	Shareholders' equity						Accumulated other comprehensive income							Total net assets
	Numbers of shares issued	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding (loss) gain on other securities	(Loss) gain on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
	(Thousands)	Millions of yen												
Balance at March 31, 2014	731,468	¥ 44,000	¥ 21,554	¥ 18,382	¥ (432)	¥ 83,504	¥ 4,333	¥ (389)	¥ (10,358)	¥ 11,644	¥ 5,230	¥ 79	¥ 3,104	¥ 91,918
Cumulative effects of changes in accounting policies (Note 1)				(4,522)		(4,522)								(4,522)
Restated balance at April 1, 2014	731,468	44,000	21,554	13,860	(432)	78,982	4,333	(389)	(10,358)	11,644	5,230	79	3,104	87,396
Cash dividends paid				(4,962)		(4,962)								(4,962)
Profit attributable to owners of parent				33,091		33,091								33,091
Purchases of treasury stock					(21)	(21)								(21)
Changes in scope of consolidation				0		0								0
Other, net	140,707						3,958	317	(75)	3,106	7,305	—	(1,395)	5,910
Net changes during the year	140,707	—	—	28,129	(21)	28,107	3,958	317	(75)	3,106	7,305	—	(1,395)	34,018
Balance at March 31, 2015	872,176	44,000	21,554	41,989	(453)	107,090	8,291	(72)	(10,433)	14,750	12,536	79	1,708	121,414
Cash dividends paid				(4,343)		(4,343)								(4,343)
Profit attributable to owners of parent				6,609		6,609								6,609
Purchases of treasury stock					(14)	(14)								(14)
Change in parent's ownership interests arising from capital increase of consolidated subsidiary			118			118								118
Other, net							(3,649)	(489)	(2,402)	(8,722)	(15,262)	—	(1,136)	(16,399)
Net changes during the year	—	—	118	2,265	(14)	2,369	(3,649)	(489)	(2,402)	(8,722)	(15,262)	—	(1,136)	(14,030)
Balance at March 31, 2016	872,176	¥ 44,000	¥ 21,673	¥ 44,255	¥ (468)	¥ 109,460	¥ 4,642	¥ (562)	¥ (12,835)	¥ 6,028	¥ (2,726)	¥ 79	¥ 572	¥ 107,384

	Shareholders' equity						Accumulated other comprehensive income							Total net assets
	Numbers of shares issued	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding (loss) gain on other securities	(Loss) gain on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
	(Thousands)	Thousands of U.S. dollars (Note 2)												
Balance at March 31, 2015	872,176	\$ 392,857	\$ 192,446	\$ 374,901	\$ (4,044)	\$ 956,160	\$ 74,026	\$ (642)	\$ (93,151)	\$ 131,696	\$ 111,928	\$ 705	\$ 15,250	\$ 1,084,053
Cash dividends paid				(38,776)		(38,776)								(38,776)
Profit attributable to owners of parent				59,008		59,008								59,008
Purchases of treasury stock					(125)	(125)								(125)
Change in parent's ownership interests arising from capital increase of consolidated subsidiary			1,053			1,053								1,053
Other, net							(32,580)	(4,366)	(21,446)	(77,875)	(136,267)	—	(10,142)	(146,419)
Net changes during the year	—	—	1,053	20,223	(125)	21,151	(32,580)	(4,366)	(21,446)	(77,875)	(136,267)	—	(10,142)	(125,267)
Balance at March 31, 2016	872,176	\$ 392,857	\$ 193,508	\$ 395,133	\$ (4,178)	\$ 977,321	\$ 41,446	\$ (5,017)	\$ (114,598)	\$ 53,821	\$ (24,339)	\$ 705	\$ 5,107	\$ 958,785

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Cash flows from operating activities:			
Profit attributable to owners of parents	¥ 6,609	¥ 33,091	\$ 59,008
Adjustments to reconcile profit attributable to owners of parent to net cash (used in) provided by operating activities:			
Depreciation and amortization	14,382	14,464	128,410
Loss on impairment of fixed assets	1,059	9	9,455
(Reversal of) provisions	466	(1,945)	4,160
Equity in earnings of affiliates	(423)	(652)	(3,776)
Gain on sale of investments in securities	(1,928)	(224)	(17,214)
Loss on sale and disposition of property, plant and equipment	305	590	2,723
Deferred income taxes	4,495	(2,359)	40,133
Other, net	2,968	(2,010)	26,500
Changes in operating assets and liabilities:			
Notes and accounts receivable	(8,743)	8,693	(78,062)
Inventories	3,539	3,905	31,598
Notes and accounts payable	(4,784)	(8,906)	(42,714)
Accrued income taxes	(5,021)	2,229	(44,830)
Other accrued expenses	(2,079)	356	(18,562)
Other assets and liabilities	(14,419)	(6,241)	(128,741)
Net cash (used in) provided by operating activities	(3,573)	40,999	(31,901)
Cash flows from investing activities:			
Increase in investments and other long-term receivables	(240)	(1,656)	(2,142)
Purchases of property, plant and equipment	(11,598)	(10,598)	(103,553)
Purchases of intangible assets	(2,630)	(3,931)	(23,482)
Proceeds from sales of investment securities	2,680	319	23,928
Purchases of investment in subsidiaries resulting in change in scope of consolidation	—	(2,717)	—
Payment for businesses acquired	(1,973)	—	(17,616)
Net cash used in investing activities	(13,762)	(18,583)	(122,875)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	6,622	(12,442)	59,125
Issuance of long-term debt	28,537	48,460	254,794
Repayment of long-term debt	(19,249)	(49,637)	(171,866)
Proceeds from payment by non-controlling shareholders	608	—	5,428
Proceeds from sale and lease-back transactions	1,428	927	12,750
Repayment of lease obligations	(2,470)	(3,084)	(22,053)
Cash dividends paid	(4,314)	(4,917)	(38,517)
Other, net	(23)	(28)	(205)
Net cash provided by (used in) financing activities	11,138	(20,724)	99,446
Effect of exchange rate changes on cash and cash equivalents	(1,079)	997	(9,633)
Net (decrease) increase in cash and cash equivalents	(7,276)	2,688	(64,964)
Cash and cash equivalents at beginning of the year	53,598	50,866	478,553
Cash of newly consolidated subsidiaries at beginning of the year	—	44	—
Cash and cash equivalents at end of the year	¥ 46,322	¥ 53,598	\$ 413,589
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	¥ 1,938	¥ 2,423	\$ 17,303
Income taxes	¥ 6,938	¥ 5,495	\$ 61,946

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements of Oki Electric Industry Co., Ltd. (the "Company") and consolidated subsidiaries (the "Group") have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The accompanying consolidated statements of cash flows, which have not been prepared under the same requirements as those specified in the Japanese accounting standard for cash flows, are presented in a format similar to that required under accounting standards generally accepted in the United States, and the concept and format are almost identical to those required under the Japanese standard.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and all significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in significant affiliates are accounted for by the equity method. Other investments in unconsolidated subsidiaries and affiliates are stated at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written them down to reflect the impairment.

(c) Foreign currency transactions

(1) The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries at the average rates of exchange in effect during the year. The balance sheet accounts, except for the shareholder's equity, are translated into yen at the rates of exchange in effect at the balance sheet date. The components of the shareholder's equity are translated at their historical exchange rates. Differences arising from translation where two exchange rates have been used are presented under translation adjustments as a component of net assets.

(2) Current and non-current monetary assets and liabilities denominated in foreign currencies of the Company and domestic consolidated subsidiaries are translated into yen at the exchange rates in effect at the balance sheet date, except for those hedged by forward foreign exchange contracts which are

translated at the contracted rates.

All revenues and expenses are translated at the average rate for the month prior to the transaction.

Gains and losses arising from foreign exchange differences are credited or charged to income in the year in which they are made or incurred, except for those arising from forward foreign exchange contracts pertaining to long-term debt which are deferred and amortized over the periods of the respective contracts.

(d) Cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(e) Securities

Other securities with quoted market prices are carried at market value. The difference between the acquisition cost and the carrying value of other securities, net of the applicable income taxes, is recognized as a component of net assets and is reflected as "Net unrealized holding gain (loss) on other securities." The cost of other securities sold is computed by the moving average method. Other securities without quoted market prices are stated at cost based on the moving average method.

(f) Inventories

Inventories are principally stated at cost determined by the following methods. Overseas subsidiaries adopt the lower of cost or market method.

- Finished goods—Moving average method
- Work in process—Specific identification method
- Raw materials and supplies—Moving average method

(g) Property, plant and equipment, and depreciation (Except for assets leased)

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is principally computed by the declining balance method over the estimated useful lives of the respective assets. However, buildings (excluding leasehold improvements) acquired on or after April 1, 1998 by the Company and domestic consolidated subsidiaries are depreciated by the straight-line method over their respective estimated useful lives. Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to income.

(h) Intangible assets and amortization (Except for assets leased)

Intangible assets, including capitalized computer software costs, are amortized by the straight-line method over their respective estimated useful lives.

(i) Leases

Depreciation of assets on finance leases which do not transfer ownership of the leased assets to the lessee is calculated by the straight-line method over the lease period with their residual value of zero, except the leases started on or before March 31, 2008. The leases which were started on or before March 31, 2008 are principally accounted for as operating leases.

(j) Retirement benefits

- 1) **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.
- 2) **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.

(k) Income taxes

Deferred income taxes are recognized by the asset and liability method under which deferred tax assets and liabilities are determined based on the difference between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(l) Hedge accounting

Forward foreign exchange contracts and currency swap contracts are accounted for by hedge accounting which requires that unrealized gains or losses be deferred as assets or liabilities. Forward foreign exchange contracts and currency swap contracts which meet certain criteria are accounted for by the allocation method which is utilized to hedge against risks arising from fluctuation in

foreign currency exchange rates. Interest-rate swaps which meet the required criteria are accounted for by a special method (as stipulated in the accounting standard for financial instruments) as if the interest rates applied to the interest-rate swaps had originally applied to the underlying borrowings. Interest-rate swaps contracts are utilized to hedge market risks which may arise in the future with respect to long-term loans with variable interest rates.

The Group has developed hedging policies to control various aspects of derivatives transactions, including levels of authorization and transaction volume. Based on these policies, the Group hedges risks arising from fluctuation in foreign currency exchange rates and interest rates. During the period from the inception of a hedge position to the assessment of its effectiveness, the Group reviews the effectiveness of all its hedging policies in order to monitor and control the cumulative cash flows and to respond to any changes in the market.

(m) Changes in methods of accounting

The Company and its domestic consolidated subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7), effective from April 1, 2015. As a result, under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. Accounting treatment for adjustments to provisional amounts during measurement period was also changed. In addition, the amendment of the presentation method of profit (loss) attributable to owners of parent, and the change from "minority interest" to "non-controlling interests", were made. The previous year's presentation of the consolidated financial statements was reclassified to reflect these changes in presentation.

The Company applies these revised accounting standards from April 1, 2015 on a prospective basis, based on the transitional provisions.

The impact on the consolidated financial statements was immaterial.

2. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥112 = U.S.\$1.00, the approximate exchange rate prevailing at March 31, 2016. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

FINANCIAL SECTION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SECURITIES

Securities at March 31, 2016 and 2015 were summarized as follows. Securities for which it is extremely difficult to reasonably measure its fair value are not included in the table below.

Other securities

	Millions of yen						Thousands of U.S. dollars		
	2016			2015			2016		
	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference
Other securities whose fair value recorded in balance sheet exceeds their acquisition costs:									
Equity securities	¥ 18,065	¥ 10,930	¥ 7,135	¥ 24,337	¥ 12,085	¥ 12,251	\$ 161,294	\$ 97,589	\$ 63,705
Subtotal	18,065	10,930	7,135	24,337	12,085	12,251	161,294	97,589	63,705
Other securities whose fair value recorded in balance sheet does not exceed their acquisition costs:									
Equity securities	1,440	1,965	(525)	1,074	1,322	(248)	12,857	17,544	(4,687)
Other	5	5	—	5	5	—	44	44	—
Subtotal	1,445	1,970	(525)	1,080	1,328	(248)	12,901	17,589	(4,687)
Total	¥ 19,511	¥ 12,900	¥ 6,610	¥ 25,417	¥ 13,414	¥ 12,003	\$ 174,205	\$ 115,178	\$ 59,017

4. INVENTORIES

Inventories at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Finished goods	¥ 36,599	¥ 37,355	\$ 326,776
Work in process	19,496	22,406	174,071
Raw materials and supplies	23,373	26,293	208,687
Total	¥ 79,469	¥ 86,055	\$ 709,544

5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Investments stated:			
By the equity method	¥ 5,515	¥ 5,162	\$ 49,241
At cost or less	594	849	5,303
Advances	72	223	642
Total	¥ 6,182	¥ 6,236	\$ 55,196

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Loans, principally from banks, at weighted-average interest rates of 1.2% and 1.3% at March 31, 2016 and 2015, respectively:			
Secured	¥ 10,000	¥ 3,500	\$ 89,285
Unsecured	40,597	41,481	362,473
Total	¥ 50,597	¥ 44,981	\$ 451,758

Long-term debts at March 31, 2016 and 2015 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Loans from banks, insurance companies and government agencies, due through 2020:			
Secured	¥ —	¥ 359	\$ —
Unsecured	71,487	62,230	638,276
Subtotal	71,487	62,589	638,276
Less: Current portion	(22,095)	(18,348)	(197,276)
Total	¥ 49,391	¥ 44,241	\$ 440,991

At March 31, 2016, ¥10,000 million (\$89,285 thousand) of short-term borrowings were collateralized by assets amounting to ¥14,112 million (\$126,000 thousand).

As is customary in Japan, both short-term and long-term bank loans are made under general agreements which provide that collateral and guarantees (or additional collateral or guarantees, as appropriate) with respect to present and future indebtedness be given at the request of the lending bank, and that the bank shall have the right, as the obligations become due or in the event of default, to offset the obligations with any cash deposited with the bank.

The aggregate annual maturities of long-term debt subsequent to March 31, 2016 were summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 22,095	\$ 197,276
2018	18,999	169,633
2019	19,209	171,508
2020	10,429	93,116
2021 and thereafter	753	6,723
Total	¥ 71,487	\$ 638,276

The Group has access to substantial sources of funds at numerous banks worldwide. Total unused credit available to the Group at March 31, 2016 was ¥22,585 million (\$201,651 thousand).

7. FINANCIAL INSTRUMENTS

(a) Summary of financial instruments

The 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 credit risks associated with notes and accounts receivable from customers, 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, the Group applies derivative instruments (interest rate swap transactions) to hedge its risk.

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

FINANCIAL SECTION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Disclosure about fair value of financial instruments

The fair values of financial instruments at March 31, 2016 and 2015 were summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2016			2015			2016		
	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference
(1) Cash on hand and in banks ^(*1)	¥ 47,829	¥ 47,829	¥ —	¥ 53,632	¥ 53,632	¥ —	\$ 427,044	\$ 427,044	\$ —
(2) Notes and accounts receivable	135,910			137,895			1,213,482		
Allowance for doubtful receivables ^(*2)	(8,314)			(7,346)			(74,232)		
	127,596	127,596	—	130,549	130,549	—	1,139,250	1,139,250	—
(3) Investments in securities ^(*3)	22,992	22,481	(510)	28,742	29,803	1,060	205,285	200,723	(4,553)
Total assets	198,418	197,908	(510)	212,924	213,985	1,060	1,771,589	1,767,035	(4,553)
(1) Notes and accounts payable	65,477	65,477	—	79,053	79,053	—	584,616	584,616	—
(2) Short-term borrowings	50,597	50,597	—	44,981	44,981	—	451,758	451,758	—
(3) Other accrued expenses	33,265	33,265	—	36,060	36,060	—	297,008	297,008	—
(4) Long-term debt ^(*4)	71,487	72,265	777	62,589	62,844	255	638,276	645,223	6,937
Total liabilities	220,827	221,605	777	222,684	222,939	255	1,971,669	1,978,616	6,937
Derivative transactions ^(*5)	¥ 3	¥ 3	¥ —	¥ 385	¥ 385	¥ —	\$ 26	\$ 26	\$ —

*1 Cash on hand and in banks are included in "Cash and cash equivalents" and "Other" in the consolidated balance sheets.

*2 It comprises the allowance for doubtful receivables in respect to Notes and accounts receivable.

*3 Investments in securities are included in "Cash and cash equivalents," "Securities," "Investments in and advances to unconsolidated subsidiaries and affiliates" or "Other investments in securities" in the consolidated balance sheets.

*4 Long-term debt that will be reimbursed within one year is classified as "Current portion of long-term debt" in the consolidated balance sheets.

*5 The amount of the receivables and payables derived from derivative transactions is presented on a net basis and the amounts in parentheses are liabilities as the result of netting.

Notes:

1. Fair value measurements of financial instruments and investment in securities and derivative transaction

Assets

(1) Cash on hand and in banks, and (2) Notes and accounts receivable

These fair values are presented at amount recorded in balance sheets, since they are settled in a short period of time and their fair value reasonably approximates the amount recorded in the balance sheets.

(3) Investments in securities

The fair value of securities is based on the market price on the stock exchange. The fair value of bond is based on the quotes presented by the financial institutions.

Liabilities

(1) Notes and accounts payable, (2) Short-term borrowings, and (3) Other accrued expenses

These fair values are presented at amount recorded in balance sheets, since they are settled in a short period of time and their fair value reasonably approximates the amount recorded in the balance sheets.

(4) Long-term debt

The fair value is based primarily on the method of calculation whereby the sum of principal and interest amounts is discounted by an assumed interest rate to be applied for newly borrowed long-term loans. Some long-term borrowings with floating interest rates and related interest rate swaps are accounted for using special accounting treatment applicable to interest rate swaps. Hence, the fair value of a long-term borrowing 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 to be applied for newly borrowed long-term loans under similar borrowing terms.

Derivative transactions

Described in Note 13.

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

Unlisted equity securities (¥9,612 million (\$85,821 thousand) and ¥9,690 million) at March 31, 2016 and 2015, respectively, are not included in

(3) Securities and investments in securities because they have no market price and it is deemed extremely difficult to assess their fair values.

8. RETIREMENT BENEFITS

The Company and domestic consolidated subsidiaries have either funded or unfunded defined benefit plans and defined contribution plans.

The noncontributory defined benefit plan that is a funded plan adopts a cash balance plan. In this plan, amount of benefit in which the "Point" based on the pay level is multiplied by rate based on the Japanese Government Bonds is provided to employee as pension or lump-sum payment.

The lump-sum retirement benefit is provided employee in accordance with the "Point" based on the business results, and the length of service. The lump-sum retirement payment plans are unfunded plans excluding the Company. The Company's plan is a funded plan due to contribution to the pension and retirement benefit trust.

Several overseas consolidated subsidiaries have defined benefit and defined contribution pension plans.

The Company has pension and retirement benefit trust.

Certain consolidated subsidiaries appraise projected benefit obligation and retirement benefit expenses of lump-sum retirement payment plans by the simplified method.

The changes in the retirement benefit obligation during the year ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit obligation at April 1, 2015 and 2014	¥ 112,442	¥ 108,713	\$ 1,003,946
Cumulative effects of changes in accounting policies	—	4,862	—
Restated balance at the beginning of the year	112,442	113,575	1,003,946
Service cost	2,868	3,006	25,607
Interest cost	1,341	1,012	11,973
Actuarial gain/loss	9	106	80
Retirement benefit paid	(6,766)	(6,971)	(60,410)
Prior service cost	—	1,700	—
Other	(357)	12	(3,187)
Retirement benefit obligation at March 31, 2016 and 2015	¥ 109,538	¥ 112,442	\$ 978,017

The changes in plan assets during the year ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Plan assets at April 1, 2015 and 2014	¥ 120,103	¥ 115,995	\$ 1,072,348
Expected return on plan assets	2,986	2,878	26,660
Actuarial gain/loss	(10,061)	2,293	(89,830)
Contributions by the Company and subsidiaries	4,757	4,720	42,473
Retirement benefits paid	(5,801)	(5,785)	(51,794)
Plan assets at March 31, 2016 and 2015	¥ 111,983	¥ 120,103	\$ 999,848

*The plan assets include the Company's retirement benefit trust of ¥38,983 million (\$348,062 thousand) and ¥48,044 million for the years ended March 31, 2016 and 2015, respectively.

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Funded retirement benefit obligation	¥ 94,864	¥ 98,239	\$ 847,000
Plan assets at fair value	(111,983)	(120,103)	(999,848)
	(17,119)	(21,863)	(152,848)
Unfunded retirement benefit obligation	14,673	14,203	131,008
Net liability for retirement benefits in the balance sheet	¥ (2,445)	¥ (7,660)	\$ (21,830)
Liability for retirement benefits	24,841	22,817	221,794
Asset for retirement benefits	(27,286)	(30,478)	(243,625)
Net asset for retirement benefits in the balance sheet	¥ (2,445)	¥ (7,660)	\$ (21,830)

FINANCIAL SECTION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of retirement benefit expense for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥ 2,868	¥ 3,006	\$ 25,607
Interest cost	1,341	1,012	11,973
Expected return on plan assets	(2,986)	(2,878)	(26,660)
Amortization of actuarial gain/loss	(1,727)	21	(15,419)
Amortization of prior service cost	(1,450)	(1,514)	(12,946)
Amortization of transition obligation arising from the initial adoption of a new method of accounting	—	2,111	—
Other	142	406	1,267
Retirement benefit expense	¥ (1,811)	¥ 2,165	\$ (16,169)

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Prior service cost	¥ (1,450)	¥ (3,518)	\$ (12,946)
Actuarial gain/loss	(11,805)	2,598	(105,401)
Transition obligation arising from the initial adoption of a new method of accounting	—	2,120	—
Total	¥ (13,255)	¥ 1,200	\$ (118,348)

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (3,192)	¥ (4,642)	\$ (28,500)
Unrecognized actuarial gain/loss	(11,630)	(23,435)	(103,839)
Total	¥ (14,822)	¥ (28,078)	\$ (132,339)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 were as follows:

	2016	2015
Bonds	42%	38%
Stocks	38	45
Other	20	17
Total*	100%	100%

*The Company's pension and retirement benefit trust consists of 31% of the total plan assets for the year ended March 31, 2016 and 36% of the total plan assets for the year ended March 31, 2015, respectively.

The expected return on assets has been estimated based on the average rate of the latest 3 years in consideration of the assets composition ratio.

The assumptions used in accounting for the above plans were as follows:

	2016	2015
Discount rate	0.9%	0.9%
Expected rate of return on plan assets	2.5%	2.5%

The Company and domestic consolidated subsidiaries paid for defined contribution pension plans of ¥2,140 million (\$19,107 thousand) and ¥2,130 million for the years ended March 31, 2016 and 2015, respectively.

9. INCOME TAXES

Deferred tax assets and liabilities at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Loss carryforwards	¥ 14,515	¥ 15,538	\$ 129,598
Liability for retirement benefits	12,836	15,180	114,607
Accrued bonuses	4,301	4,637	38,401
Accounts payable for revision of retirement payment plan	3,455	5,075	30,848
Write-downs of inventories	2,519	2,805	22,491
Excess of allowance for doubtful receivables and bad debts expenses	2,261	3,126	20,187
Write-downs of investments on securities	1,857	1,920	16,580
Loss on impairment of fixed assets	1,739	1,303	15,526
Elimination of unrealized intercompany profits	1,649	1,637	14,723
Other	6,187	5,561	55,241
Gross deferred tax assets	51,324	56,787	458,250
Less: Valuation allowance	(41,435)	(42,111)	(369,955)
Total deferred tax assets	9,889	14,676	88,294
Deferred tax liabilities:			
Asset for retirement benefits	(9,219)	(13,381)	(82,312)
Taxable unrealized gain on contribution of securities to a pension trust	(3,298)	(3,405)	(29,446)
Net unrealized holding gain on other securities	(1,989)	(3,758)	(17,758)
Other	(1,074)	(1,420)	(9,589)
Total deferred tax liabilities	(15,582)	(21,965)	(139,125)
Net deferred tax liabilities	¥ (5,693)	¥ (7,289)	\$ (50,830)

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Other current assets	¥ 6,750	¥ 9,647	\$ 60,267
Other assets	1,299	2,403	11,598
Other current liabilities	—	0	—
Other long-term liabilities	13,742	19,340	122,696
Net deferred tax liabilities	¥ (5,693)	¥ (7,289)	\$ (50,830)

FINANCIAL SECTION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income taxes applicable to the Company and domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 33% and 36% for the years ended March 31, 2016 and 2015, respectively. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rates applicable in their respective countries of incorporation. A reconciliation between the statutory tax rates and the effective tax rates as a percentage of profit (loss) before income taxes for the years ended March 31, 2016 and 2015 were summarized as follows:

	2016	2015
Statutory tax rates	33.0 %	36.0 %
Additions to (deductions from) income taxes resulting from:		
Permanent differences not recognized for tax purposes such as dividends received	(2.0)	(0.7)
Permanent nondeductible differences such as entertainment expenses	7.2	2.3
Increase (decrease) in valuation allowance for deferred tax assets	9.2	(58.1)
Per capita portion of inhabitants' taxes	2.4	0.8
Downward adjustment of deferred tax assets at the end of the year due to tax rate change	2.2	1.0
Other, net	2.9	33.0
Effective tax rates	54.9 %	14.3 %

The "Act to Partially revise the Income Tax Act and Others" (Act No.15 of 2016) and the "Act to Partially revise the Local Tax and Others" (Act No.13 of 2016) were enacted on March 31, 2016. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 32.0% to 31.0% for the temporary differences expected to be realized or settled in the year beginning April 1, 2016. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥10 million (\$89 thousand) and increase deferred income tax expense by ¥259 million (\$2,312 thousand), net unrealized holding gain on other securities by ¥71 million (\$633 thousand) and retirement benefits liability adjustments by ¥176 million (\$1,571 thousand) as of and for the year ended March 31, 2016.

10. SHAREHOLDERS' EQUITY

Companies Act of Japan (the "Act") provides that amounts from additional paid-in capital and retained earnings may be distributed to the shareholders at any time by resolution of the shareholders or that of the board of directors if certain provisions are met subject to the extent of the applicable sources of such distributions. The Act further provides that amounts equal to 10% of such distributions be transferred to the capital reserve included in additional paid-in capital or the legal reserve included in retained earnings based on the applicable sources of such distributions until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account.

11. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the years ended March 31, 2016 and 2015 were as follows:

Millions of yen		Thousands of U.S. dollars
2016	2015	2016
¥ 13,317	¥ 13,755	\$ 118,901

12. LOSS ON IMPAIRMENT OF FIXED ASSETS

For the year ended March 31, 2016, along with the deteriorating of economic conditions in Brazil, OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A., a consolidated subsidiary in Brazil, recognized impairment losses of ¥1,032 million (\$9,214 thousand) on assets held for operation due to the decline in the profitability. The calculation of impairment losses was based on the assets value in use.

13. PROVISION FOR ENVIRONMENTAL MEASURES

The provision for environmental measures for the year ended March 31, 2016 was estimated and recorded due to the possibility of the future potential losses related to environmental remediation.

14. DERIVATIVES

Derivative transactions at March 31, 2016 and 2015 were as follows:

(a) Derivative transactions which do not qualify for hedge accounting

Forward foreign exchange contract

	Millions of yen				Thousands of U.S. dollars			
	2016				2016			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Sell:								
Euro	¥14,977	¥ —	¥ 816	¥ 816	\$ 133,723	\$ —	\$ 7,285	\$ 7,285
Brazilian Real	4,059	—	(112)	(112)	36,241	—	(1,000)	(1,000)
Buy:								
U.S. Dollars	2,393	—	(139)	(139)	21,366	—	(1,241)	(1,241)
Total	¥21,429	¥ —	¥ 565	¥ 565	\$ 191,330	\$ —	\$ 5,044	\$ 5,044

	Millions of yen			
	2015			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Sell:				
Euro	¥ 6,264	¥ —	¥ 395	¥ 395
Buy:				
Pound Sterling	2,674	—	(10)	(10)
Total	¥ 8,938	¥ —	¥ 385	¥ 385

Note: Fair value is based on the quotes presented by the financial institutions.

(b) Derivative transactions which qualify for hedge accounting

(1) Forward foreign exchange contract (The principle deferral hedge accounting)

	Hedged item	Millions of yen			Thousands of U.S. dollars		
		2016			2016		
		Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Sell:							
U.S. Dollars	Accounts receivable	¥ 90	¥ —	¥ 0	\$ 803	\$ —	\$ 0
Euro	Accounts receivable	2,763	—	91	24,669	—	812
Buy:							
U.S. Dollars	Accounts payable	14,615	—	(654)	130,491	—	(5,839)
Total		¥ 17,469	¥ —	¥ (561)	\$ 155,973	\$ —	\$ (5,008)

	Hedged item	Millions of yen		
		2015		
		Contract amount	Contract amount over 1 year	Fair value
Sell:				
U.S. Dollars	Accounts receivable	¥ 96	¥ —	¥ 0

Note: Fair value is based on the quotes presented by the financial institutions.

FINANCIAL SECTION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Forward foreign exchange contract (The alternative deferral hedge accounting)

		Millions of yen			Thousands of U.S. dollars		
		2016			2016		
Hedged item		Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Sell:							
U.S. Dollars	Accounts receivable	¥ 97	¥ —	*	\$ 866	\$ —	*

* Derivative transactions subject to the alternative deferral hedge accounting applied to forward foreign exchange contract are treated in combination with accounts receivable as hedged items. Hence, their fair value of forward foreign exchange contract is included in that of accounts receivable.

Note: Fair value is based on the quotes presented by the financial institutions.

(3) Currency swaps

		Millions of yen			Thousands of U.S. dollars		
		2016			2016		
Hedged item		Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Pay Yen/receive U.S. Dollars	Long-term borrowings	¥ 1,270	¥ 762	¥ 102	\$ 11,339	\$ 6,803	\$ 910

		Millions of yen		
		2015		
Hedged item		Contract amount	Contract amount over 1 year	Fair value
Pay Yen/receive U.S. Dollars	Long-term borrowings	¥ 1,778	¥ 1,270	¥ 278

Note: Fair value is based on the quotes presented by the financial institutions.

(4) Interest rate swaps

		Millions of yen			Thousands of U.S. dollars		
		2016			2016		
Hedged item		Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Pay fixed/receive floating	Long-term borrowings	¥ 50,231	¥ 36,033	*	\$ 448,491	\$ 321,723	*

		Millions of yen		
		2015		
Hedged item		Contract amount	Contract amount over 1 year	Fair value
Pay fixed/receive floating	Short-term borrowings	¥ 20,000	¥ —	¥ (72)
	Long-term borrowings	41,314	32,584	*
Total		¥ 61,314	¥ 32,584	¥ (72)

* Derivative transactions subject to special accounting treatment applied to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence, their fair value is included in that of long-term borrowings.

Note: Fair value is based on the quotes presented by the financial institutions.

15. LEASES

Lease payments relating to finance leases started before March 31, 2008, accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥3 million (\$26 thousand) and ¥16 million for the years ended March 31, 2016 and 2015, respectively.

The leases which were started on or before March 31, 2008 are principally accounted for as operating leases.

Leased assets held under finance leases accounted for as operating leases at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Machinery and equipment	¥ 28	¥ 28	\$ 250
Less: Accumulated depreciation	23	20	205
Total	¥ 4	¥ 7	\$ 35

Depreciation is computed by applying the straight-line method over the estimated useful lives of the related assets assuming that the Company guarantees a nil residual value at the end of the term of each lease.

The following is a schedule of future minimum lease payments under finance leases accounted for as operating leases:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 3	\$ 26
2018 and thereafter	2	17
Total	¥ 5	\$ 44

Minimum rental payments subsequent to March 31, 2016 required under operating leases with noncancelable lease terms in excess of one year are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 2,337	\$ 20,866
2018 and thereafter	12,714	113,517
Total	¥ 15,052	\$ 134,392

16. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
As guarantors of employees' housing loans	¥ 309	¥ 384	\$ 2,758

17. AMOUNTS PER SHARE

In accordance with the accounting standard for earnings per share, basic earnings per share is computed based on the profit attributable to owners of parent of common stock and the weighted-average number of shares of common stock outstanding during each year. Diluted earnings per share is computed based on the profit attributable to owners of parent available for distribution to the shareholders and the weighted-average numbers of shares of common stock outstanding during each year assuming full conversion of the convertible bonds and full exercise of the subscription rights to shares. Net assets per share are based on the number of shares of common stock outstanding at the year end.

	Yen		U.S. dollars
	2016	2015	2016
Earnings:			
Basic	¥ 7.61	¥ 40.03	\$ 0.06
Diluted	—	38.13	—
	Yen		U.S. dollars
	2016	2015	2016
Net assets	¥ 122.91	¥ 137.74	\$ 1.09

FINANCIAL SECTION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. STOCK OPTION PLANS

At March 31, 2016, the following employee stock option plans of the Company had been approved by the shareholders:

Date of approval by shareholders	June 29, 2006	June 26, 2007
Grantees	10 directors, 11 executive officers, 7 management officials and 1 director of a subsidiary	9 directors, 10 executive officers, 6 management officials and 1 director of a subsidiary
Type of shares to be issued	Common stock	Common stock
Number of shares reserved	342,000 shares	509,000 shares
Exercise price	¥ 277	¥ 248
Exercisable period	July 1, 2008– June 28, 2016	July 1, 2009– June 25, 2017

19. SEGMENT INFORMATION

Business segments

The Group classifies its businesses into Info-Telecom Systems, Printers and EMS.

The segment information for the years ended March 31, 2016 and 2015 were summarized as follows:

	Millions of yen							
	2016							
	Segments				Other	Total	Adjustments	Consolidated
Info-Telecom Systems	Printers	EMS	Subtotal					
For the year ended March 31								
Sales to third parties	¥ 304,841	¥ 124,647	¥ 42,354	¥ 471,843	¥ 18,471	¥ 490,314	¥ —	¥ 490,314
Inter-segment sales and transfers	4,016	5,580	308	9,905	24,183	34,089	(34,089)	—
Net sales	308,858	130,228	42,662	481,748	42,655	524,403	(34,089)	490,314
Operating income (loss)	16,533	1,426	2,284	20,243	4,185	24,429	(5,834)	18,594
Total assets	208,595	71,652	31,649	311,897	26,439	338,337	73,438	411,776
Depreciation and amortization	6,461	4,120	1,048	11,630	1,115	12,746	1,243	13,989
Amortization of the goodwill	211	—	—	211	—	211	—	211
Investments in equity-method affiliates	2,102	—	—	2,102	30	2,133	3,381	5,515
Increase in property, plant, equipment and intangible assets	¥ 7,902	¥ 3,355	¥ 1,010	¥ 12,267	¥ 1,556	¥ 13,824	¥ 1,133	¥ 14,957

	Millions of yen							
	2015							
	Segments				Other	Total	Adjustments	Consolidated
Info-Telecom Systems	Printers	EMS	Subtotal					
For the year ended March 31								
Sales to third parties	¥ 352,505	¥ 129,271	¥ 40,308	¥ 522,086	¥ 18,067	¥ 540,153	¥ —	¥ 540,153
Inter-segment sales and transfers	4,472	5,445	387	10,305	22,644	32,949	(32,949)	—
Net sales	356,978	134,717	40,696	532,391	40,711	573,103	(32,949)	540,153
Operating income (loss)	25,920	6,720	2,027	34,667	3,467	38,134	(5,719)	32,415
Total assets	223,571	75,272	26,429	325,272	26,190	351,462	87,895	439,358
Depreciation and amortization	6,254	4,236	935	11,425	993	12,418	1,192	13,611
Amortization of the goodwill	71	—	9	81	—	81	—	81
Investments in equity-method affiliates	1,903	—	—	1,903	29	1,932	3,230	5,162
Increase in property, plant, equipment and intangible assets	¥ 8,825	¥ 3,141	¥ 738	¥ 12,706	¥ 1,319	¥ 14,025	¥ 1,155	¥ 15,181

Thousands of U.S. dollars

	2016							
	Segments				Other	Total	Adjustments	Consolidated
	Info-Telecom Systems	Printers	EMS	Subtotal				
For the year ended March 31								
Sales to third parties	\$ 2,721,794	\$ 1,112,919	\$ 378,160	\$ 4,212,883	\$ 164,919	\$ 4,377,803	\$ —	\$ 4,377,803
Inter-segment sales and transfers	35,857	49,821	2,750	88,437	215,919	304,366	(304,366)	—
Net sales	2,757,660	1,162,750	380,910	4,301,321	380,848	4,682,169	(304,366)	4,377,803
Operating income (loss)	147,616	12,732	20,392	180,741	37,366	218,116	(52,089)	166,017
Total assets	1,862,455	639,750	282,580	2,784,794	236,062	3,020,866	655,696	3,676,571
Depreciation and amortization	57,687	36,785	9,357	103,839	9,955	113,803	11,098	124,901
Amortization of the goodwill	1,883	—	—	1,883	—	1,883	—	1,883
Investments in equity-method affiliates	18,767	—	—	18,767	267	19,044	30,187	49,241
Increase in property, plant, equipment and intangible assets	\$ 70,553	\$ 29,955	\$ 9,017	\$ 109,526	\$ 13,892	\$ 123,428	\$ 10,116	\$ 133,544

- (1) Adjustments of Operating income (loss) consist principally of expenses in the Company's General and Administrative Department and research and development expenses within the Group amounting to ¥5,908 million (\$52,750 thousand) and ¥5,923 million for the years ended March 31, 2016 and 2015, respectively.
- (2) Adjustments of total assets consist principally of the Company's surplus funds, funds for long-term investments and assets belonging to the General and Administrative Department amounting to ¥200,287 million (\$1,788,276 thousand) and ¥209,779 million at March 31, 2016 and 2015, respectively.

20. ADDITIONAL INFORMATION

On October 10, 2015, Oki Banking Systems (Shenzhen), a consolidated subsidiary of the Company, submitted a dispute to arbitration demanding payment of outstanding accounts receivable of RMB 1,115,463 thousand or ¥19,397 million (\$173,187 thousand) and related damages against a distributor, Shenzhen Yihua Computer Industrial Co., Ltd.

The case is currently under examination by the South China International Economic and Trade Arbitration Commission Shenzhen Court of International Arbitration (SCIA).

21. SUBSEQUENT EVENTS

Change in the Number of Shares per Trading Unit and Share Consolidation

At the Board of Directors' meeting held on May 20, 2016, the Company resolved to submit a proposal on a "Share Consolidation and Change in the Number of Shares per Trading Unit" to the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016. The proposal was approved by resolution of the general meeting of shareholders. The details are as follows:

1. Purpose of Change in the Number of Shares per Trading Unit and Share Consolidation

For the convenience of investors, Japanese stock exchanges announced the "Action Plan for Consolidating Trading Units", aiming to standardize the number of share trading units of domestic companies listed on Japanese stock exchanges to be 100 shares of common stock per 1 trading unit, which is expected to be completed by October 1, 2018.

Based on this action plan, the Company, as a listed company in Japan, resolved to change the number of shares per trading unit from 1,000 shares to 100 shares. The Company has also decided to implement a 10-for-1 share consolidation in order to maintain a consistent price level per trading unit and preserve the number of shareholders' voting rights despite the change in the number of shares per trading unit.

2. Details of Change in the Number of Shares per Trading Unit

The number of shares per trading unit of common stock will be changed from 1,000 shares to 100 shares as of the date of the share consolidation.

3. Details of Share Consolidation

(1) Class of stocks

Common stock

(2) Consolidation method and ratio

On October 1, 2016, 10 shares of common stock will be consolidated into 1 share of common stock, based on the number of shares held by shareholder recorded in the latest shareholder register as of September 30, 2016.

FINANCIAL SECTION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Total number of authorized shares as of the effective date

Based on the consolidation ratio, the total number of authorized shares will be reduced as follows.

Total number of authorized shares (Prior to October 1, 2016)	Total number of authorized shares (On or after October 1, 2016)
2,400,000,000	240,000,000

(4) Change in number of shares as a result of the shares consolidation

Total number of outstanding shares before consolidation (As of March 31, 2016)	872,176,028 shares
Number of shares decreased due to consolidation	784,958,426 shares
Total number of outstanding shares after consolidation (As of October 1, 2016)	87,217,602 shares

“Number of shares decreased due to consolidation” and “Total number of outstanding shares after consolidation” are the theoretical number calculated based on the total number of outstanding shares before the share consolidation and the share consolidation ratio.

(5) Treatment of fractional shares

If fractional shares of less than one share arise as a result of the share consolidation, the Company shall sell them in accordance with the Companies Act. The proceeds from the sale shall then be distributed to the shareholders in proportion to their respective ownership interests.

4. Schedule of Change in the Number of Shares per Trading Unit and Share Consolidation

Resolution at the Board of Directors' meeting	May 20, 2016
Resolution at Ordinary General Meeting of Shareholders	June 24, 2016
Effective Date of Change in the Number of Shares per Trading Unit and Share Consolidation	October 1, 2016

5. Impacts on Per Share Information

Assuming the share consolidation was conducted at April 1, 2014, per share information for the years ended March 31, 2015 and 2016 would be as follows:

	Yen		U.S. dollars
	2016	2015	2016
Net assets per share	¥ 1,229.09	¥ 1,377.44	\$ 10.97
Earnings per share:			
Basic	¥ 76.10	¥ 400.34	\$ 0.67
Diluted	—	381.27	—

6. Adjustment to Exercise Price of Stock Options

The exercise price of stock options will be adjusted effective October 1, 2016 as a result of the share consolidation.

Resolution at the Board of Directors' meeting	Pre-adjustment exercise price	Post-adjustment exercise price
June 26, 2007	¥ 248	¥ 2,480

REPORT OF INDEPENDENT AUDITORS



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Independent Auditor's Report

The Board of Directors
Oki Electric Industry Co., Ltd.

We have audited the accompanying consolidated financial statements of Oki Electric Industry Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oki Electric Industry Co., Ltd. and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young Shin Nihon LLC
June 24, 2016

A member firm of Ernst & Young Global Limited

INVESTOR INFORMATION

Number of Shares (As of March 31, 2016)

Authorized:	2,400,000 thousand
Issued:	872,176 thousand
	(including 3,501 thousand treasury stock)

Number of Shareholders (As of March 31, 2016)

87,089

Stock Exchange Listing

First Section of the Tokyo Stock Exchange

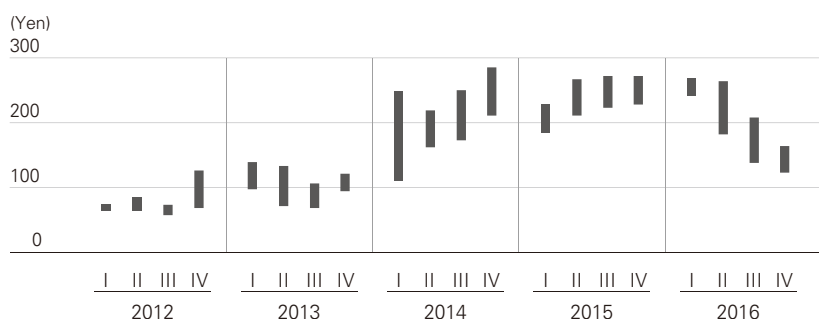
Administrative Agent for the Company's Shareholder Register

Mizuho Trust & Banking Co., Ltd.

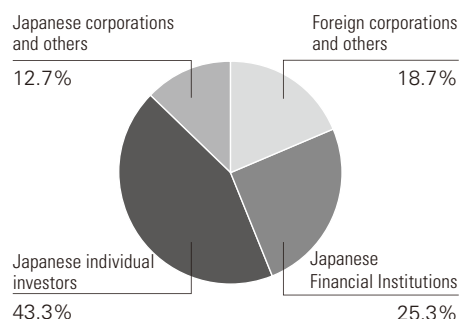
Major Shareholders

Name of Shareholders	Number of Shares Held (thousands of shares)	Percentage of Shares Held (%)
MSIP CLIENT SECURITIES	37,782	4.3
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	35,675	4.1
Japan Trustee Services Bank, Ltd. (trust account)	32,111	3.7
The Master Trust Bank of Japan, Ltd. (trust account)	28,999	3.3
Oki Denki Group Employees' Shareholdings Committee	17,554	2.0
Mizuho Bank, Ltd.	14,196	1.6
SMBC Nikko Securities Inc.	14,111	1.6
Hulic Co., Ltd.	14,076	1.6
Meiji Yasuda Life Insurance Company	14,000	1.6
Japan Trustee Services Bank, Ltd. (trust account 4)	13,146	1.5

Common Stock Price Range on the Tokyo Stock Exchange (Fiscal Years ended March 31)



Breakdown of Shares Held by Shareholder Type (As of March 31, 2016)



- Oki Electric Industry Co., Ltd. aims to be a globally recognized growth company; throughout this annual report, the Company is referred to as OKI.
- All company and product names included in this annual report are trademarks or registered trademarks of each of the companies they represent.

COMPANY PROFILE

Profile (As of March 31, 2016)

Company Name:	Oki Electric Industry Co., Ltd.
Founded:	1881
Company Established:	November 1, 1949
Common Stock:	44,000 million yen
Employees:	20,190 (Consolidated) 3,914 (Non-consolidated)
President, Representative Director:	Shinya Kamagami
Head Office:	1-7-12 Toranomom, Minato-Ku, Tokyo 105-8460, Japan Tel +81-3-3501-3111 URL http://www.oki.com

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OKI

Oki Electric Industry Co., Ltd.