

A Message from the President



Concentrating our management resources on creating competitive technologies and products to build a robust business structure

Katsumasa Shinozuka  
President and Chief Executive Officer

This is a period of great change: broadband networks are becoming widespread and digitization and open structures are progressing apace. Previously, people utilized machines to obtain services. Now “ubiquitous services” are provided in our society, where people obtain their desired information, products and services in the right format, wherever, whenever, and with whomever, safely and reliably, and at an appropriate price. This is the form of the e-Society that the Oki Group aspires to.

The transformation toward ubiquitous service is occurring faster than anybody imagined, and at the same time, price competition and digital deflation in the IT industry are intensifying. In these circumstances, our objective is to create a robust business structure that can respond quickly and flexibly to our customers’ changing business environment, and to become a key player in the e-Society.

Since the fiscal year ended March 31, 2003, we have implemented wide-ranging reforms under the Phoenix 21 Sky-High Plan, our mid-term business plan. Now, we are further revamping our business structure to achieve stable profitability.

The following three categories reflect the policy of this business reorganization:

1. Flexible and speedy business operations
2. Revamp of base business to construct a robust business structure
3. Increasing profitability through expansion of new businesses

## 1. Flexible and Speedy Business Operations

Oki defined the fiscal year ending March 31, 2007, as the year of revamping our business structure for the achievement of stable profitability. In line with our objective to achieve profitability even in times of change, we will strengthen our original “network-style management.” Under this management style, each internal company deploys quicker management together with the corporate policy, and our internal and associated companies collaborate flexibly to advance businesses, thereby promoting the creative effects of business synergy. In addition, new business start-ups identified by our internal venture companies are to be brought to life quickly.

## 2. Revamp of Base Business to Construct a Robust Business Structure

The Oki Group possesses many of the technologies, platforms and products that are indispensable to our becoming a key player in the e-Society. An example in the Info-Telecom Systems segment is broadband IP\*1 technologies including triple-play services integrating voice, video and data over an IP network. Mechatronics technology is another example. In the Semiconductors segment, our low power consumption, high-voltage process is a necessary technology for the personal and mobile devices field. We are also in an overwhelmingly strong position in color printers with our compact, high-speed, high-resolution LED printer. Oki will make these base businesses even stronger with the implementation of our reorganization plan, with the aim of increasing our profitability.

\*1. IP: Internet Protocol

### Clarifying the Areas of Focus

We are reviewing our procedures across all our business activities, defining the businesses in which we are strongly competitive and identifying our distinguishing features. Also, by concentrating resources in these areas and strengthening alliances for joint technology development and product implementation, Oki aims to achieve greater profitability.

### Strengthening Product Planning and Technological Development

To become a key player in the e-Society, together with strengthening the Group’s current technologies and products, we will cultivate new core technologies and products. With a focus on business for financial and telecom carrier markets, as well as semiconductors, we are putting

The Oki Group aims to be a key player in the e-Society in the era of expanding ubiquitous services.

systems in place that can adapt to market trends and flexibly implement product planning and development. In the business for telecom carriers, for example, we will build a technological development organization that responds to the NGN\*2. Product planning for semiconductors is also being strengthened as we re-orient our organizational structure to direct business quickly.

\*2. NGN: Next-Generation Network

#### Strengthening Marketing and Sales Skills

In order to increase profitability, we are strengthening our marketing and sales activities and putting a system in place that will respond strongly and flexibly to changes in the marketplace. We plan to expand our indirect marketing channels for mechatronics, triple play and other competitive products.

### 3. Increasing Profitability through Expansion of New Businesses

Emphasis in new business is being placed on achieving greater profit generation in services and software business activities, expanding overseas business and speeding up the creation of new cross-segment businesses.

In the field of services and software business, we focus on providing services and software, with which Oki accumulates, utilizes and increases business know-how for our customers, enabling them to concentrate on their own businesses.

In addition to its existing activities overseas in printers and semiconductors, the Oki Group's technologies and products of its Info-Telecom Systems segment that is strong in Japan will also be the focus of overseas growth. In particular, a speedy and nimble response to market needs in China as it experiences record growth has led Oki to begin transferring some operations from Japan to China to build a solid structure for further expansion.

New business activities will be created from projects that link various activities and harness the strengths of the Group, accelerating the start-up of businesses in areas of ubiquitous networks and ubiquitous services. We are increasing the number of our internal venture companies and venture units to accelerate the creation of new businesses.

Through revamping its business structure, the Oki Group aims to achieve global recognition as a key player in the e-Society in this changing era. As part of this process, we have set a long-term objective of increasing the ratio of our overseas sales from the current 30% to 50% by the fiscal year ending March 31, 2011.

Being conscious of the increased responsibilities that accrue with our evolution as a global enterprise, which must be seen from a global and long-term perspective, the Oki Group's position on its social responsibilities are based on Oki's mission and were formulated in the *Oki Group Charter of Corporate Conduct* in October 2005.

By uniting the Oki Group's wisdom and know-how, we will continue to work toward achieving our corporate vision, "Oki, Network Solutions for a Global Society," which is oriented toward the coming ubiquitous service society.



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