

OKI

*Oki, Network Solutions
for a Global Society*

Social Responsibility Report
2005

Company Profile

Founded in 1881 by Kibaturo Oki, Oki Electric Industry Co., Ltd. was Japan's first manufacturer of telecommunications equipment. In recent years, the Oki Group has focused its activities in the three core areas of information systems, telecommunications and electronic devices, all linked by Oki's corporate vision "Oki, Network Solutions for a Global Society". In the fiscal year ending March 2006, Oki responded to advances in broadband and IP networking technology by restructuring its business segments to support a forward-looking convergence of information technology and telecommunications.

Profile (As of March 31, 2005)

Oki Electric Industry Co., Ltd.

Founded in: January 1881

Company Established: November 1, 1949

Common Stock: 67,877 million yen

Employees: 20,410 (Consolidated)

5,389 (Non-consolidated)

President and CEO: Katsumasa Shinozuka

Head Office: 7-12, Toranomon 1-chome,
Minato-ku, Tokyo 105-8460, Japan

TEL: +81-3-3501-3111

Business Segments and Main Business

Previous Segments

Information Systems

- Financial system solutions
- Information solutions
- Printers

Telecommunications

- Carrier networks
- Enterprise networks

Electronic Devices

- LSIs
- Optical components

New Segments (FY2005)

Info-Telecom Systems

- Financial institutions
- Telecom carriers
- Public sector
- Enterprises



Semiconductors

- System LSIs
- Logic LSIs
- System memories
- Optical components



Printers

- Color LED printers
- Monochrome LED printers
- Dot printers (SIDM)



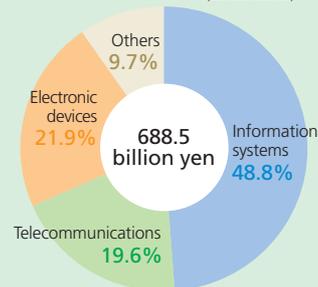
Net Sales

(Billions of yen)

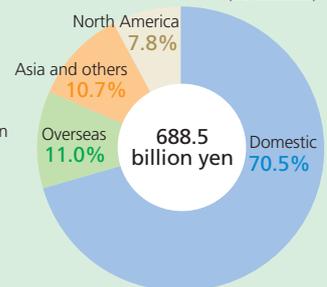
■ Consolidated ■ Non-consolidated



Net Sales by Segment in the year ended March 2005 (Consolidated)



Net Sales by Market in the year ended March 2005 (Consolidated)



Employees

(Number of people)

■ Consolidated ■ Non-consolidated



Editorial Policy

- This report was compiled to describe the corporate social responsibility (CSR) initiatives of the Oki Group in a form that would be readily accessible to all stakeholders.
- Outlined in this report is the Oki Group's vision for its role in relation to 10 key areas defined in the Oki Group Charter of Corporate Conduct adopted in October 2005, together with current initiatives toward the realization of that vision.
- Sustainable social and corporate development requires approaches that balance social, environmental and economic perspectives. The information in this report relates primarily to the social perspective, but the report also describes significant environmental initiatives. Environmental matters are analyzed in greater detail in the Environmental Report. The economic aspect is covered in the Annual Report, which examines Oki's financial and business performance.



Scope of This Report

Time period:

This report covers the year ended March 2005. However, there are also references to facts preceding this period, and to policies and plans that target subsequent periods.

Scope:

The information in this report refers to Oki Electric Industry Co., Ltd. and its subsidiaries and affiliates in Japan and overseas. Environmental data used in the report cover eight Oki Electric sites in Japan and the sites of 18 Oki Group companies in Japan and six overseas. In this report, Oki Electric Co., Ltd. is referred to as "Oki," and the Oki Electric Group, including subsidiaries and affiliates as the "Oki Group."

Reference Guidelines

- Sustainability Reporting Guidelines 2002 (Global Reporting Initiative)
- 2003 Environmental Report Guidelines (Ministry of the Environment)

Contact:

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 TEL: +81-3-3580-7757 FAX: +81-3-3580-5598
 E-mail: oki-csr@oki.com

Forecasts, Plans and Targets

In addition to factual information about the past and current activities of the Oki Group, this report also includes forward-looking forecasts, plans and targets. These reflect assumptions and judgments based on information available at the time of writing. Readers should accordingly be aware that actual future events and the results of activities may vary from the content of this report.

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A Message from the President

Oki Group, with a motto to provide satisfaction, aims to contribute to the improvement of the quality of life for people around the world.



“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.” This mission, part of an unbroken tradition spanning over 120 years, was inspired by the enterprising spirit of Oki’s founder, Kibataro Oki.

The Oki Group is putting this mission into practice under its corporate vision: “Oki, Network Solutions for a Global Society.” We aim to become a globally recognized excellent growing company by providing solutions that bring satisfaction to people in the “e-society.” We recognize that the achievement of sustainable growth on a global scale brings with it a corresponding increase in corporate social responsibilities. We place considerable importance on measures to enhance management fairness and transparency, clarify decision-making processes, and ensure full compliance with laws and regulations. We have also taken steps to strengthen corporate governance, including the introduction of the executive officer and external director systems, and the establishment of various advisory committees. In the year ended March 2005, Oki appointed a Chief Compliance Officer (CCO) and created a Compliance Committee, followed by the establishment of the CSR Promotion Division in October. With these measures, we have built the organizational structures needed to ensure the fulfillment of corporate social responsibilities throughout the entire Oki Group.

The idea that corporate activities entail a responsibility to society is not a new one. The Oki Group has worked for many years to fulfill its corporate social responsibilities in accordance with its corporate mission, by supplying products that contribute to the advancement of the information society, and by undertaking environmental activities and social contribution activities as a corporate citizen. However, business corporations today have unprecedented social influence because of economic globalization, advances in information technology and other factors. Obviously our primary responsibility as an enterprise is to earn stable income and return that profit to society. We believe that

we need to redefine the scope and nature of the responsibilities of the Oki Group from the multiple and global perspectives of the economy, the environment and society, and from the viewpoints of various stakeholders.

It was for this reason that we organized our thinking on the corporate activities and social responsibilities of the Oki Group into the Oki Group Charter of Corporate Conduct, which we enacted in the year ending March 2006. The Charter is a set of basic principles guiding the global CSR activities of the entire Oki Group.

The preamble to the Charter states that “for the betterment of corporate value, the Oki Group seeks to provide satisfaction to its customers at all times and to become a trusted partner for our stakeholders, including shareholders and investors, employees, customers and suppliers, and the local societies of the areas in which it operates” and “the Oki Group will implement sound corporate activities consistent with social norms, and contribute to the improvement of the quality of life for people around the world.” This perfectly describes the corporate mission and vision toward which the Oki Group aspires.

This is the first Social Responsibility Report published by Oki. Its purpose is to inform all stakeholders about the current status and future direction of the Oki Group’s CSR activities by describing the Group’s efforts to date under each of the principles stated in our Charter of Corporate Conduct. Much of the report is also devoted to an examination of problems to be overcome and issues to be considered in greater depth as we implement future activities. We are aware that there is still room for improvement in our approach to information gathering. However, the publication of this report signals our sincere determination to carry out CSR activities that will ensure satisfaction for all stakeholders.

We hope that this report will be read by widest possible audience, and we look forward to receiving frank and open views about the CSR activities of the Oki Group.



Katsumasa Shinozuka
President and Chief Executive Officer

Corporate Mission

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.

Our Vision

Oki, Network Solutions for a Global Society

Oki aims to achieve global recognition as an excellent growing company, by providing network solutions that contribute to the advancement of the e-society.



The “e-society”

Oki defines the “e-society” as a society in which the exchange of a wide range of information beyond time and space over global networks breaks down the boundaries that separate countries, regions and cultures, allowing individuals to participate fairly and securely in various social activities.

Past and Future CSR Initiatives by the Oki Group

CSR Activities Based on Our Corporate Mission

Based on Oki's corporate mission, "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," Oki has contributed to society through its core business activities, fulfilling the corporate social responsibilities linked to those activities.

Oki's founder, Kibatato Oki, was instrumental in bringing the benefits of new communications technology, in the form of the telephone, to the people of Japan in the late 19th century. Inspired by his achievements, Oki has continued to contribute to the evolution of the modern information society by supplying safe, reliable and people-friendly products and services in



Kibatato Oki and Japan's First Telephones

After working first as a silversmith and then as an engineer in Telegraph Bureau of the Ministry of Industry, Kibatato Oki went on to found Meikosha, Ltd., the forerunner of Oki Electric, in 1881. As Japan's first manufacturer of telecommunications equipment, Meikosha played a crucial role in the development of the telephone manufacturing industry in Japan.

various fields of information and communications technology. Each division of Oki has also worked actively in such areas as the improvement of compliance systems, the disclosure of pertinent information to shareholders and investors, the promotion of initiatives to protect the global environment, the creation of good working environments and contribution to local communities.

Of particular significance are Oki's distinctive contributions to society through its activities as a corporate citizen, including its pioneering work in the three areas of corporate blood donor drives, home-based employment for people with severe physical challenges, and the registration of bone marrow donors. In 1996 Oki established the Corporate Philanthropy Office to coordinate these activities.



Japan's First Corporate Blood Drive

Oki pioneered three important social contribution activities in Japan

● Corporate Blood Drives

In the early 1960s the spread of hepatitis through the use of purchased blood had become a major social problem, and there was growing awareness of the concept of blood donation. At the suggestion of an employee, Oki implemented Japan's first corporate blood drive in 1964.

● Home-based Employment for People with Serious Physical Challenges

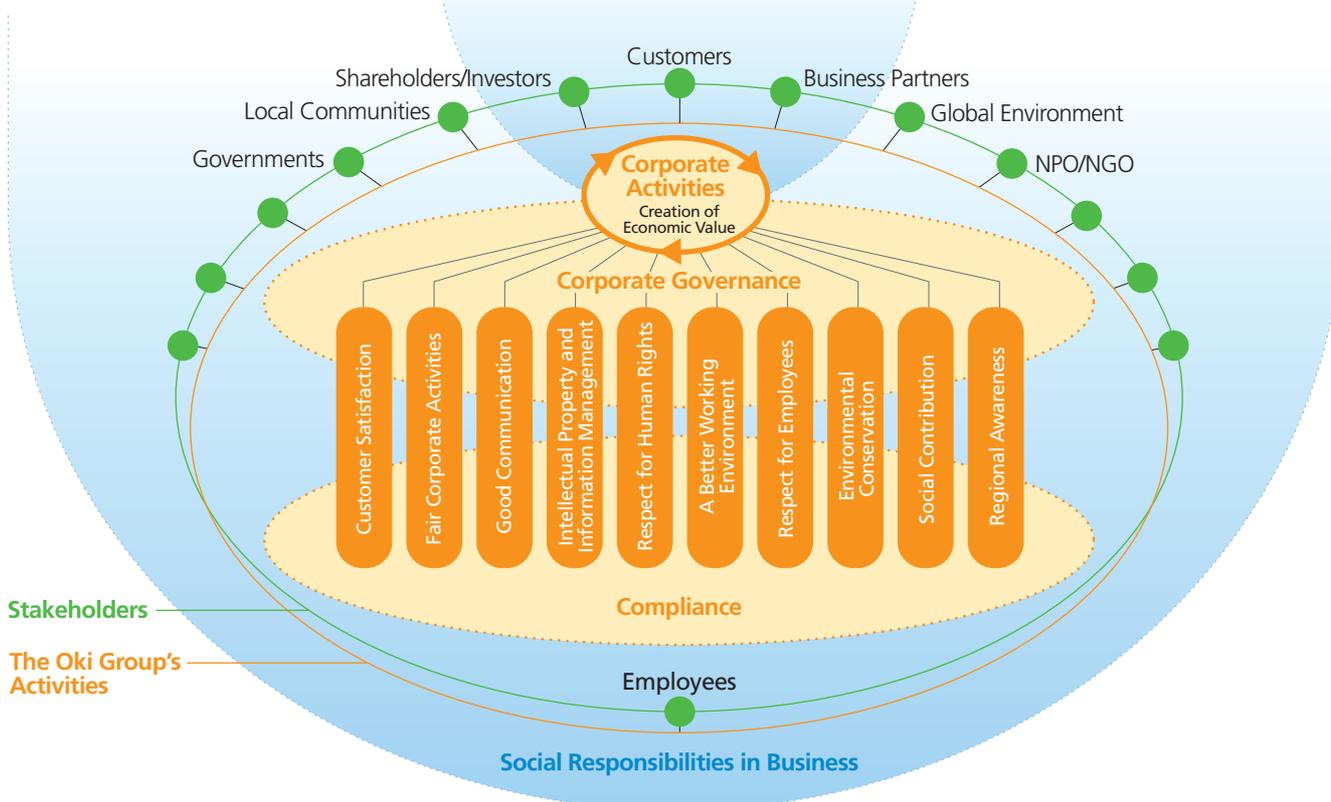
In 1988, Oki pioneered home-based employment for workers with severe physical challenges by providing jobs to three people in this category. (See Page 11.)

● Bone Marrow Bank Donor Registration in All Workplaces

In 2001, Oki became the first employer to register marrow donors as well as blood donors in all workplaces.

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

Oki, Network Solutions for a Global Society



Group-level CSR Activities Led by Dedicated Organizational Units

The social responsibilities of business corporations have altered dramatically as a result of economic globalization and advances in information technology. In late 2003, Oki began to examine the CSR promotion structure of the entire Oki Group. The purpose of this study is to ascertain the extent to which Oki is meeting the responsibilities placed on corporations by

contemporary society, from the perspectives of all stakeholders, including customers, shareholders, investors, suppliers, local communities and employees. On October 1, 2004, the CSR Promotion Division was established to promote CSR activities throughout the Oki Group.

Oki Group Charter of Corporate Conduct

At the time it established the CSR Promotion Division, Oki also stipulated six priority themes as a focus for CSR activities. Since then, Oki Group companies and divisions have cooperated closely in tackling these themes.

Priority CSR Themes for the Oki Group

- Good communication with shareholders and investors
- Improvement of customer satisfaction
- Consideration for the environment
- Promotion of compliance with laws and regulations
- Respect for employees
- Social contribution

Oki believes it is vital to present a clearly defined stance on CSR activities based on its corporate mission both within the Oki Group and beyond, in order to consistently promote these six themes in its global business activities and to achieve

continual improvement in its CSR activities in a rapidly changing business environment. Oki's recognition of the importance of these aims led to the enactment of the Oki Group Charter of Corporate Conduct on October 1, 2005.

The Charter is a set of corporate principles that define values that all Oki Group employees are expected to share. On the basis of the six items listed above, the Charter provides a clear statement of the social responsibilities the Oki Group must fulfill from a longer-term global perspective, based on the corporate mission.

The Oki Group will continue to implement its corporate activities in good faith and in accordance with the Charter of Corporate Conduct. It will also work to build trust and enhance its corporate value by actively disclosing information and maintaining good communication with all stakeholders.

Oki Group Charter of Corporate Conduct

For the betterment of corporate value, the Oki Group (Oki Electric Industry Co., Ltd. and members of its group of companies) seeks to provide satisfaction to its customers at all times and to become a trusted partner for our stakeholders, including shareholders and investors, employees, customers and suppliers, and the local societies of the areas in which it operates. In addition to complying with all related laws and regulations, the Oki Group will implement sound corporate activities consistent with social norms, and contribute to the improvement of the quality of life for people around the world.

Customer Satisfaction

The Oki Group is dedicated to developing and providing products and services that ensure continued customer satisfaction, in full consideration of safety and ease of use.

Fair Corporate Activities

The Oki Group conducts appropriate transactions and works to ensure fair, transparent, and free competition.

Good Communication

The Oki Group engages with society through a variety of interactions, and discloses company information in manners that are appropriate and fair.

Intellectual Property and Information Management

The Oki Group recognizes the importance of intellectual property, and properly manages and protects company and customer information, including personal information.

Respect for Human Rights

The Oki Group respects the human rights of all persons involved in its corporate activities and eliminates illicit discrimination of any kind. It does not allow child labor nor forced labor.

A Better Working Environment

The Oki Group ensures and maintains a safe and comfortable working environment for all employees.

Respect for Employees

Respecting the individuality of each employee, the Oki Group creates a corporate culture in which its personnel are encouraged to engage challenges facing the group with courage and determination.

Environmental Conservation

In order to realize and pass on a better global environment, the Oki Group promotes environmental management and makes efforts to conserve the environment through its products and its business activities.

Social Contribution

As a good corporate citizen, the Oki Group implements social contribution activities dedicated to the betterment of society.

Regional Awareness

The Oki Group endeavors to build a positive relationship and grow together with local societies, respecting the cultures and customs of the countries and regions in which it operates.

Corporate Governance

One of the most important management priorities for the Oki Group is to live up to the trust placed in it by stakeholders by maintaining high standards of management transparency and

efficiency, and by achieving continual improvement in its corporate value. The Group is working to achieve these goals by taking various steps to strengthen corporate governance.

Corporate Governance Structure

In addition to its Board of Directors and auditor system, Oki has long maintained a Management Advisory Committee and Compensation Committee. It also has one external director and two external auditors. Management efficiency has been strengthened through the introduction of an executive officer system to separate management and executive functions.

The Management Advisory Committee, which is made up of three representative directors and three external members, provides advice to senior management. The purpose of the Committee is to enhance transparency and soundness of management through the attendance of external experts. The Compensation Committee consists of three representative directors. Its task is to maintain the transparency of remuneration levels and systems for the directors, executive officers and management officials.

The Board of Directors meets monthly to make decisions on basic management policies and other important matters, and to supervise the management of corporate operations. The Management Committee, which normally meets on a weekly basis, makes decisions on important aspects of the Oki Group's business operations and receives key reports concerning divisional operations. Meetings are attended by the CEO, corporate officials at executive officer level and higher, and auditors. Its task is to ensure effective governance.

detect negligence and fraud in the conduct of operations, support management rationalization and improve operations by accurately monitoring the overall state of corporate operations through internal audits.

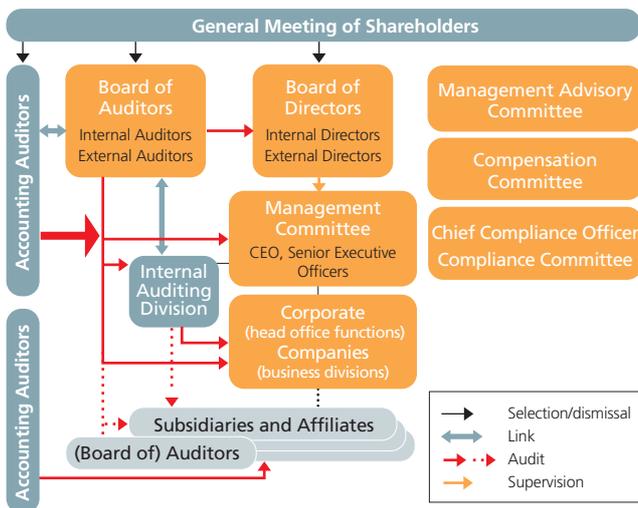
The accounting auditors regularly report to the corporate auditors concerning the conduct of accounting audits. The corporate auditors also receive reports from the Internal Auditing Division concerning the performance of corporate operations. These activities ensure that audits are conducted fairly and accurately.

Disclosure Committee

Oki has always disclosed information to shareholders and investors in accordance with the timely disclosure rules of the Tokyo Stock Exchange. It also actively discloses accurate information through press releases, websites and other media. Oki recognizes that the quality of disclosure policies has become an important criterion for judging corporate performance, and in February 2005 it strengthened its systems in this area by establishing a Disclosure Committee.

The Disclosure Committee determines disclosure methods for important information and prepares documents for prompt release. Information that is not covered by disclosure requirements but is judged to be significant to stakeholders is published voluntarily. Oki sees accurate and timely disclosure of information as an important aspect of corporate governance.

● Corporate Governance Structure

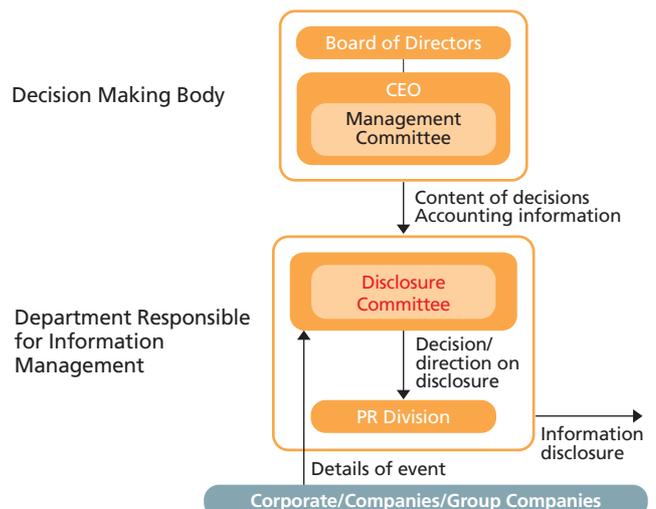


Corporate Audits and Internal Audits

Under Oki's corporate auditor system, the professional performance of directors is audited by two external auditors, of whom one is a standing auditor, and two other standing auditors. The auditors attend board meetings and other important meetings, verify the content of reports received from directors and other officials, and check the state of corporate operations and assets.

Oki's Internal Auditing Division consists of five members, including certified internal auditor. Its task is to prevent or

● Information Management Structure



Compliance/Risk Management

Compliance Structure

Compliance is the most fundamental aspect of corporate social responsibilities and is crucial to a company's reputation and ability to maintain the confidence of society. Oki recognizes the importance of compliance and is working as a group to strengthen its systems in this area. In 2002 it adopted the "Oki Code of Conduct" as a basic framework for the reinforcement of its compliance systems. The "Oki Code of Conduct" was compiled into a booklet for distribution to all employees as part of continuing efforts to ensure full compliance with all laws, regulations and internal rules.

Oki is working to improve and strengthen its compliance organization. In April 2004 it created the Compliance Committee as its corporate-wide structure responsible for deliberations on basic compliance policies. Oki also established the Compliance and Business Ethics Division to plan, formulate and promote compliance policies. In June 2004 it created the position of Chief Compliance Officer (CCO). It also appointed Compliance Managers in all corporate divisions to ensure the full implementation of all policies.



Oki Code of Conduct

Compliance Education

Oki provides compliance education for compliance managers and all employees. Compliance education for compliance managers is provided through compliance manager seminars, which are held twice a year at seven locations in Japan. The purpose of this program is to promote awareness of compliance throughout the Oki organization by building a shared understanding of key aspects of compliance policy. To ensure that compliance policies are thoroughly implemented, Oki also provides compliance education for all employees. In the year ended March 2005, it used e-learning technology to provide training about the Oki Code of Conduct and Japan's new Law for the Protection of Personal Information.

Educational tools based on day-to-day work activities are also used to build awareness of compliance. For example, case studies in question-and-answer format are distributed through Oki's intranet system.



Compliance managers at a training seminar

Oki Code of Conduct — Contents

Message from the President

1. Introduction

2. Basic Positions on Corporate Activities

- 2.1 Sound Corporate Activities
- 2.2 Observing Applicable Laws and Regulations
- 2.3 Societal Responsibilities of Corporate Citizens
- 2.4 Respect for Basic Human Rights
- 2.5 Providing a Healthy Work Environment
- 2.6 Fair Employment Practices

3. Social Responsibility

- 3.1 Promoting Social Action Programs
- 3.2 Preserving Our Global Environment
- 3.3 Harmony with Local Communities
- 3.4 Political Funds and Donations
- 3.5 Position on Antisocial Organizations/Groups

4. Code of Conduct toward Customers, Business Partners, and Competitors

- 4.1 Prohibiting Unfair Transactions
- 4.2 Selecting Suppliers
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- 4.5 Observing Laws and Regulations on International Transactions

5. Code of Conduct on Information Provided to Shareholders and Investors

- 5.1 Investor Relations (IR)
- 5.2 Insider Information and Security Market Transactions

6. Code of Conduct on Protecting Corporate Assets and Corporate Information

- 6.1 Protecting Tangible and Intangible Corporate Assets
- 6.2 Protecting Intellectual Property
- 6.3 Management of Trade Secrets
- 6.4 Safeguarding Personal Information
- 6.5 Computer Data Management
- 6.6 Public Relations
- 6.7 Advertisement and Publicity Activities

Additional Rules

Risk Management Regulations

Formulated in December 2004, the Risk Management Regulations are designed to prevent risk factors from affecting business operations, and define procedures to be followed when problems occur. The Risk Management Regulations identify potential risk factors and define basic rules concerning divisional responsibilities and response procedures. There are also detailed rules defining emergency response systems, including the establishment of response headquarters. Oki has also taken steps to ensure group-wide compliance under these regulations with Japan's new Law for the Protection of Personal Information, which became fully effective in April 2005.

The most important type of risk is compliance risk, and in the year ending March 2006 Oki began to strengthen its risk management systems in this area. Specifically, corporate

divisions identified risks relating to violations of laws, regulations, internal rules and corporate behavior standards in core business areas and registered these risk factors with the Risk Management Promotion Office. Preventive measures and the occurrence of problems will be monitored on a half-yearly basis so that improvements can be made where necessary. Through these measures, Oki manages compliance risk factors affecting all aspects of its corporate operations.

Oki will continue its efforts to build a shared awareness of risk factors among its executives, site managers and employees, and to develop systems to respond when problems occur. At the same time, it will also establish group-level risk management systems.

① Products and Services

ATM-BankIT — New-model ATM

Oki aims to develop ATMs that can be used extremely easily and with the utmost confidence. With the ATM-BankIT, Oki has sought to create a universal design that will combine optimal security with protection of the environment.

The Oki Group fulfills its corporate social responsibilities in various ways, including the improvement of customer satisfaction through its products and services. This commitment is also reflected in environmental protection and social contribution activities, and in the respect that Oki shows for its employees. The ATM-BankIT announced in March 2005 is an excellent example of corporate social responsibility through products and services. This single ATM expresses Oki's determination to combine optimal ease of use and security with consideration for the environment.

Universal Design

The "universal design" philosophy concept encapsulates the Oki Group's approach to the creation of products that combine high levels of both usability, defined as fundamental ease-of-use, and accessibility for all users, including the aged and disabled. The goal

is to create products and services that can be used precisely, efficiently and satisfactorily by all customers. Oki uses product verification trials and other methods to canvas the views of users so that it can reflect this information in its products and services. This process is based on four concepts. First, products must have interfaces that are easy to understand. Second, mental and physical stress must be minimized. Third, there must be a choice of operating methods. Fourth, products must be friendly and attractive.

The application of these concepts to the design of Oki's new ATM is reflected in characteristics that include consistency, discriminability, conciseness, legibility and clarity. Oki is working actively to standardize universal design. For example, in 1999 and 2000, Oki participated in the project to standardize and develop guidelines for tactile symbols that allow people with visual disabilities to operate ATMs by touch. These symbols have been adopted as one of three systems adopted by the Japan Vending

Features of ATM-BankIT

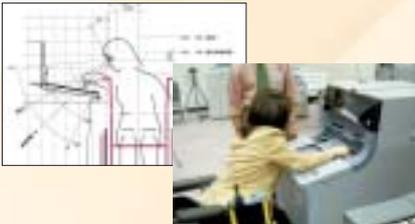
Based on Universal Design Concepts

The "Easy Operation" mode is especially reassuring for elderly users



Features designed to make ATM operation easier for elderly users include large text messages, a simple flow of operations, and slow screen transitions

Designed with improved access for wheelchair users



Wheelchair accessibility has been significantly improved on the basis of test evaluations by wheelchair users



Enhancement of Security Functions

In addition to IC cards, the new ATM also supports biometric identification, including recognition of palm veins, finger veins and iris patterns



Using palm vein identification on an ATM-BankIT

A light filter to prevent others from watching when PIN numbers are entered is a standard feature

Compliance with RoHS Directive

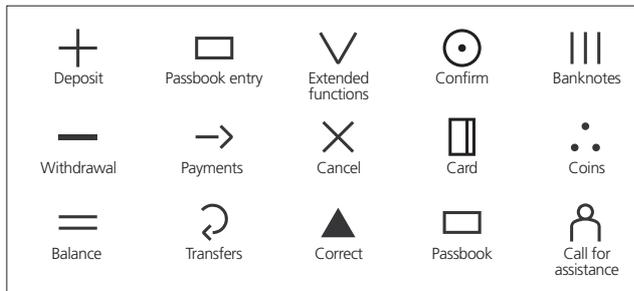
Substances listed in the RoHS Directive have been eliminated (except for a small number of components)



Lead and hexavalent chromium have been eliminated from the motors used in the ATM-BankIT

- Paints: Lead and cadmium eliminated
- Touch panels: Lead eliminated
- Sheet steel: Hexavalent chromium eliminated
- Sensors: Lead in solder eliminated
- Screws: Hexavalent chromium eliminated (replaced with trivalent chromium)
- Motors: Lead and hexavalent chromium eliminated
- Circuit boards: Lead in solder eliminated
- Solder: Lead eliminated
- Electroplating: Hexavalent chromium eliminated

Machine Manufacturers Association under its design guidelines for ATMs for the visually disabled.



Tactile symbols allow visually disabled users to identify functions on the ATM by touch

Extensive Usability Testing

Many elderly people find ATMs difficult to use. The addition of more and more functions has increased complexity of ATMs, and a significant percentage of elderly customers tend to avoid ATMs and use bank counters instead. Oki aims to supply ATMs that all customers, including the elderly and people with disabilities, as well as the staff of financial institutions, will find easy to use. Its "universal design" approach is based on extensive usability testing. The results of this research are reflected in the ATM-BankIT.

Usability testing targeted toward elderly users involved the use of elderly subjects, as well as a control group of younger monitors. Participants tried a variety of operations, such as cash withdrawals and account balance inquiries. In the past, general design enhancements intended to improve usability for elderly users have included improvements to screen visibility, such as the use of bigger displays and buttons. Oki's tests revealed that these measures were not sufficient. This led to the development of an "Easy Operation" mode for the ATM-BankIT.

A key characteristic of this mode, which reflects the characteristics of elderly users, is the use of one screen for each operation. Other features include short, simple instructions, audible user support, and slow screen transitions.

Oki also conducted usability tests for people with disabilities. Subjects in wheelchairs were asked to position themselves in front of the ATM and perform a sequence of operations, including cash withdrawals and deposits and the use of cards and passbooks. The results of this study are reflected in a number of improvements, including a curved body that is easier to approach, a screen inclined at angle of 10 degrees for easier viewing, simple card and passbook slots in low positions, and dispenser slots that allow banknotes and coins to be checked with mirrors if the user cannot view them directly. In addition, tactile symbols and voice guidance were introduced to assist users with visual disabilities.

In the unlikely event that there are problems with an ATM, the "Operational Guidance" on-screen guidance feature, developed and installed based on consultation with financial institutions and maintenance staff, enables the staff in charge to confirm immediately how to rectify the problem.

Sufficient Considerations of Security and Environmental Measures

In addition to these Universal Design features, ATM-BankIT also offers a range of security measures. These include biometric identification, which has been used increasingly by the banking industry in recent years as a way of preventing bankcard forgery and illegal use. As part of its environmental protection activities, Oki has eliminated chemical substances listed in the RoHS Directive*.

Oki's aim is to create ATMs that can be used extremely easily and with the utmost confidence. As a leading vendor with a major share of the ATM market, Oki will continue to develop ATMs that provide enhanced security and ease of use for the widest possible range of users.

***RoHS Directive:** Restriction of the use of certain Hazardous Substances in electrical and electronic equipment. European Union (EU) members will enforce the regulations from July 1, 2006, resulting in a ban on the use of six substances (lead, mercury, cadmium, hexavalent chromium, PBB (polybrominated biphenyls) and PBDE (polybrominated diphenyl ethers)).

Workplace Perspectives



Yuji Isawa

Product Planner
Systems Hardware Company

In planning the ATM-BankIT, we were guided by four concepts: high security, ease of use based on the Universal Design concept, excellent reliability leading to low operating costs, and superior expandability and functionality. With these, we aim to meet customers' needs for increased sophistication and diversity.



Hiroyuki Miki

Universal Design Researcher
Human Interface Laboratory

The "Easy Operation" mode, the "Operational Guidance" feature, and enhancements for users with disabilities were all refined through repeated user testing to provide optimal ease of use and comfort for the widest possible range of users.



Kazuhiro Kondo

Systems Engineer
Systems Hardware Company

When we demonstrated the ATM-BankIT, I became aware of the intensity of customer interest in its operational characteristics. User reaction was very positive, with many commenting that the account transfer function was simpler than expected, that the screen was very clear and the buttons easy to push, and that the body shape was less intimidating.

Comprehensive Assessment of
Oki's Universal Design Activities

Ranked **6th** out of 122 companies
(Nikkei Design Magazine, 2004)

② Employment for a Wide Range of People Oki WorkWel Co., Ltd. (special subsidiary)

Oki is a pioneer in the employment of people with severe physical challenges and provides increased opportunities for work as IT engineers.

Established on April 1, 2004, Oki Workwel Co., Ltd. is Japan's first special subsidiary* specializing in employment for people with severe physical challenges. It offers work primarily on a telecommuting basis.

By using IT to create new ways of working, Oki helps to expand employment opportunities for those who find commuting difficult because of their severe challenges.

***Special subsidiary:** A subsidiary company based on the Japanese law that gives special consideration to employment for challenged people. This system expands job categories for challenged people and establishes office environments and flexible ways of working according to their special characteristics.

From OKI Networkers to Oki WorkWel

Oki began to employ people with severe physical challenges under a new system introduced in 1998. The first three people were employed under this system and worked at home as contract employees with qualifications as basic IT engineers. These "OKI Networkers" used computers and the Internet to perform various IT-related tasks at their homes, including website design and data entry. The scheme was highly successful and was progressively expanded to include Oki Group companies as well as Oki itself. By March 2004 five group companies were employing a total of 13 OKI Networkers to carry out tasks ranging from web system development to poster design. Based on this experience, Oki established Oki WorkWel Co., Ltd. as a special subsidiary subject to specific requirements, including the recruitment of people with physical and mental challenges. It commenced operations in April 2004 with 22 employees, most of whom were originally OKI Networkers who had transferred to the new company.

Positive Perspective on Working with Disabilities

Oki Workwel's vision is to "work with the challenged to build the e-society." First used in the United States, "the challenged" is a new way of referring to people with disabilities. This term emphasizes positive rather than negative perceptions, and encourages people with disabilities to apply the experiences that result from their physical challenges to benefit themselves and society. Oki Workwel is putting this principle into practice by applying the experiences and characteristics of people with disabilities to the development of IT services that are easier to use. Oki Workwel is also diversifying into new activities, including the production of name cards by employees with mental challenges, and consultation on the introduction of systems for challenged employees to work at home.

The day-to-day activities of Oki WorkWel are carried out by teleworkers with physical and mental challenges and coordinators, who manage and coordinate interaction between the teleworkers and clients. The coordinators also function as sales representatives and systems engineers (SEs) and handle detailed arrangements with clients if this is not practical for the teleworkers. They give detailed instruction and allocate tasks according to the skills and physical condition of individual teleworkers. This system ensures that work proceeds according to client specifications and deadlines, and that quality is properly managed. Client reaction has been very positive.



An Oki WorkWel teleworker acts as a lecturer in wheelchair access for a course in voluntary services run by Tokyo's Katsushika Ward



Accessibility is also an important consideration when designing websites



Oki WorkWel employees



Telecommuting OKI Networkers

Social Contribution Activities Utilizing IT and Experience

OKI Networkers play a positive role in the social contribution activities of the Oki Group. They use their IT skills by working as voluntary teachers for computer courses, and by helping NPOs to create websites and posters. Several OKI Networkers assist with wheelchair access education for social welfare councils and schools in their local communities.

Oki WorkWel will continue to expand employment opportunities for challenged people by providing the widest possible scope for activities based on the experiences, sensitivity and skills of individual workers.

Comprehensive Assessment of the Activities of Oki WorkWel

In 2004, the Ministry of Health, Labour and Welfare selected Oki WorkWel for "The Nice Support Award" under its One More Life Worker Volunteer Award scheme.

The Japan Telework Association gave Oki WorkWel its fifth Telework Promotion Award, "The President's Award"



Oki Group Charter of Corporate Conduct and CSR Activities

Customer Satisfaction



The Oki Group is dedicated to developing and providing products and services that ensure continued customer satisfaction, in full consideration of safety and ease of use.

The Oki Way

The Oki Group will always approach its business activities from the perspectives of consumers and markets. The goal of the Oki Group is to supply useful products and services that provide solutions and bring satisfaction to users. Business activities that help customers to use products safely and satisfactorily are to be the first priority for the Oki Group.

Quality Management

Quality Management and Quality Assurance System

Oki's quality philosophy calls for the consistent supply of products and services that bring satisfaction to users. Oki puts this philosophy into practice by applying extensive and effective quality management and quality assurance at all stages of its activities, from product planning through to maintenance and services.

Organizational units established by Oki to drive its quality-related activities include a Quality Coordination Department within its corporate division (head office division), as well as quality assurance departments within each in-house company and Oki Group company. This structure allows Oki to respond promptly to a wide range of user needs.

Oki has gained ISO9000-series quality management certification for many of its sites, including those of Oki Group companies.

● Oki Group Companies with ISO9001 Certification

Oki Electric Industry Co., Ltd., Oki Data Corporation, Oki Customer Adtech Co., Ltd., Shizuoka Oki Electric Co., Ltd, Oki Communication Systems Co., Ltd., Oki Printed Circuits Co., Ltd., Oki Sensor Device Corp., Oki Erfolg Co., Ltd., Oki Electric Cable Co., Ltd., Oki Wintech Co., Ltd., Oki Engineering Co., Ltd., Oki Software Co., Ltd., Nagano Oki Electric Co., Ltd., OKICOMTEC Ltd., Oki Telecommunication Systems Co., Ltd., Miyazaki Oki Electric Co., Ltd., Miyagi Oki Electric Co., Ltd, Tama Oki Electric Co., Ltd., Oki Micro Design Co., Ltd., Oki Technocollage Inc., Oki Logistics Co., Ltd., Oki (Thailand) Co., Ltd., Oki Data Manufacturing (Thailand) Co., Ltd., Oki (UK) Ltd., Oki Systems (UK) Ltd.

System Design Inspection by Skilled Technicians

To achieve the standard of quality expected by users of its telecommunications systems and other system products, Oki emphasizes careful evaluation of key technical elements and technology risks during the upstream phase of product development. With the expansion of external procurement of products in recent years, it has also become increasingly important for development technicians to become proficient quickly in the appropriate selection and use of those products.

Oki has established a Design Inspection Department to meet these needs. Its task is to carry out technical inspections to ensure that design technology is appropriate from the perspectives of system composition, availability, expandability, performance targets, operational management and security. The scope of its inspections also includes system construction and test planning.

Veteran technicians are assigned to the Design Inspection Department. They use their accumulated technical knowledge

and expertise to inspect products objectively and detect and prevent any problems. This inspection process is also used to train young technicians by passing on technology and knowledge.

Quality Checks for Purchasing

Growth in the volume of purchased products has increased the importance of effective quality assurance. Oki ensures and improves quality through quality management of key parts appropriate to supply capacity. This is achieved by certifying suppliers' factories and checking quality on each process. Appropriate quality checking methods depend on the characteristics of each purchased product and its intended use.

● Typical Quality Check Flowchart for Products Purchased from a Supplier



Ensuring Product Safety

Oki's corporate policy on product safety is to give priority to business activities leading to the creation of safe products that will ensure user satisfaction. Particular emphasis is placed on product liability (PL), and every possible step is taken to prevent problems that could endanger human life or safety, or damage property.

Safety design plays a vital role in Oki's approach to product

liability issues. Starting at the design stage, engineers identify and eliminate all foreseeable hazards. More specifically, measures to remove potential hazard are developed according to the seriousness and incidence of the phenomena causing each problem. If a hazard cannot be eliminated, warnings will be displayed on the product itself, in the instruction manual, and in advertising materials.

Oki is determined to respond appropriately and promptly in the unlikely event of serious complaints or quality issues. It strictly enforces rules for dealing with serious complaints and information about major quality issues. Under those rules, complainants receive a full explanation of the causes of problems and steps are taken to remedy them. This emphasis on the disclosure of information to customers is an important aspect of Oki's approach in this area.

● Safety Design Flowchart



Responding to Customer Feedback

Configuring ATMs for New Banknotes

In November 2004 Japan updated its paper currency for the first time in 20 years. With a market share of over 40%, Oki is Japan's leading manufacturer of automated teller machines (ATMs). Recognizing that it has an important social responsibility to users of ATMs and integrated cash management systems, the entire Oki Group is working to develop machines capable of handling the new banknotes, and to complete modifications to existing machines.

To facilitate the transition to ATMs configured for the new banknotes, Oki conducted five rehearsals in the period leading up to the changeover date. After the introduction of the new banknotes, Oki continued to provide support for one month through Oki Customer Adtech Co., Ltd. and its nationwide network of 300 offices. As a result of these measures, the transition was completed on the approximately 70,000 machines involved without any major problems.

Universal Design

In 1991, Oki established the Ergonomics Committee as an organizational structure spanning multiple corporate units. The committee's membership is made up of workers from organizational units closely involved in Universal Design, including research, design and development departments. Its task is to deliberate on Oki's response to trends in international standards and Japan Industrial Standard (JIS) relating to usability and accessibility, to formulate common internal standards, and to provide support for the application of those standards to individual products.

Maintenance and Services—Enhancing Customer Support

Oki Customer Adtech Co., Ltd. is responsible for the maintenance and service operations of the Oki Group. In April 2004, it enhanced its "One-stop Service" system under which inquiries about both hardware and software receive an integrated response from customer engineers (CEs). To provide this service, seven senior technicians with extensive knowledge of manufacturing operations were assigned to the company's Customer Support Center, which handles calls from customers experiencing problems with equipment.

Details of customer inquiries are automatically added to a database managed by CTstage, a contact center system developed by Oki, for use as FAQ* information. By accessing this database, CEs can quickly identify the causes of problems and provide appropriate advice to customers. As a result of this approach, the percentage of problems resolved through telephone support increased from 14% in the year ended March 2004 to 28% in the year ended March 2005.



*FAQ: Frequently Asked Questions

Customer Support Center

Creation of Direct Marketing Center

To provide products and services that will bring satisfaction to users, it is vital that Oki checks customer satisfaction directly and reflects the results in new products and services, and in its systems.

Established in February 2005, the Oki Direct Marketing Center promptly identifies customer needs and issues through ongoing communications with customers. Based on this information, the Center works on a timely basis with sales, maintenance and development divisions to improve customer satisfaction levels.



Direct Marketing Center

Customer Satisfaction

Products Contributing to Society

The Oki Group's corporate mission statement is "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." This mission is reflected in Oki's determination to supply products and services that truly benefit users and contribute to society. Oki also contributes directly to peace of mind by supplying numerous products and services to meet needs in such areas as network security and disaster prevention.

Improving Security

● Iris Recognition System

The increase of various fraudulent and illegal activities by the Internet and other networking technology has had a major impact on society. Identity authentication using biometric technology is seen as the solution to this problem. There is particularly intense interest in the use of personal authentication systems based on iris recognition, an extremely precise technology with an error rate of just 1 in 1.2 million. Oki was among the first to begin development of iris recognition technology. By using an automatic capturing system, it has been able to provide extremely practical and easy-to-use systems for a wide range of applications.



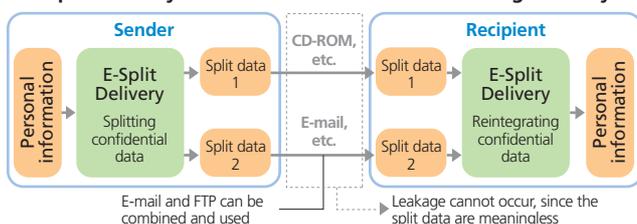
These systems enable the prevention of illegal activities and identity fraud in many situations, including access control for high-security areas, airport security, and kiosk terminals. They can also provide higher security than traditional authorization methods, such as password entry, in situations that involve logging onto computers or verifying authority to access network resources.

● E-Split Delivery – Software to Prevent Leaks of Information

E-Split Delivery information leakage prevention software prevents information leaks during delivery by using file splitting technology to divide important information into sections, which are then encrypted and forwarded by different routes.

If media containing personal information or other important data are lost or stolen during transportation, a leak is deemed to have occurred even if the information is encrypted. With E-Split Delivery, files are split after the original data have been encrypted, and decryption is not possible until all of the necessary data sections have been reintegrated. For example, data might be divided into two sections, with one section sent on CD-ROM or other media, and the second by e-mail. The data will not be valid until both sections have been brought back

● E-Split Delivery Prevents Information Leaks during Delivery



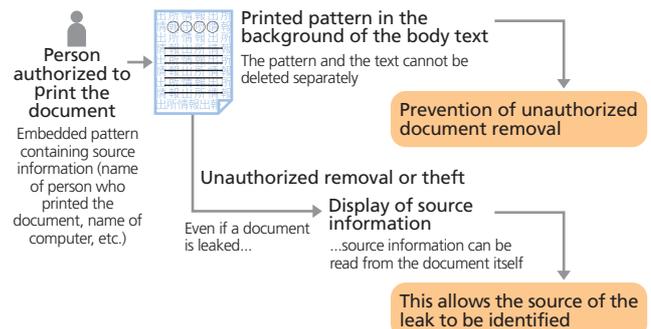
together. This approach provides total protection against information leaks during delivery.

● ProtecPaper – Software to Prevent Leaks of Information

Printed documents account for an estimated one-half of all information leaks. Leaks can be prevented by prohibiting unauthorized print or copy of documents, but this approach may not be practical because of operational requirements and costs.

ProtecPaper prints digitally watermarked documents with micro dot patterns, such as the name of the person who printed the document, and the date and time of printing. This can be used to identify the source of a leak. These dot patterns are not distracting for readers as they appear light and uniform background patterns on the printed documents, so that the watermarked digital information can still be recovered even if pages are folded over or cut away. ProtecPaper helps to prevent information leakage and to safeguard privacy of personal information against leaks, since document source information can be read directly only by analyzing the pattern with special software and a scanner.

● ProtecPaper Prevents Information Leaks Resulting from the Unauthorized Removal of Documents



Establishing Disaster Prevention Schemes

● Municipal Disaster Management Radio Systems

Local governments in Japan have been establishing disaster management radio systems since 1978. Oki has been involved in the creation of numerous such systems since the outset.

These systems can communicate disaster information to large numbers of residents simultaneously via outdoor loudspeakers and receivers in many residents' homes. They are also more disaster-resistant than other means of communication, such as telephone lines. Digital technology was introduced in the year ended March 2002, and it is now possible to send text information and monitor conditions in danger zones by means of images. The reliability of information has been improved, and it is also possible to provide information to people with hearing problems, which was difficult in the past. In addition to their emergency use, these systems can also be used as a tool for local government communications, including the distribution of official notices.



Communications Control Console

● Fire Fighting Command and Control Systems

Oki's fire fighting command and control systems integrate a range of services, including reception of calls to the 119 fire emergency line, recognition of fire notifications, automatic selection of fire fighting vehicles, issuance of dispatch orders, and coordination of tactical support at the fire scene.

The scope of duties performed by fire services has expanded to include not only fire fighting, ambulance services, rescue operations and response to natural disasters, but also crisis management activities in response to major earthquakes, terrorist incidents and other contingencies. To achieve these goals, fire fighting systems need to strengthen their information-gathering capabilities, and to improve their operational capacity to issue directives accurately and quickly.

Oki's fire fighting command and control systems meet the three basic principles of fire fighting communications—promptness, accuracy and reliability—by providing enhanced ease of operation, reliability and safety. For example, command and control functions can be performed from any console, while support information capabilities have been enhanced through the use of IT.



A fire fighting command and control system

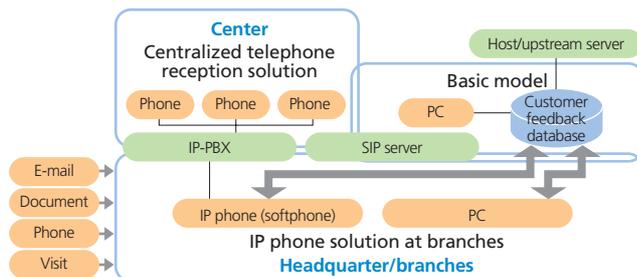
Enhancing Customer Satisfaction

● “Voice of Customer Navigation” Solutions

Voice of Customer Navigation solutions use IP telephony technology to store and manage customer comments received via telephone, sales offices, the Internet or other methods in an integrated database. Accurate information can then be reflected appropriately in business strategies.

For example, when a telephone call from a customer is received at a center and transferred to a sales office, the content of the conversation and information about the customer are forwarded at the same time under strict security. This allows the staff member concerned to take over the matter promptly and accurately, and to avoid problems caused by inadequate explanations. The system can also automatically detect leading statements, inappropriate language and other problems and

● Voice of Customer Navigation Solutions



issue warnings. Another feature is the ability to detect specific keywords automatically and display product information and response procedures. This system enhances customer satisfaction by efficiently gathering and utilizing a variety of customer comments. It also supports sales activities with the emphasis on compliance.

● IP Interphone System

In April 2005, Oki supplied an IP interphone system to Nagoya Railroad Co., Ltd.



IP interphone

Nearly half of the railroad stations in Japan are unattended, and the number is expected to increase because of Japan's falling birthrate and aging population. Nagoya Railroad Co., Ltd. had installed an interphone system to respond to inquiries from customers using automatic ticketing machines in unattended stations. However, the quality of sound deteriorated in proportion to the distance between the station and the facility where calls were received, and users were unable to hear properly. Other problems included the fact that interphones at other stations could not be used while a call was in progress, and the time was required to repair the system when faults occurred.

Because Oki's IP interphone system uses voice over internet protocol (VoIP) and network technology, it is able to transmit sound clearly, and multiple calls can be handled at the same time. The system also enables remote monitoring, and faults can be resolved easily. Nagoya Railroad has improved customer services by installing this system on platforms as well as in ticketing machine corners.

Satisfaction for All

● ITS Solution

Oki began to develop road transport systems in the 1980s. Since the 1990s it has supplied a variety of systems used to build intelligent transportation systems (ITS), such as vehicle information and communications systems (VICS) and electronic toll collection (ETC) systems.

Oki continues to develop leading-edge technologies that are helping to enhance the safety and comfort of the transportation environment. For example, in February 2004 it developed a system capable of transmitting video images between vehicles using dedicated short-range communications (DSRC), which is a wireless technology used exclusively for ITS.

ITS technology is now entering its second stage of evolution. Oki will continue to develop products that benefit today's highly mobile society.



ETC lane

Fair Corporate Activities

Charter of Corporate Conduct

The Oki Group conducts appropriate transactions and works to ensure fair, transparent, and free competition.

The Oki Way

We will always conduct our trading activities, including marketing and purchasing, fairly and in good faith.

Trading Fairly and in Good Faith

Fair Business Operations Compliant with Code of Conduct

Unfair trading activities are specifically prohibited in the Oki Code of Conduct, which was adopted in January 2002. In July 2002, the Code of Conduct Manual was compiled and posted on the Group intranet to assist individuals to understand the criteria applied to actual behavior. It provides detailed explanations of expected standards of behavior in relation to each section of the Code.

The requirements for trading fairly and in good faith are defined and explained in detail in the Code of Conduct Manual as (1) compliance with the Antimonopoly Act, (2) compliance with laws and regulations relating to international business transactions, (3) observance of the rules concerning gifts and entertainment, and (4) observance of the rules concerning political donations. Specific examples based on actual business operations are also explained, and the relevant corporate rules, laws and regulations and contact points for further inquiries are provided as a reference to assist individuals in choosing and confirming courses of action.



Intranet page for the Oki Code of Conduct Manual

Compliance with Security Export Controls

The Oki Group aims to achieve growth and success as a globally

recognized enterprise. One of its long-term goals is to increase its overseas sales ratio from 30% at present to 50% by 2010. This means that compliance with export controls will become even more important in the years ahead. Security-related export controls are especially important at a time when there is continuing concern about security issues, especially the proliferation of weapons of mass destruction.

In 1987, Oki adopted the Rules for Compliance with Export-related Laws and Regulations, which stipulate compliance with laws concerning security-related export controls. In 1988, a compliance program (CP) based on these rules was submitted to the former Ministry of International Trade and Industry (MITI) and accepted. Since then Oki has worked to comply with export-related laws and regulations under its own stringent management system.

Every business division has officials responsible for export controls, who submit reports to the Export Review Section at corporate (head office division) level whenever an export transaction falls within the parameters specified by the corporate requirements for compliance with export-related laws and regulations. The Export Review Section conducts final reviews to determine whether Oki should proceed with the transactions described in these reports. The Export Review Committee is convened to examine major transactions and assist the CEO, who has final authority, in reaching a decision. The Export Review Section also functions as the secretariat for the Export Review Committee. Another task is to improve the understanding of staff involved in export transactions by distributing up-to-date information concerning security-related export controls through the Group intranet.

Fair and Transparent Purchasing

Thorough Compliance with Legal Requirements for Purchasing

The purchasing environment is changing rapidly because of factors that include the globalization of business activities, the growing use of Internet-based purchasing, and amendments to related laws and regulations. To ensure that all transactions are conducted fairly in this environment, it is necessary to have up-to-date legal knowledge.

Oki is working to promote understanding and compliance among employees in purchasing departments by providing training and education in laws and regulations relating to procurement activities. Topics covered include the Antimonopoly Act, and the Law on the Prevention of Delay in the Payment of Subcontracting Charges and Related Matters, which was amended in April 2004. As a global enterprise, Oki also is putting considerable effort into education in export-related laws and regulations.

Clearly Defined Purchasing Policies and Processes

Oki has established a Purchasing Policy as a framework for fair, free and appropriate procurement activities. It approaches to purchasing activities with “enterprising spirit” described in its Corporate Mission. Purchasing decisions are not confined by established practice, and the basic principle is that suppliers are chosen from worldwide markets on the basis of objective and logical assessments of quality, costs and delivery times.

This approach is reflected in Oki’s efforts to ensure that all Japanese and foreign manufacturers of parts and materials, including those wishing to trade with Oki for the first time, are fully and fairly informed about its purchasing policies and processes, by posting this information on its corporate website in Japanese and English.

Purchasing Policy

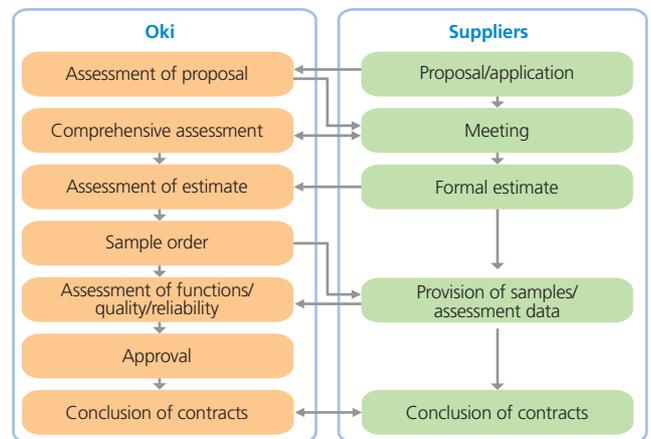
Oki will consistently procure parts and materials of the required quality at reasonable prices from suppliers throughout the world, in accordance with the following principles, and in keeping with its “enterprising spirit” ideal.

- Fair and open procurement without discrimination between domestic and overseas suppliers
- Equal access for all new suppliers
- Mutual growth and prosperity through rigorously trading fairly and in good faith
- Compliance with all related laws and regulations
- Emphasis on quality, price, delivery time, service and technical support
- Commitment to environmental protection
- Cooperation with suppliers throughout the world
- Contribution to society

From Green Procurement to CSR Procurement

Oki recognizes that the cooperation of its partners in the supply chain is essential to the fulfillment of its corporate social responsibilities. Oki’s efforts to promote green procurement under the Oki Green Procurement Standard adopted in 2002 include preferential purchasing of parts and materials that contain reduced amounts of environmentally harmful chemical substances. There is also growing concern about human rights issues in the supply chain, and Oki is currently considering the introduction of a CSR Procurement Standard with provisions relating to social factors, taking into account overseas cases and industry trends.

● Purchasing Process



Policy on Antisocial Elements and Organizations

Oki resolutely rejects all interaction with antisocial elements and organizations in accordance with its fundamental principles that it will not pay money to these elements, use their services or be afraid of them. This position is clearly defined in the Oki

Code of Conduct. All Oki employees and executives are required to report any situations that could involve them in difficulties so that it can take prompt and appropriate steps as a business corporation.

Communication with Business Partners

Information-sharing through Briefings

Oki shares information with major suppliers at its various production sites through various types of meetings, including goodwill parties, business policy briefings, and production plan briefings. These meetings facilitate close communications between Oki and its suppliers.



A Production Plan Briefing

Awards in Appreciation of Efforts by Distributors and Dealers

Every spring Oki holds an award ceremony for distributors and dealers throughout Japan. The purpose of these events is to

express Oki’s appreciation for the efforts of distributors and dealers that have achieved excellent results. In addition to sales performance, there are also awards for other achievements, including year-on-year sales growth, customer development and sales of strategic products. Oki uses the award ceremonies as opportunities to build partnerships of common interest through communication, while showing its appreciation for the contribution made by distributors and dealers who understand and support Oki’s business mission, strategies and policies, and help Oki to achieve its goals.



An award ceremony for domestic distributors and dealers

Good Communication

Charter of Corporate Conduct

The Oki Group engages with society through a variety of interactions, and discloses company information in manners that are appropriate and fair.

The Oki Way

We will work to ensure that Oki is correctly perceived by the general public, by dynamically implementing timely and appropriate public information activities that accurately convey our management policies and the nature of our various business activities, and by promoting communication with stakeholders within and outside of the Oki organization.

We will provide accurate corporate information to shareholders and investors in a fair and timely manner. Oki will work to ensure the fairness of equity markets through the timely disclosure of information that may have a significant effect on its share price, and through the prevention of insider trading.

Timely Disclosure of Appropriate Information

Disclosure through Mass Media

Oki has strengthened its distribution of information through the media as a way of providing timely information about various corporate activities, including the activities of its group companies, to a wide range of stakeholders. Examples include an increase in the volume of press releases, an improvement in two-way communications with journalists through press conferences, and active support for various interviews by

individual journalists. Oki is also supplying information globally to foster deeper understanding among stakeholders throughout the world. It actively produces press releases in English and Chinese and simultaneously publishes them on its websites.



Announcing a new ATM product (March 23, 2005)

Enhanced IR Activities

Financial Results Briefing

Since the first quarter of the year ended March 2004, Oki has held quarterly financial results briefings to provide investors with timely and accurate information about its business activities. Briefings for institutional investors are held whenever results are announced. These are designed to provide investors with information to help them understand Oki and make appropriate decisions, including not only financial results, but also descriptions of Oki's corporate vision and strategies by senior management. Oki also actively holds IR meetings on a wide range of subjects for overseas investors. Topics covered include management strategy, individual business strategies, and specific products and technologies. Oki also invites investors to tour its plants in Japan and overseas.

To ensure that information is disclosed fairly, Oki simultaneously publishes financial results and other IR information on its websites in Japanese and English.



Announcing the financial results for the year ended March 2005



Investor briefing in New York

IR Web Pages for Individual Investors

Oki also actively discloses information to individual investors. IR pages have been established for this purpose on Oki's Japanese website. These provide clear information about the company using a variety of formats, including images, graphs, video and audio. Registered users receive e-mail notices about new information, including financial results, stock exchange filing information, press releases for new products and services, and IR page updates.



An IR page for individual investors (in Japanese)

Preventing Insider Trading

In addition to its disclosure of timely and appropriate information to shareholders and investors, the Oki Group also works to protect shareholders and investors and ensure the reliability of the stock exchange by preventing insider trading. Specifically, it has adopted regulations to prevent insider trading and maintains compliance with these regulations as part of its risk management activities. It is the responsibility of an insider information officer to designate insider information or remove this designation. The officer assesses the status of information, registers insider information, and identifies all recipients of such information.

Disclosure with the Emphasis on Accessibility for a Wide Variety of Stakeholders

Web Accessibility Policy

In October 2004, Oki added an accessibility section to its website production guidelines. The aim was to establish guidelines that would make its websites more accessible for a wide range of users, including the elderly and people with disabilities. The section conforms with the Japan Industrial Standard (JIS)* for web content, which was formulated in June 2004, and pays close attention to accessibility for those who use voice synthesis software to read websites audibly.

In January 2005, Oki began to apply these guidelines to corporate information pages and investor information pages on its websites. The guidelines will be progressively applied to other pages in the future.



A web page explaining accessibility enhancement on Oki website

***Web Content JIS:** JIS X 8341-3:2004, "Guidelines for older persons and persons with disabilities — Information and communications equipment, software and services — Part 3: Web content." This industrial standard is designed to ensure and improve accessibility to web content, especially for the elderly and persons with disabilities.

Selecting Media of Communication

The Oki Group uses a variety of methods to communicate beyond the Oki organization. The method selected is determined by the needs of stakeholders with differing situations and interests.



The Annual Report — An overview of the Oki Group, together with information about business operations and products, and management and financial data



The Environmental Report — Information about environmental activities and performance data



Oki Technical Review — An English-language website introducing the technologies of the Oki Group

Oki is also improving and expanding its websites to provide timely access to a wide range of information, including information published using these various other channels of communication. Currently Oki has a Japanese website and a global website in English. It is also actively distributing information in China through a Chinese portal established in response to the expansion of the Oki Group's business there.

Another important facet of communication activities is the dissemination of internal newsletter to Oki Group employees. To support the sharing and use of timely information throughout the Oki Group, it has enhanced and expanded its Intranet websites and its internal online newsletters in English and Chinese.



Internal newsletters



Internal online newsletter in English



Internal online newsletter in Chinese

Information and Telecom Convergence Solution Fair

On November 11 and 12, 2004, Oki hosted the Oki Information and Telecom Convergence Solution Fair at its showroom in Toranomon, Tokyo. There were display zones showing information-telecommunications convergence solutions, service solutions for financial institutions and solutions for telecommunications carriers, based on the Oki Group's "AP@PLAT®" information-telecommunications convergence solution concept. There was also an advanced technology zone, and a zone for special exhibits. In addition to exhibits in these five zones, there were keynote speeches and special seminars presented by opinion leaders in various fields. For the 2,500 visitors, this fair provided an opportunity to learn about the latest technologies and products developed by the Oki Group.



Oki Information and Telecom Convergence Solution Fair 2004

Communication with Stakeholders

As part of its CSR initiatives, the Oki Group will enhance communications so as to reflect stakeholder feedback in its business activities. Some of these efforts are described in this section on communications. In addition, case studies relating to the Oki Group's communication initiatives are presented on the pages listed on the right.

Case Studies

- Communication with customers P14
- Communication with business partners P18
- Communication with employees P28
- Communication with NPOs P38
- Communication with local communities P39

Intellectual Property and Information Management

Charter of
Corporate
Conduct

The Oki Group recognizes the importance of intellectual property, and properly manages and protects company and customer information, including personal information.

The Oki Way

Oki recognizes the importance of intellectual property in its business strategy and endeavors to secure and maintain the property. It also respects the intellectual property rights of third parties and does not intentionally infringe or misuse those rights.

The Oki Groups are aware of the importance of personal information held, collected or obtained in the course of its business operations from the viewpoint of privacy protection. Such information is strictly controlled to prevent the loss, destruction or leakage of information, information tampering, or the use of information for purposes other than the purpose for which it was obtained.

Protecting Intellectual Property

Intellectual Property Strategy

The Oki Group recognizes the importance of intellectual property in its business and endeavors to secure and maintain the property. The establishment of strong intellectual property rights for the purpose of maintenance of Oki Group's growth in business contributes to sustained growth and corporate earnings, and for this reason the Oki Group establishes intellectual property strategies that match its business strategies at all stages from creation and accumulation through to utilization. Oki has formed a top-down process to develop and implement plans for the creation of intellectual property that will help it to gain a business advantage and build growth potential in its three core segments of info-telecom systems, semiconductors and printers. These efforts also encompass overseas markets, reflecting the global expansion of its business activities.

The Oki Group uses its accumulated intellectual property extensively and in variety of ways to maximize its competitive advantage in domestic and overseas markets. Its flexible approach to business development includes the strategic uses of technology partnerships or cross-licensing with other companies. If necessary, the Oki Group also licenses out its intellectual property rights.

Respect for Other Companies' Rights and Management of Confidential Information

In the same way as it protects its own intellectual property rights, the Oki Group respects the rights of third parties, including other companies. For this reason, it conducts patent searches when developing new technology and takes great care to avoid infringing intellectual property rights. Regardless of whether or not it intends to establish rights, Oki appropriately, and in accordance with the law, manages its own intellectual property and confidential information, as well as those of its customers and suppliers. It has established organizational structures to prevent the illegal acquisition, disclosure, use or leaking of information.

Employee Invention System

The Oki Group aims to motivate and encourage engineers and stimulate the creation of inventions that will contribute to business performance, by using appropriate and legally compliant methods to reward employees who make new inventions. Under the Oki Group's traditional patent bonus system, inventors receive bonuses at the patent application, registration and implementation stages, or when patents are licensed. In the year ended March 2005, the patent bonus system was reviewed to comply with amendments to the law concerning employee invention systems, and to make the system more transparent and understandable.

Strengthening Information Security

The Oki Group's Security Policy

A security policy for Oki Group was adopted in May 2002. The establishment and maintenance of information security, confidentiality, integrity and availability in the context of business activities, the protection of data, systems and networks from internal and external threats, and the maintenance of systems and networks in normal operating condition are important social responsibilities for the Oki Group.

They are also fundamental requirements for its credibility as an enterprise that has chosen the words "Oki, Network Solutions for a Global Society" to express its corporate vision. All Oki Group employees recognize the importance of information security to the use of information resources in strategic business activities in an environment characterized by technical innovation and rapidly changing business conditions, and they apply this basic policy to their day-to-day activities.

Information Security Education

The Oki Group is aware that the maintenance of information security depends on the knowledge and behavior of each individual employee who handles information. For this reason, information security education has been provided for all employees since the year ended March 2005.

The education program focuses on basic rules for the use of networks and computers, precautions against information leakage, and aspects that relate directly to the day-to-day behavior of individual employees. By providing this type of education, Oki also aims to reinforce the business morality and IT literacy of its employees, and to ensure that they are able to adapt successfully to changes in the social environment and information technology. In addition to classroom training, the education program also includes e-learning activities.

Employee ID Cards

In April 2004, the Oki Group began to introduce digital employee ID cards. The same cards can be used to control facility access and egress, and to verify the identity of those accessing internal networks.

The cards contain contactless IC chips that verify the identity of the holder using electronic certificates stored in the card's memory when they are connected to internal networks. Oki has further improved office security by installing a contactless key system to control facility access and egress.



An Employee ID Card

Acquiring ISMS Certification

As a supplier of highly reliable network solutions and related services, the Oki Group has made security management a high priority. One example of this commitment is the acquisition of Information Security Management System (ISMS) certification for departments involved in the creation and operation of internal information systems, and in the systems' design and development.

In December 2004, certification under BS7799-2: 2002, and the ISMS Certification Criteria (Ver.2.0) was achieved for departments specializing in planning and sales operations in the Infrastructure Information Solutions Division of the System Solution Company (SSC), the main clients of which are government agencies and public works organizations. This is the first time that planning and sales departments in an Oki Group company have gained ISMS certification. The Oki Group will continue to implement effective management policies under its basic information security policy.

ISMS Certification in the Oki Group

Company name/department name	Initial Registration Date
Oki Electric Industry Co., Ltd. (Information Planning Division)	February 14, 2003
Oki Electric Industry Co., Ltd. (Oki System Center)	August 4, 2003
Japan Business Operations Co., Ltd (ATM Service Center, Operation Dept. Kyusyu ATM Service Center, Operation Dept.)	January 30, 2004
Oki Customer Adtech Co., Ltd. (Customer Support Center, Nishi-Nippon Basic Support Team)	January 31, 2004
Oki Electric Industry Co., Ltd. (Infrastructure Information Solutions Division, System Solutions Company)	December 27, 2004

Compliance with the Law for the Protection of Personal Information

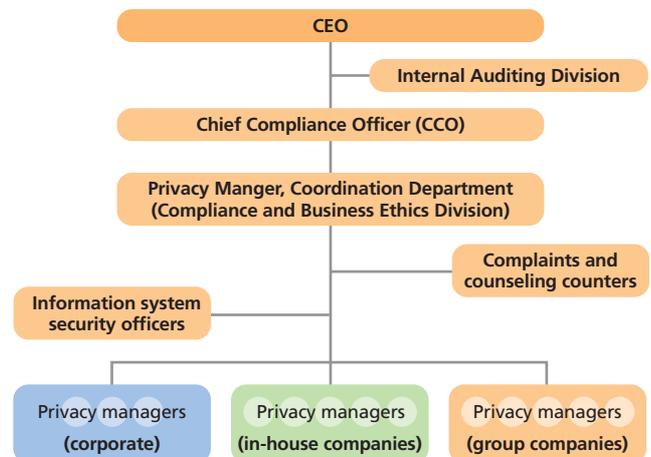
In August 2004, the Oki Group adopted a basic policy on the protection of personal information in preparation for compliance with a new privacy law* that took effect in April 2005. A privacy policy based on this policy has been published on Oki's website.



A web page for privacy policy

Under Oki's privacy protection structure, the Chief Compliance Officer has ultimate responsibility for compliance throughout the Oki Group. Privacy managers have been appointed at the corporate level and in in-house companies and group companies. These people form the organizational structure for the implementation of the basic policy through compliance with concrete privacy regulations and other related regulations. To ensure that policies are fully implemented in all departments and divisions, privacy protection has been also included in training for compliance managers. Oki also uses e-learning to educate individual employees about measures under the privacy law.

Privacy Protection Organization



*The Law for the Protection of Personal Information

Respect for Human Rights

Charter of Corporate Conduct

The Oki Group respects the human rights of all persons involved in its corporate activities and eliminates illicit discrimination of any kind. It does not allow child labor nor forced labor.

The Oki Way

The business activities of the Oki Group will be guided by respect for basic human rights. The Oki Group will not discriminate on the basis of gender, age, nationality, race, ethnicity, beliefs, social status, religion or physical disability. The Oki Group will not engage in activities that harm the dignity of individuals.

The Oki Group will respect the diversity of its employees. Employees will be clearly and consistently informed through training activities that the Oki Group does not engage in discrimination. The Oki Group will support the protection of human rights as stated in the Universal Declaration of Human Rights and elsewhere, and will not allow child labor or forced labor.

Policy on Human Rights

People are the company's most important business assets. The business activities of the Oki Group depend on the diverse roles played by a variety of people who work together to earn profits and contribute to society in their various workplaces. The Oki Group believes that these people are the heart of its organization, and that protection of the human rights of every individual involved in its business operations must be the starting point for all activities.

Economic globalization has been paralleled by a worldwide increase in concern about human rights. The Code of Conduct

adopted by the Oki Group in July 2002 lists the Constitution of Japan, the Universal Declaration on Human Rights and the International Covenant on Economic, Social and Cultural Rights as rules relating to human rights. The Code of Conduct requires employees to comply with these rules by showing mutual respect, by considering the circumstances of others, and by acting in good faith. In accordance with its Code of Conduct, the Oki Group recruits and selects employees fairly and is working actively to raise awareness of human rights among its employees.

Employment of Diverse Human Resources

Assigning Female Advisers

Oki has made efforts to promote an active role for female employees for many years. In 1991 it compiled a management handbook, "Maximizing the Potential of Female Employees," on the effective employment of women in the organization. This handbook was used in training for executive managers with female subordinates. And in 1993, Oki appointed female advisors to provide career and workplace advice to



Female adviser meeting

female employees.

These advisors continue to play an important role at all Oki sites, primarily as sources of advice. In the year ended March 2004, Oki held a round-table conference for its female employees. It has also introduced an annual survey on equal partnership. This survey is an important source of information about issues relating to corporate culture, attitudes, and systems.

Oki regards these activities as an essential part of its response to the Law for Measures to Support the Development of the Next-Generation, which took effect in April 2005. It will continue to emphasize the role of female advisors in efforts to ensure that female workers can reach their full potential. It will also continue to listen to the views of its workers.

Employment for People with Disabilities

The Oki Group actively employs people with disabilities. In 1998, it established a system under which people with severe disabilities, for whom commuting would be impractical, were able to telecommute using computers and the Internet. All of these teleworkers had advanced computer skills and made an important contribution in such areas as website creation and the development of web systems. The Oki Group recognized the achievements of the OKI Networkers, as these people were called, and extended the system to group companies.

In April 2004 Oki established a special subsidiary, Oki WorkWel Co., Ltd. (see Page 11), to expand employment opportunities for people with disabilities. This company currently (as of March 31, 2005) employs 24 people, including the OKI Networkers, with physical, intellectual, visual and internal disabilities.

In the year ended March 2005, people with disabilities made up 1.84% of the Oki Group's workforce. This is above the legally mandated employment ratio.

Employment of the Elderly

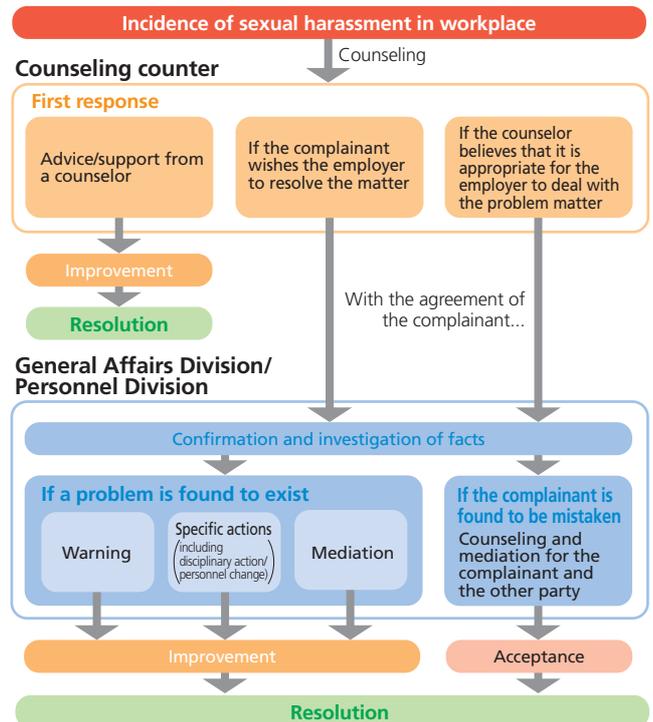
In 2000, Oki established the Senior Casting system, an employment extension scheme designed to promote employment for the elderly. Under this system, employment extension plans are formulated to provide jobs for elderly employees who wish to continue working. The experience, skills and preferences of each individual are then matched with the work opportunities that Oki is able to offer. This system was introduced to meet the needs of employees over 60, who will be affected by phased increases in the eligibility age for welfare pensions. It is also seen as an important part of preparations for the predicted shrinkage of Japan's working population because of aging and birthrate decline.

Measures to Prevent Sexual Harassment

The prevention of sexual harassment is an extremely important priority for Oki. It uses training programs and its corporate intranet to promote a proper understanding of sexual harassment among its employees.

Oki also recognizes sexual harassment is a labor management issue and is working to eliminate this problem from its workplaces by working with unions to establish systems to resolve problems promptly, including clearly defined counseling and follow-up processes.

Flowchart for Sexual Harassment Countermeasures



Topics Activities by Overseas Group Companies

Equal Opportunity Employment

Oki Data Americas, Inc., which is based in North America, strives to provide equal employment opportunities for all people. It has taken the following steps to prevent discrimination among job applicants and employees in relation to employment, wage and promotion on any grounds, including race, age, disability, skin color, religion, gender or country of birth.

Equal Opportunity Employment Measures

- New employee orientation
- Training to provide managers and personnel officers with accurate legal knowledge
- Establishment of a recruitment interface that anyone can access by registering on the corporate website
- Tuition Reimbursement Program for all employees, with particular emphasis on the needs of minorities and women
- Cooperation with schools in local communities to expand employment opportunities for minorities, women and people with disabilities
- Donations to and participation in NGOs involved in activities relating to equal opportunity employment
- Support for job applicants with disabilities that make it difficult for them to complete application forms
- Provision of free electric carts to allow employees with disabilities to move around within company facilities

A Better Working Environment

Charter of Corporate Conduct

The Oki Group ensures and maintains a safe and comfortable working environment for all employees.

The Oki Way

The Oki Group will maintain and improve its working environment and establish a safety and health supervision organization to ensure that all employees can work in safety.
The Oki Group will provide comfortable working environment for all employees based on the principle of equal partnership.

Support for Diverse Work Styles

Helping Employees to Combine Work and Child Care

To help its employees to combine work with childcare, Oki has introduced a range of systems relating to childbirth and childcare, including adjustments to working hours.

In March 2004, Oki further enhanced these systems by extending the cut-off point for the childcare working hours scheme from the time when children enter elementary school to the completion of the third year of elementary school. It also increased the amount of paid leave provided for childbirth from two to five days.

● Main Systems Relating to Childbirth and Child Care

Various Systems	Pregnancy Medical Care Leave System	During pregnancy, female employees are allowed to take time off for various reasons, including regular medical examinations, health checks, medical guidance, and pregnancy-related health problems.
	Reduction of Working Hours during Pregnancy	Female workers can apply to have their working hours reduced during pregnancy.
	Childbirth Leave	Female workers are given 56 days of special leave before childbirth (98 days in the case of multiple births) and 56 days after childbirth.
	Childcare Leave	After childbirth, an employee is allowed to take leave until the child reaches the age of two.
	Reduced Working Hours for Childcare	Working hours can be reduced until the child completes the third year of elementary school.
Time Adjustments	Rest Times during Pregnancy	Rest times will be provided when necessary on request from female workers who are pregnant.
	Nursing Time	Female workers who are caring for infants under the age of one year can apply for two 30-minute nursing periods per day.

Helping Workers to Combine Work and Nursing Care

Oki has introduced a nursing care support scheme that helps employees to combine work with nursing care by providing leave or reducing their working hours.

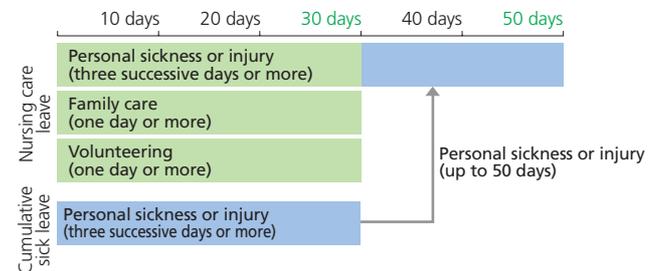
Since March 2004, the nursing care leave and cumulative sick leave systems were combined to create a single enhanced system known as the "Special-purpose Leave System." Under the new system, the maximum amount of leave that can be taken to care for a family member has been increased to 50 days, which is the same period as for personal sick leave. It is also possible to take leave for educational purposes.

● Support Systems for Nursing Care

Various Systems	Care Leave System	Employees can take leave up to a maximum of one year to care for a family member.
	Reduced Working Hours to Facilitate Nursing Care	Employees can work reduced hours for a period of up to one year when caring for a family member.

● Changes to Care Leave System

Old System



Under the Integrated "Special-purpose Leave System"



Occupational Safety and Health

Safety and Health Committees

In each region, Oki has established Safety and Health Committees made up of company and union representatives. The activities of these committees include the creation and enhancement of safety and health systems that reflect local workplace environments and the formulation of occupational accident prevention plans. The committees also patrol workplaces and arrange safety and health education programs. Members of local committees present reports and share information at meetings of the Central Safety and Health Committee, which is made up of members of local committees.

Improving Management Standards at Production Sites through Spot Checks of Safety Management

The Oki Group is working to improve safety management standards in its production sites with the aim of preventing fires, explosions and other accidents. In addition to day-to-day safety management, Oki has conducted yearly spot checks of its production sites since the year ended March 2002 to check that all facilities are being managed in accordance with the common standards for Oki divisions.

Spot checks cover three areas: safety and health, accident prevention, and the environment. Check teams made up of staff from corporate divisions visit each facility to investigate its management. Checks are carried using predetermined checklists with items that include safety management systems and training, day-to-day operations, and responses to accidents. The check teams examine each plant objectively so that they can quickly detect any problems that may exist. Their findings are reported to the site management so that any problems can be remedied.

Production divisions in the Oki Group have formed a Safety Management Liaison Committee. Its role is to raise the overall standard of safety management in the Oki Group by sharing information among production sites. Participants share information and reports about problems discovered through spot checks and measures implemented to remedy those problems. They also discuss examples of innovative initiatives at production sites. This process allows information and ideas to be applied at all production sites. In the year ended March 2005 the Safety Management Liaison Committee received a report on emergency response measures and improvements to earthquake-proofing, based on lessons learned from the experiences of Miyagi Oki Electric Co., Ltd. during the offshore earthquake that struck Miyagi Prefecture in the previous year.

These continuing efforts are helping to raise awareness of safety management at all sites. Over the years, this has been reflected in a downward trend in the number of problems discovered during each spot check. In the year ended March 2005, no major problems were identified during spot safety checks at 15 production sites in Japan and four overseas production sites.

Health Oki 21 Campaign

Since 2002, Oki Group companies, unions and health insurance societies have been working together to support personal health initiatives by employees through the Health Oki 21 campaign. This campaign is modeled on the government efforts to improve the health of the Japanese people under the Health Japan 21 campaign*. The Oki Group's campaign emphasizes not only the early detection and treatment of disease, but also primary prevention through lifestyle improvements. The Health Oki 21 page on the corporate intranet provides a variety of information about health improvement. Activities include surveys of employee attitudes to health, walking campaigns, and a web-based stop-smoking clinic.

Subcommittees made up of representatives from administrative departments, health promotion centers and unions have been formed at in each work site and group company to ensure that activities produce the desired effects. These subcommittees share information through reports on their initiatives in a group newsletter called the Health Oki 21 News.



The intranet "Stop-Smoking Clinic" page



Logo for the Health Oki 21 campaign

*Health Japan 21 campaign: The Ministry of Health, Labour and Welfare has been implementing this campaign since 2000. Its official name is "People's Health Promotion Campaign for the 21st Century."

Mental Health Care

The Oki Group implements mental health initiatives for its employees, including a variety of counseling services and the provision of information. Industrial health physicians at Health Promotion Centers in each region either provide direct consultations or if necessary refer employees to medical institutions. In the year ended March 2005, the Oki Group Health Insurance Society introduced a mental health support system. Under this system, employees can obtain confidential advice about mental health issues through a specialized advisory service. Counseling is provided in various ways, including telephone or face-to-face consultations.

Oki Group executives receive mental health training as part of efforts to encourage daily awareness and consideration in the workplace. In addition, a mental health support section has been set up on the Health Oki 21 intranet page. Employees can download stress-checking tools and receive information about self-control, and the relief and prevention of stress.



The mental health support section on the Health Oki 21 intranet page on the corporate intranet

Respect for Employees

Charter of Corporate Conduct

Respecting the individuality of each employee, the Oki Group creates a corporate culture in which its personnel are encouraged to engage challenges facing the group with courage and determination.

The Oki Way

Oki will help its employees to build their careers and make career choices. It will assign employees according to ability and aptitude and provide fair access to opportunities for professional growth.

Oki will also evaluate each employee's contribution accurately and provide reward commensurate with that contribution. It will also work to improve the transparency, fairness and credibility of the evaluation process.

Oki will foster a corporate culture that encourages free debate, creativity and challenge.

Human Resource Systems Designed to Maximize Autonomy

Oki aims to develop autonomous human resources who are capable of self-management and able to discover their own solutions to problems, and who are able to act quickly and achieve results. It has established the following human resource systems to develop and recruit people with these qualities.

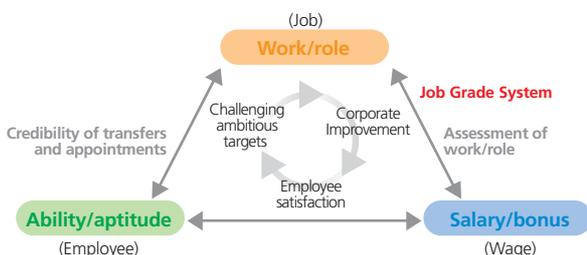
Job Grade System

Under the "job grade system" introduced by the Oki Group in 2001, individual employees are graded according to the value of their jobs, work and roles, and on the extent to which they meet job requirements in terms of the ability and aptitude required to perform their tasks. Based on these grades, the Oki Group assesses the processes through which employees produce semiannually and yearly results. These processes are then reflected in wages and bonuses. The aim of the system is to raise the skills and value of each employee by motivating employees to improve their job abilities and aptitudes so that they can achieve better results and move to higher job grades.

The Oki Group also places great importance on the development of environments in which employees are able to apply their skills and aptitudes fully by assigning them to positions that match their abilities. It has enhanced and expanded its human resource development organization and career development program (CDP) and introduced an internal recruitment system.

All business activities start with human resources. The Oki Group is further enhancing its systems and structures so that it can properly assess and reward its human resources and link the improvement of human resources to improvement in corporate value, by evaluating employees not only according to results, but also on the basis of the processes through which those results were achieved.

● The Structure of the Job Grade System



Internal Recruitment — Placing the Right People in the Right Positions

The Oki Group introduced the internal recruitment system in the year ended March 2000 as a way of ensuring that employees could be placed in positions that would match their abilities.

Under this system, people are recruited from divisions and departments throughout the Oki Group to fill positions that are essential to the Group's business operations. Suitable people are selected from applicants. Unlike regular job transfers, employees do not need to obtain their supervisors' approval to apply under this system. The Oki Group is determined to build a free and open corporate culture through the placement of the right people in the right positions, and through the revitalization of its internal organization, by showing respect for the will and determination of its employees and their willingness to accept challenge, and by encouraging them to improve their own abilities and realize their latent potential.

Challenge Award System — Recognition for Effort and Results

In the year ended March 2001 the Oki Group introduced the Challenge Award System. This system is based on the principle "let's discuss, create and challenge," which is one of the activity guidelines espoused by the Oki Group.

The winners are judged and selected according to the level of targets set by individuals or teams, the processes through which they work toward those targets, and the results that they achieve. Entries and declarations of results are submitted by the entrants themselves, and awards are presented twice yearly. In the year ended March 2005 a combined total of over 5,000 entries were received for the award programs in the first and second halves of the year.



Award ceremony

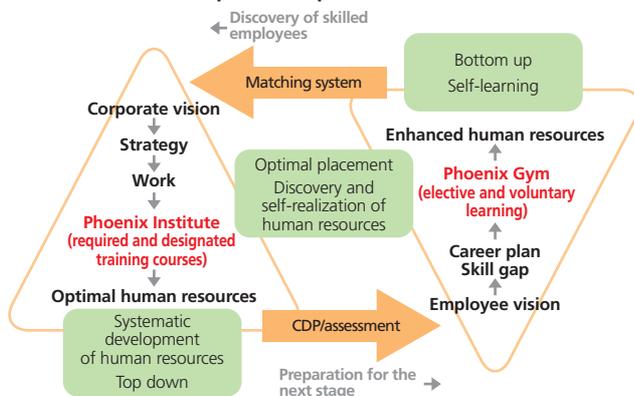


Training Programs for Human Resource Development

Support for Skill Acquisition and Self-improvement

Oki's human resource development activities have two goals: to help employees to build the knowledge and skills needed to perform their tasks in the positions to which they have been assigned, and to support self-improvement leading to the achievement of increased autonomy. Oki aims to combine personal growth for its employees with improved business earnings and sustainable growth for the company by helping employees to make full use of their skills and experience. This is achieved not only through training, but also through careful placement of the right people in the right positions, based on career plans developed in consultation between employees and

● The Phoenix e-Campus Concept



their supervisors, and on work achievements and assessment results.

Oki has created a portal site on its corporate intranet called the "Phoenix e-Campus," where employees can peruse the structure and content of training programs, submit applications, participate in e-learning, and check their results whenever they wish. Career plans can also be declared through this site.

Content and Results of Training

The Oki Group maintains training curriculum for each job category to enable employees to acquire the knowledge and skills that they need for their work. There are 350 required or designated training courses and over 450 elective courses. Each course is designed to provide a phased and systematic coverage at all levels from basic knowledge to the latest methods and theories.

Oki Group employees are encouraged to take courses according to personal development plans formulated at the start of each fiscal year with their supervisors. In the year ended March 2005 a total of over 15,000 employees participated in training courses.

At present there are four priority themes.

Priority Themes for Training

- Continuous development of business leaders
- Reinforcement of management skills of managers
- Reinforcement of specialized job skills
- Compliance training

Communication with Employees

Communication between Top Management and Employees

Oki Group employees and management share policies and strategies through the use of the intranet and other media to distribute management messages to employees. By creating forums for direct dialog between senior management and employees, Oki provides opportunities to inform employees about management decisions, and for management to respond to employee questions and opinions. This two-way communication is seen as an important process.

For example, the CEO personally visits major sites every six months to



Intranet coverage of a "work-out" session

brief employees directly about the Oki Group's management plans and policies. There are also monthly "work-out" sessions, which are informal meetings between the CEO and employees at various levels and in various parts of the Oki organization. The CEO uses these sessions to gauge employee understanding of management policies, to identify issues affecting the implementation of policies, and to engage in direct discussion with employees. The content of these discussions is made available to all employees through intranet messages from the CEO.

Employee Attitude Survey

Every year Oki conducts a survey to ascertain employee attitudes to their day-to-day activities, and to monitor the implementation of systems and the vitality of its organization. The survey results are collated and analyzed, and the findings are used to reform the corporate culture and improve the organization.

Environmental Conservation



In order to realize and pass on a better global environment, the Oki Group promotes environmental management and makes efforts to conserve the environment through its products and its business activities.

The Oki Way

Under its concept of companywide network-type environmentally-conscious management, the Oki Group will supply eco-friendly products and services, conserve resources and energy through its business activities, and reduce waste. While implementing its environmental management system effectively, the Oki Group will also contribute to the society on a broad basis by disclosing environmental information and supporting environmental activities.

Oki Group Environmental Policy

In November 2004 the Oki Group adopted the Oki Group Environmental Policy. The policy calls for positive and sustained efforts targeted toward the “three pillars” of environmental activities, leading to the fulfillment of the Oki Group’s

responsibility to contribute to global environmental conservation as a member of the recycling society through initiatives based on companywide network-type environmentally-conscious management under the new environmental policy.

“3 Pillars” of Our Environmental Activities

- 1 Contribution to the environment through products**
Creation of eco-friendly products
- 2 Contribution to environmental conservation in business activities**
Energy and resource conservation, zero emissions, reduction of chemical substances, risk management
- 3 Contribution to environmental activities of society**
Environmental volunteer activities, support for environmental activities



Oki Group Environmental Policy

Environmental Policy

By providing products that contribute to the e-society, the Oki Group realizes a better global environment for the next generation, and takes it over.

Environmental Activity Guidelines

- 1 Strive to maximize the effect of policies and measures by executing companywide network-type environmentally-conscious management.**
 - Work to provide eco-friendly products and services with respect to all work processes, from product planning up to manufacturing, maintenance and operation.
 - Work for the conservation of resources and energy, and to reduce waste in business activities.
- 2 Comply with applicable environmental laws and regulations, ordinances, etc. and other requirements agreed upon.**
- 3 Accurately execute the PDmCA (Plan-Do-multiple-Check-Action) of the environmental management system. Work to enhance environmental performance and to continually improve its operational system.**
- 4 Strive to disclose environment-related information and contribute to society on a broad basis by supporting environmental activities.**

Companywide Network-type Environmentally-conscious Management

The Oki Group's concept of companywide network-type environmentally-conscious management is designed to optimize the efficiency of group-level activities by combining day-to-day energy conservation activities and other initiatives at individual sites with company-level efforts focusing on product-related environmental themes.

By modulating its environmental activities according to the theme, by selecting and concentrating resources toward the

solution of problems, and by sharing information and knowledge, the Oki Group is working to create environmentally sound products that minimize environmental loads, and to ensure that its business activities are compliant with environmental requirements. Its goal is to maximize the benefits of these efforts by avoiding duplicated investment in environmental countermeasures.

Environmental Conservation Activity Program "Oki Eco Plan 21" and Its Progress

In 1999, the Oki Group launched Oki Eco Plan 21 as its basic plan for the reduction of environmental loads through environmental activities. Environmental protection activities under the plan are guided by medium-term and yearly targets. The table below lists the results for each activity category under Oki Eco Plan 21 in the year ended March 2005. Though there

were increases in emissions of greenhouse gases and chemicals with the potential to affect the environment, the results are largely on target when increased production volumes are taken into account. These results are reflected in new measures included in the year ending March 2006 version of Oki Eco Plan 21, and in activities based on the plan.

Oki Eco Plan 21 Activity Items and Achievements in the Year Ended March 2005

Category		Activity Item		Achievements in the Year Ended March 2005
Products	Complete elimination of chemical substances that affect the environment	Complete elimination of substances subject to the RoHS directive*		Elimination from major products
	Resource recovery from used products	Development of internal recycling system and enhancement of efficiency		Resource recovery ratio: 89.6%
Business Activities	Prevention of global warming	Reduction of production-related CO ₂ emissions	Electronic devices	Basic unit compared to the year ended March 2004: 12% decrease
			Information and telecommunications equipment	Basic unit compared to the year ended March 2004: 18% decrease
	Reduction of greenhouse gas (PFC gas) emissions		Change from the year ended March 2003 level resulting from higher production volumes: 58% increase	
	Resource recycling	Reduction of waste		Resource recovery ratio: 99.3%
Limitation of use of chemical substances that affect the environment		Limitation of emissions and use of chemical substances that affect the environment (restricted chemical substances other than greenhouse gases)		Change from the year ended March 2002 level resulting from higher production volumes: 16% increase
Environmentally-conscious management	Reinforcement of environmentally-conscious management systems	Promotion of companywide network-type environmentally-conscious management		Acquisition of companywide consolidated ISO14001 certification in March 2005
	Reinforcement of environmental compliance	Education on environment-related laws and regulations		Number of sales division employees participating in e-learning on environmental laws and regulations: courses completed by 757 of 810 eligible employees (93%)

*RoHS Directive: Restriction of the use of certain Hazardous Substances in electrical and electronic equipment. European Union (EU) members will enforce the regulations from July 1, 2006, resulting in a ban on the use of six substances: lead, mercury, cadmium, hexavalent chromium, PBB (polybrominated biphenyls) and PBDE (polybrominated diphenyl ethers).

Environmental Conservation

Complete Elimination of Substances Covered by RoHS Directive

Under the RoHS Directive, which restricts the use of certain chemical substances in electrical and electronic equipment, the EU will prohibit the sale of products containing any of the six substances listed in the Directive from July 2006. The Oki group is working toward the complete elimination of the substances listed in the RoHS Directive.

Strengthening the Production Organization

The Oki Group has configured its production systems for mechatronic products, which contain large numbers of parts, to eliminate all substances listed in the RoHS Directive. Oki sells a high percentage of its printers in EU member states, and Oki Data Corporation has assembled a working group of design and sales staff to formulate the necessary measures and is currently reconfiguring its production systems. Oki Micro Engineering Co., Ltd., which develops and manufactures motor solenoids, has already eliminated all RoHS substances by using lead-free solder in the core product area of stepping motors, and by terminating the use of hexavalent chromium in electroplating processes, including those in overseas plants.



Stepping motors

Switching to Lead-free Solder

In the year ended March 2004, the Oki Group completed the transition to lead-free circuit boards for newly designed products manufactured in Japan. Mass-production commenced in the year ended March 2005, following the completion of evaluations of lead-free products supplied by overseas vendors. The elimination of lead from semiconductor packages and

optical module components was completed in the year ended March 2003 at all production facilities, including overseas plants. Oki Sensor Device Corp. completed the elimination of lead from its entire range of reed switches in the year ended March 2005.



Printed circuit board



Semiconductor package

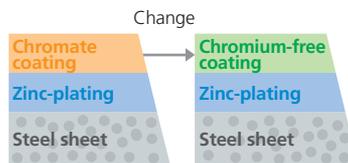


Reed switches

Eliminating Hexavalent Chromium

The zinc-plated steel sheet used in information processing and electronic telecommunications equipment contains minute amounts of hexavalent chromium in the chromate coating. The Oki Group completed the transition to steel sheets treated with a chromium-free process at its domestic sites by the end of the year ended March 2003, and at all production facilities in China, its main overseas production base, in the year ended March 2005. Hexavalent chromium was also eliminated from the screws used in mechatronic products in the year ended March 2005.

Structure of Chromium-free Steel Sheets



Screws with hexavalent chromium and screws with trivalent chromium

Green Procurement

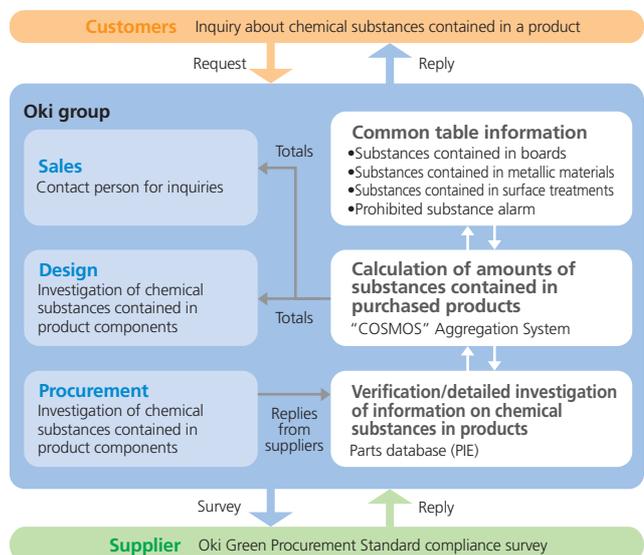
Oki has published Oki Green Procurement Standard since the year ended March 2003 as the basis for preferential purchasing of parts and materials containing reduced amounts of chemicals that can affect the environment. Environmental load substances contained in parts purchased by Oki are recorded in Oki's green procurement database. By the year ended March 2005, the number of items in this database had reached 45,384, an increase of 5,000 over the previous year's level.

Information about chemicals contained in products is stored in the COSMOS information system. In the year ended March 2005, Oki began to share and operate this system across the entire Oki Group. This system allows Oki Group companies to share data about substances contained in parts purchased under the green procurement system. It also reduces the time required to prepare statistics on the total amounts of these substances, and enables us to respond promptly to inquiries from customers.



Green Procurement Standard

Investigation Flowchart and Information System for Chemicals Contained in Green Procurement Products

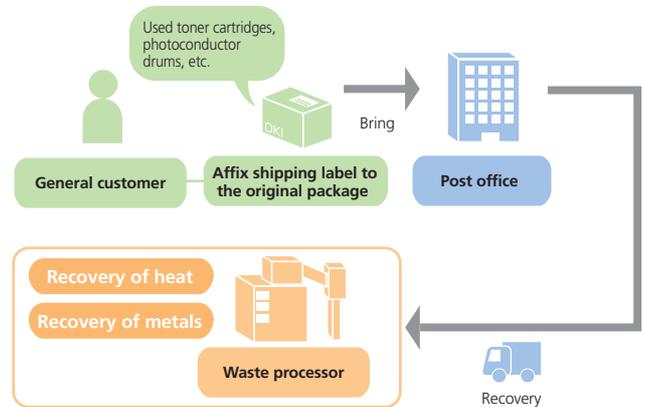


3R Activities for Used Products

Effective resource utilization, and the reduction of waste product and final disposal volumes are all essential to the creation of a sustainable society. The Oki Group is contributing through "3R" (reuse, recycle, reduce) activities targeting used products. In the year ended March 2005, Oki introduced a full-scale collection and recycling program for ATMs, as a "Cross-jurisdictional Waste Treatment Manufacturer". Each year Oki collects 6,000-8,000 used ATMs and reuses parts from these machines. In the year ended March 2005, it collected 3,103 tons of used products, especially ATMs. The recycling ratio in the Kanto region, where collection volumes are high, reached 89.6%, significantly higher than the target ratio of 85%.

Oki Data Corporation has introduced a free waste-recycling program for users of Oki color printers in the EU. Used consumables, such as toner cartridges and photoconductor drums, are collected through sales companies. Oki Data aims to increase collections to 70% of sales volumes by the year ending March 2008.

● Recycling Program for Consumables in Europe



Working to Prevent Global Warming

The Oki Group is working to reduce its emissions of the greenhouse gases that cause global warming. It has set targets for the reduction of energy-related CO₂ emissions resulting from the consumption of electric power and fossil fuels, and emissions of PFC (perfluorocarbon)*¹ gases used in the semiconductor manufacturing process.

Reduction of Energy-related CO₂ Emissions

In the year ended March 2005, total energy-related CO₂ emissions by the Oki Group, including overseas plants, increased by 28% year-on-year to 389,000 tons. The increase reflects higher production volumes. In terms of basic units*², segment CO₂ emissions at major production sites improved by 12% year-on-year in the case of semiconductor (electronic devices) manufacturing operations, and by 18% in the case of assembly operations (information and telecommunications devices). Contributing factors included energy conservation activities, productivity improvements, and higher sales.

An example of an energy conservation initiative that helped

to reduce energy-related CO₂ emissions was the installation of an energy-efficient high-speed air washer by Miyagi Oki Electric Co., Ltd., which manufactures semiconductors. This system replaced an air conditioning system that was used to clean external air supplied to clean rooms and adjust its temperature and humidity. This change will reduce energy consumption by 20% and annual CO₂ emissions by 290 tons. The Oki Group plans to achieve further reductions in CO₂ emissions by making similar changes the air conditioning systems at other plants.



High-speed air washer

*¹ PFC gases: CF₄, C₂F₆, etc.

*² Basic units: CO₂ emissions/net sales

Reduction of Waste (Zero Emissions)

Since the year ended March 2001, Oki has been working to achieve zero emission*¹ status at its main production sites. The Waste Reduction Promotion Working Group has coordinated the sharing of information that is applicable to all sites, while individual sites have worked to improve specific aspects of their operations, such as the processing of industrial waste. As a result of these efforts, Oki achieved zero emission status at its main domestic production sites in the year ended March 2003.

Oki Power Tech Co., Ltd., a group company specializing in the development and manufacture of power supply units, achieved zero emission status in the year ended March 2005. The Oki Group, including overseas companies, will continue to target further improvements in resource recovery rates*².

*¹ Zero emission status: This is defined by the Oki group as a resource recovery rate of more than 99% for general waste and industrial waste.

*² Resource recovery rate: Quantity of recovered resources/(quantity of recovered resources + quantity of final disposals at landfills) x 100

Environmental Conservation

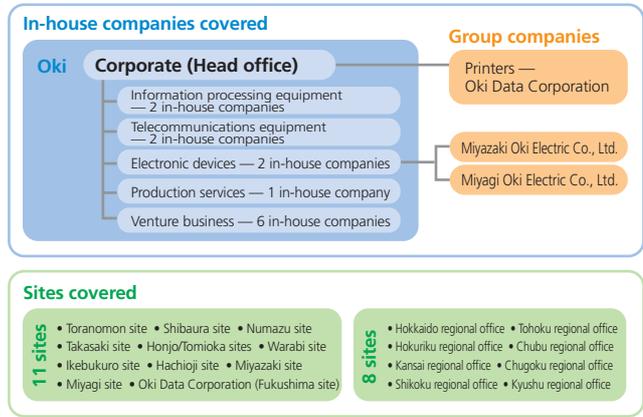
Acquisition of Companywide Consolidated ISO14001 Certification

On March 30, 2005, Oki implemented companywide network-type environmentally-conscious management (see page 30) by obtaining companywide consolidated ISO14001 certification by the Japan Audit and Certification Organization for Environment and Quality (JACO), and by establishing an environmental management system encompassing all business processes from planning to manufacturing. The consolidated certification covers 11 sites, eight branches and 59 Oki Group companies in Japan (Oki Data Corporation, Miyazaki Oki Electric Co., Ltd., Miyagi Oki Electric Co., Ltd. and on-site affiliated companies). The Oki Group plans to expand the scope of certification to include overseas Oki Group companies, and to extend the coverage of its companywide network-type environmentally-conscious management.



Registration certificate

● Scope of Consolidated Certification



Environmental Compliance and Environmental Education

e-learning for Sales Personnel

In the past, the environmental compliance efforts of the Oki Group have centered mainly on production and design operations. In the year ended March 2005, it introduced an e-learning program to educate sales personnel, who are the point of contact between the Oki Group and its customers, to strengthen compliance with environmental laws and regulations. The program, which was completed by 93% of eligible staff, examined specific scenarios based on sales operations and was designed to teach participants about waste disposal methods and the appropriate implementation of product recycling systems under the wide-area industrial waste designation scheme.

Oki Month of Environment

As part of its efforts to raise awareness of environmental protection among its employees, the Oki Group has designated June each year as “Oki Month of Environment” Activities include in-house broadcasts of messages from the President, and poster displays. Individual sites conduct energy conservation programs and community cleanup campaigns, and the results of these were posted in the company newsletter. In the year ended March 2005, a poster titled “Announcement of the Oki Electric Environmentally-Conscious Management” was created to raise awareness of companywide network-type environmentally-conscious management.



Poster to announce environmentally-conscious management at Oki Electric

Environmental Communication

The Oki Group undertakes a variety of environmental communication initiatives to canvas the views of people within and outside of the Group. Ideas and information gained in this way are used in the ongoing improvement of environmental management systems.

Oki Environmental Report

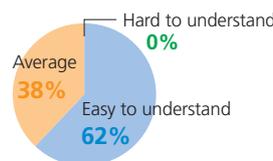
Oki has published the “Oki Environmental Report” every year since the year ended March 2000 to inform all stakeholders about the environmental activities of the Oki Group. Results from a questionnaire survey included in the report for the year ended March 2005 showed that approximately 90% of respondents approved of the Oki Group’s environmental activities. However, some respondents also indicated that more space in the report should have been devoted to efforts to reduce CO2 emissions and information about CSR.

Oki Group sites also produce site environmental reports to inform local residents and local government organizations about environmental initiatives that reflect the particular characteristics of their local activities. These reports are published on the Oki website. In the year ended March 2005, Oki (Thailand) Co., Ltd.,

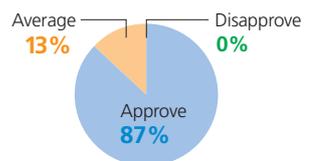
which manufactures semiconductor chips, became the first overseas site to produce a site report.

● Environmental Report Evaluation

Understandability



Evaluation of the Oki Group’s Environmental Activities



Supplier Briefings

Every year Oki holds a Parts and Materials Cooperation Meeting. At the current year’s meeting, it briefed major suppliers about the Oki Green Procurement Standard and efforts to comply with the RoHS Directive.



Parts and Materials Cooperation Meeting

Oki Environmental Seminar

In the year ended March 2005, Oki held the Oki Environmental Seminar in Hachioji City, Tokyo, where one of its sites is located. The seminar was sponsored by Cyber Silkroad Hachioji, an organization established to promote Hachioji as a special information industry zone for the Tokyo Metropolitan Area. The themes for the seminar were measures to deal with specific hazardous substances, and product-related environmental measures. Oki demonstrated its control system for chemical

substances contained in products. There were also lectures concerning examples of eco-friendly design and technology for the manufacture of circuit boards using lead-free solder. After the lectures, there were numerous comments and questions from representatives of companies that are planning similar activities and measures.



Oki Environmental Seminar

Development of Eco-friendly Products

The Oki Group aims to minimize the environmental impact caused by the products that it supplies by assessing its products at all stages from development and design onwards according to criteria that include energy and resource conservation, recyclability, and reductions in the use of chemical substances.

Color LED Printer — MICROLINE5400

The MICROLINE5400 is a full-color high-speed A4 page printer based on Oki Data's LED technology. It is smaller and lighter than laser printers and has fewer mechanical parts. Toner



MICROLINE5400

cartridges and other consumables are also smaller, lighter and easier to recycle than those used on earlier models. Another advantage is the reduction in power consumption during both operation and standby. The printer also has features, including multi-page printing, that help to reduce the amount of paper used.

IP-PBX — IPstage EX100

The IPstage EX100 is an internal switch capable of accommodating up to 512 IP phones. By integrating the circuits for common components, Oki was able to reduce power

consumption; while the use of more sophisticated circuit boards reduced the number of boards and improved recyclability. Oki also reduced the external dimensions of the chassis by increasing the density of the circuitry. The chassis is made from chrome-free steel sheet, and the covers from PVC-free olefin steel sheet.



IPstage EX100

Real Time Clock (RTC) with Automatic Time Correction — ML6191

The ML6191 is a one-chip LSI for use in radio controlled clocks and watches. By using fully-depleted silicon-on-insulator (SOI)-CMOS technology, Oki was able to achieve high-speed operations while reducing power consumption by one-half compared with earlier products. When combined with a solar power cell, the ML6191 can be used to create watches and clocks that never need new batteries. The lead-free design of the ML6191 helps to reduce the use of toxic chemicals. The only connections required are for the antenna, condenser and crystal. This simple structure reduces the mounting area required.



ML6191

Developing Eco-friendly Environmental Protection and Production Equipment

Another focus for the Oki Group is the development of technology for environmental protection and production equipment that will contribute to environmental conservation.

New Space-saving High-speed Bio-cleaning System for Waste Liquid

Oki Environment Technologies Inc. has developed equipment to treat waste liquids through the use of a biofilm process in combination with high-pressure pure oxygen treatment. The equipment is about one-third the size of earlier systems and can be installed in a space roughly the size of a car. It is used to treat waste liquid from semiconductor and printed circuit board plants and other sources. Because the new system produces less sludge than earlier products it also helps to reduce waste.



Waste Liquid Treatment System

Resource-efficient Screen Mask Washer with Rinsing Function

Oki Communication Systems Co., Ltd. has developed the ACT300 Series of screen mask washers with a rinsing function. These systems are used to remove paste that adheres to metal masks (screens) when circuits and marks are printed onto printed circuit boards. The mask is positioned vertically, and a high-pressure spray is directed only onto areas that are soiled. This method halves the amount of cleanser used and extends the life of the screens. The addition of a rinsing function has reduced the frequency of solution replacement, since the cleanser can be recycled up to its maximum limit.



ACT300 series

Social Contribution



As a good corporate citizen, the Oki Group implements social contribution activities dedicated to the betterment of society.

The Oki Way

The Oki Group will continue to use its corporate resources to carry out social contribution activities, including blood drives, disaster relief, social welfare initiatives, regional and international exchange programs, the promotion of science and technology, and environmental protection, in ways that reflect its corporate characteristics. It will also encourage employees to express their humanity through participation in voluntary activities. The Oki Group will cooperate and work with non-governmental organizations (NGOs) and non-profit organizations (NPOs), and to communicate widely with these groups.

Basic Philosophy and Systems for Social Contribution Activities

Formulating a basic philosophy and policy concerning social contribution activities, Oki established a Corporate Philanthropy Office in April 1996 and has dedicated itself to various activities as a good corporate citizen. In addition to corporate philanthropic initiatives, such as making donations, Oki also contributes through activities based on its products and services, and by making its facilities available for public use. Additionally, it supports voluntary activities by its employees. Employees can contribute to voluntary activities either by donating 100 yen a month, or by participating directly in initiatives in such areas as social welfare and environmental protection. The Corporate Philanthropy Office plans and promotes these activities throughout the Oki Group.

Social Contribution Activities: Basic Philosophy and Basic Policy

Basic Philosophy

As a good corporate citizen, Oki 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.

Basic Policy

Corporate activities

- Oki will continue to use its corporate resources, including its human resources and assets, to implement social contribution activities that reflect local and national needs.
- Oki will focus on social contribution activities that reflect its corporate characteristics and will enhance its image while inspiring pride and energy in its employees.

Activities by individuals

- Oki will encourage and support voluntary activities that allow individual employees to express their humanity.

Slogan

Let's begin with what is achievable now!

Oki 100 Yen Fund of Love

The Oki 100 Yen Fund of Love is an ongoing contributory program that provides employees with an easy way to participate in voluntary activities by donating 100 yen each month. It was first introduced by Oki in 1996. In 2000 it was expanded to include Oki Group employees. Currently (as of March 31, 2005), the scheme is supported by employees of 31 Oki Group companies.

Blood Transportation Vehicles Donated to Japan Red Cross Society

As a pioneer of corporate blood drives (See Page 5), Oki has expanded its support for the Japan Red Cross Society since the establishment of its Corporate Philanthropy Office in the year ended March 1997. Under a matching gift program, whereby Oki

contributes the same amount that is collected through the Oki 100 Yen Fund of Love scheme, Oki has donated a variety of items to the Red Cross, including blood transportation vehicles.

In the year ended March 2005 Oki donated a refrigerated blood transportation vehicle to the Red Cross blood center in Gifu Prefecture. It is used as an emergency vehicle for the transportation of blood from the center to hospitals and other locations.



Blood transportation vehicle

Transportation of Used Clothing to Refugee Camps

Since the year ended March 2002, the Oki Group has supported the efforts of an NGO, the Wakachiai Project (Sharing Project) to supply used clothing as part of its refugee relief activities. Used clothing is collected at Oki sites throughout Japan for transportation to overseas refugee camps.

In the year ended March 2005, 459 boxes of used clothing were collected and sent to camps in Eritrea, Zambia, Swaziland, Rwanda and Indonesia. The cost of transporting the boxes to a collection center in Japan, and the overseas transportation cost of 1,500 yen per box were donated from the Oki 100 Yen Fund of Love.



Used clothing donation project

Employment Support for People with Severe Disabilities

The Oki Group assists the SOHO Support Project of the Tocolo Information Processing Center of the Tokyo Colony, a social welfare organization, by providing donations from the Oki 100 Yen Fund of Love.

The project, which was launched in April 2000, aims to help people with severe disabilities, for whom commuting would be impractical, to achieve independence, by forming a SOHO group to handle contracting and delivery operations for software-related services. The Oki 100 Yen Fund of Love donations have been used for leader training, technical education, and the installation of equipment required for the SOHOs' businesses.

Support for Voluntary Organizations in which Oki Group Employees are Involved

On application from employees, the Oki Group will provide financial support from the Oki 100 Yen Fund of Love to voluntary organizations in which Oki Group employees are involved. In the year ended March 2005, it supported 23 such organizations.

"Forest Fostering" Agreement Signed with Komoro City

In January 2005, Oki signed a "forest fostering" agreement with Komoro City, Nagano Prefecture. Oki and the Oki 100 Yen Fund of Love will each contribute 250,000 yen annually over the next five years. Oki will participate in a forest development project as "foster parent" of a total target area of 50 hectares, including the Nomatori district. In this forest, Oki Group employees will carry out voluntary activities, such as pruning trees in cooperation with Nagano Prefecture, Komoro City, the Saku Forest Association, and local residents. At the entrance of the forest, a sign will be erected, stating that the forest is fostered by the Oki Group. The Oki Group will also use this project as a forum for interaction with local residents, touching on regional culture and industry.



The signing ceremony for the "forest fostering" agreement

Support for Publication of a Picture Story Book in Laotian

Each year since the year ended March 2002, Oki has used the Oki 100 Yen Fund of Love to sponsor the publication of picture books in Lao.

In the year ended March 2005 it sponsored the local publication of a picture story book "Little Fish Alone at Home" (Sakana-Chan-no Orusuban) by Action with Lao Children, a non-profit organization. Newly written by a Lao author, the story teaches children the importance of environmental conservation through the message that it is wrong to litter.



Picture story book: "Little Fish Alone at Home"

Assistance to Areas Affected by Natural Disasters

Donations for Victims of Niigata Chuetsu Earthquake and Sumatra Earthquake and Tsunami

Oki donated cash and lent wireless equipment with a combined value of 10 million yen to six municipalities affected by Niigata Chuetsu Earthquake of October 23, 2004, including Niigata Prefecture, Nagaoka City, Ojiya City and Yamakoshi Village. In cooperation with labor unions, it also collected donations totaling 9,116,108 yen from employees for distribution to Oki Group employees and their families who were affected by the disaster.

Thailand was severely affected by the massive tsunami triggered by the Sumatra Earthquake of December 26, 2004. Oki Data Corporation, together with the Thai-based Oki Group companies Oki (Thailand) Co., Ltd., Oki Data Manufacturing (Thailand) Co., Ltd., Oki Precision (Thailand) Co., Ltd. and Oki

Systems (Thailand) Co., Ltd., donated a total of 11 million yen to Princess Maha Chakri Sirindhorn, Thai Television (ITV) and Ayutthaya City.



Oki donated cash and lent equipment to areas affected by the Niigata Chuetsu Earthquake



Oki Group companies made donations to assist victims of the Sumatra Earthquake

Social Contribution

Voluntary Activities by Employees

Forest Conservation Activities by Volunteers from the Oki Cooperating Team for Mountains and Greenery

The Oki Cooperating Team for Mountains and Greenery was formed in the year ended March 2002 with the cooperation of the Green Earth Center, a non-profit organization. Since then Oki Group employees and their families have continued to participate in voluntary forest conservation work in areas near Oki Group sites.

In October 2004, 25 people participated in a pruning and thinning project in the Oneyama Forest Park bird sanctuary near the town of Matsuida-cho in Gunma Prefecture. In November, 18 people participated in a voluntary work to thin cedars, cypresses and other trees at Naka-izu in Shizuoka Prefecture. This was the fourth year in which Oki Group volunteers have carried out this work. An additional benefit of these activities was the opportunities that they provided for employees and their families to build friendships with local residents.

Voluntary forest conservation activities planned for the year ending March 2006 and beyond include a "forest fostering" scheme in Komoro City, Nagano Prefecture, and the "Oki Friendship Forest" project in the Kannonyama area of Takasaki City, Gunma Prefecture.



Voluntary forest conservation activities



The Oki Cooperating Team for Mountains and Greenery

Take-Tonbo Festival for Underprivileged Children

In November 2004, the Oki Group invited 25 children from 6 care facilities in Tokyo to the 2004 take-tonbo* festival, held at the Kyodo-no-Mori Museum in Fuchu City. Twelve Oki Group employees spent an enjoyable day with the children as voluntary helpers. Activities included take-tonbo creation and target-flying games under the guidance of members of the International Take-Tonbo Association. The children also tried their hand at making flour on a grindstone with the assistance of museum volunteers. There was also a traditional Japanese puppet performance.



Making take-tonbo

*Take-tonbo (bamboo dragonfly): A bamboo toy consisting of a propeller with a central shaft. The toy can be made to fly by rotating the shaft between the palms.

Creation and Donation of Lao Picture Books

Every July, the Oki Group creates picture books in the Lao language and donates them to Lao children. This event is organized with the cooperation of Action with Lao Children, a non-profit organization. The participants, including Oki Group employees, paste sections of the text already translated into Lao over the original text of Japanese picture books to create picture books in Lao. A total of 33 people participated in the fifth such event, which was held in the year ended March 2005. This included 17 Oki Group employees and family members, six members of Action with Lao Children, including Mrs. Chanthasone Inthavong (one of the two representatives of the NPO) and 10 Gakushuin Women's College students, who are scheduled to participate in a training tour in Laos with the NPO. Their work resulted in the production of 60 copies of eight different Lao picture books. The books were taken to Laos and handed over to the local children by the Gakushuin Women's College students.



Participants in the Lao picture book event

Support for Miyake Island Friendship Meetings

Oki Group employees have taken part in Miyake Island Friendship Meetings since the year ended March 2003 in order to carry out a program of encouragement for Miyake Islanders who were evacuated to Tokyo due to a volcanic eruption on the island. The purpose of the meetings, which are held twice annually, is to provide encouragement for island residents, who have shared the experience of a volcanic disaster. At the May 2004 meeting, the Oki Group presented a handcraft corner in cooperation with Every, a non-profit organization, and the Angel Foundation. In November, the Oki Group worked with the Angel Foundation and the International Take-Tonbo Association to present a booth where people learned how to make take-tonbo (bamboo dragonflies) by hand.



Handcraft corner (bead work)



Making take-tonbo

Participation in the Children's Dream and Future Festival

Every year Saitama Prefecture stages the Children's Dream and Future Festival as an opportunity for local people to participate and to share ideas about family-related issues, such as childcare, while enjoying a variety of recreational activities. The Oki Group has taken part in the festival since the year ended March 2003, including the presentation of a take-tonbo (bamboo dragonfly) handcraft corner in cooperation with the International Take-Tonbo Association. In the year ended March 2005, the Dixie Queens, an amateur jazz band made up of enthusiasts from the Oki Group, performed at the festival for the first time.



A performance by Oki Group jazz enthusiasts

Ongoing Voluntary Collection Programs

During the year-end and new year period each year, the Oki Group conducts a collection campaign and donates goods contributed by employees to various organizations. Items that can be turned into cash, such as unused telephone cards and postcards that have been incorrectly written and not posted are used to support education for children in Thailand and Laos. Other items, including stamps, abacuses, foreign coins, used prepaid cards, calendars, diaries and general goods, are used by the recipient organizations.

Support for Charitable Shopping by Employees

The Oki Group uses its intranet to promote fair trade goods and products made in social welfare facilities, such as facilities for people with disabilities. Employees are encouraged to use this information as an easy way to contribute to charities through shopping.

Communication with NPOs

NPO Activity Report Seminar

On August 27, 2004, an NPO activity report seminar was held at Oki corporate headquarters. The aim of the event was to build communications with NPOs and gain a better understanding of their activities.

Two of the NPOs that have received assistance from the Oki 100 Yen Fund of Love were invited to participate. An advisor from the Sawayaka Welfare Foundation, which aims to educate the public about home-based voluntary services and promote social participation for workers, spoke about voluntary activities by workers. A board member from Japan Silver Volunteers presented a report on that organization's efforts to promote

programs that allow the knowledge and skills of middle-aged and elderly people to be used in developing countries.



The NPO activity report seminar



Topics Activities by Overseas Group Companies

Support for OISCA Activities

Oki Data Corporation supports Children's Forest Programs in various parts of the world as a partner company of OISCA, an NGO involved in environmental conservation activities on a global scale. The company donates a percentage of its sales, together with donations collected at various events, to provide continuing support for tropical forest planting activities. Its involvement began in 1999, when employee volunteers were sent to Fiji.



Oki Data volunteers participated in a tree-planting project in Fiji

Support for Save the Children

Save the Children is an international NGO dedicated to ensuring the rights of children, as enshrined in the UN Convention on the Rights of the Child. U.K.-based Oki Europe Ltd. supports Save the Children by donating money, printer products and other items.



Regional Awareness

Charter of Corporate Conduct

The Oki Group endeavors to build a positive relationship and grow together with local societies, respecting the cultures and customs of the countries and regions in which it operates.

The Oki Way

As a member of the local communities in which its facilities are located, the Oki Group will strive to communicate with local residents, build good relationships and achieve prosperity in partnership with communities. Recognizing that people in other countries may have values and ways of thinking that differ from those in Japan, the Oki Group will work to contribute to national and local development through its overseas business activities, while complying with local laws and regulations and showing respect for local history, culture and customs.

Communication with Local Communities

Oki no Sato Sports Facility

Miyazaki Oki Electric Co., Ltd. opened the Oki no Sato Sports Facility in July 2004. This community sports facility is located in the grounds of the company's facilities in Kiyotake-cho, Miyazaki Prefecture. It was created by adding all-weather tennis courts, baseball ground, and a soccer ground with natural turf to existing employee welfare facilities. The facility is widely used by local people for activities designed to promote sport and community interaction, including sporting events for schoolchildren, and health programs for local residents.



The Oki no Sato Sports Facility

Community Sporting Interaction by Oki Running Team

The Oki Running Team was founded in 1986 as the Oki Miyazaki Running Team. Its present name dates from December 2001. It is strongly supported by the Oki Group and a supporters' club, which is made up of people from Miyazaki Prefecture, the main area for the team's activities. The Oki Running Team has many notable achievements to its credit, including three victories in the All-Japan Corporate Women's Road Relay.

To express its gratitude for the support that it has received, the Oki Running



Oki Running Team members coach children in athletics



A relay race hosted by the town Kiyotake-cho

Team now provides athletic coaching for schoolchildren from the local community of Kiyotake-cho. It is also building closer community contacts by participating in local relay races and other events.

Every year over 100 children enroll in the coaching program, which is led by the team's coach, Hiromi Taniguchi, and his staff. The children benefit from training in basic techniques, such as stretching exercises, and sports skills.

Community Cleanup Campaigns

Oki sites throughout Japan play an active part in community cleanup campaigns. In July 2004, for example, 57 people, including employees of six Oki Group companies in the Oki Numazu District and their families, took part in a local government cleanup project along the Katahama coast in Numazu City, Shizuoka Prefecture. The volunteers collected garbage that had washed ashore and sorted into cans, bottles, plastic and combustible waste.



Volunteers help to clean up litter on the Katahama coast

Charity Bazaar at the Hachioji Ichio Festival

Oki Group employees in the Oki Hachioji District in Tokyo's Hachioji City participate as volunteers in the annual Hachioji Ichio Festival. They collect items and run a charity bazaar to raise funds for the Hachioji Welfare Council. In the year ended March 2005 they donated 175,641 yen. The bazaar also provides an opportunity for interaction with local people.



Group employees working as volunteers

OKI Warabi Culture Festival

The aim of the OKI Warabi Culture Festival, which is hosted each year by the Oki System Center in Warabi City, Saitama Prefecture, is to build closer relations with the local community. During the festival, the facility is open to members of employees' families and local residents. The 2004 festival was held on November 28. In addition to displays of Oki products, attractions also included workplace tours for employees'

children, a game corner, a calendar creation corner, a flea market and refreshment booths. Local firefighters and police officers helped to stage events designed to foster awareness of fire prevention and road safety, including an opportunity to ride in a ladder truck.



Festival participants ride in a ladder truck

Working with Local Communities

Support for Local Venture Businesses

Since April 2003, the Oki Group's Takasaki complex has worked with industrial support organizations in Gunma Prefecture and Takasaki City to support technology-based venture businesses and small and medium enterprises that have taken up the challenge of diversification into new fields. As part of its support for manufacturing in the region, Oki lends space in its local facilities to these companies as development workshops and "incubation" facilities. It also allows these companies to use development, testing and manufacturing facilities based on Oki Group technology and provides technical assistance with tasks required for the realization of ideas, including development, design, prototype production and assessment.

One of the companies with a development workshop in Oki Group facilities is Japan Apricot Co., Ltd. In the year ended March 2005 it was selected for an SME support program run by Gunma Prefecture. It also won the Takeo Nakagawa Prize for technological excellence.

users to visit the Oki site once every two months to sell hand-made confectionery to employees during lunch breaks.



Selling confectionery for the Matsubokkuri Daycare House

Participation in Community Activities Led by Minato-Net Voluntary Network

Minato-Net is a social contribution network made up of the people in charge of corporate philanthropy at 20 companies and two organizations (as of March 2005) in Tokyo's Minato-ku district. As a member of this network Oki participates in monthly meetings and seminars and promote community contribution activities for local residents and workers. In the year ended March 2005, Minato-Net held a "Kids Performance Contest," in which teams of children living or studying in Minato-ku competed to convey the concept of "work" through performance activities.

Another project involved a charity walking tour of Minato-ku locations mentioned in Chushingura, a famous story of samurai loyalty and revenge.



The "Kids Performance Contest"

Supporting Computer Courses for Beginners

In December 2004, 14 Oki Group employees participated as voluntary teachers and supporters for a beginners' computer course held in the rooms of Warabi Chamber of Commerce and Industry in Warabi City, Saitama Prefecture.

The course is organized each year by the Warabi Chamber of Commerce and Industry and Warabi City for residents and workers in Warabi. Participants become familiar with computing by learning to make New Year greeting cards. The text used in the course was produced by a team of computer volunteers made up of Oki Group employees. Supporters provide one-on-one tuition on points that are difficult to grasp solely from the lectures. Since 2001, information technology advisory sessions have been run at the same time to provide advice about all aspects of computing.



Participants in a computer course

Support for Sales of Goods by Local Facility for People with Disabilities

The Matsubokkuri Daycare House in Honjo City, Saitama Prefecture, which is located near an Oki Group site in the Honjo district, sells confectionery as part of its fund-raising activities. The Oki Group supports the facility by inviting its workers and

Topics Activities by Overseas Group Companies

Assistance for Children and the Elderly

Employees of Oki Data do Brasil, Ltda., a printer sales company in Brazil, have formed a committee, with the support of the company's human resource department, to carry out social contribution activities in the local area. The group gives clothing and toys to underprivileged children and organizes various activities, including zoo trips, and Easter and Christmas parties. It also takes part from their time to visit rest homes in the area and donate hygiene products and medicines.



A party organized by employees of Oki Data do Brasil

Building Trust

In the year ended March 2005, the Oki Group established the CSR Promotion Division and identified six priority themes for its CSR activities: good communication with shareholders and investors, improvement of customer satisfaction, consideration for the environment, promotion of compliance with laws and regulations, respect for employees, and social contribution.

In the year ending March 2006, the Oki Group will strengthen its CSR efforts, especially in these six key areas (see the table below). It will also work to consolidate group-wide awareness and acceptance of the Oki Group Charter of Corporate Conduct.

We will clarify the roles for Oki Group companies and employees in fulfilling social responsibilities based on the Charter of Corporate Conduct, including initiatives that require the cooperation of suppliers and other supply chain participants. Overseas initiatives and industry trends will also be taken into account in this review.

The publication of this report will be used as an opportunity to strengthen communications and trust with all stakeholders, and improve corporate value.

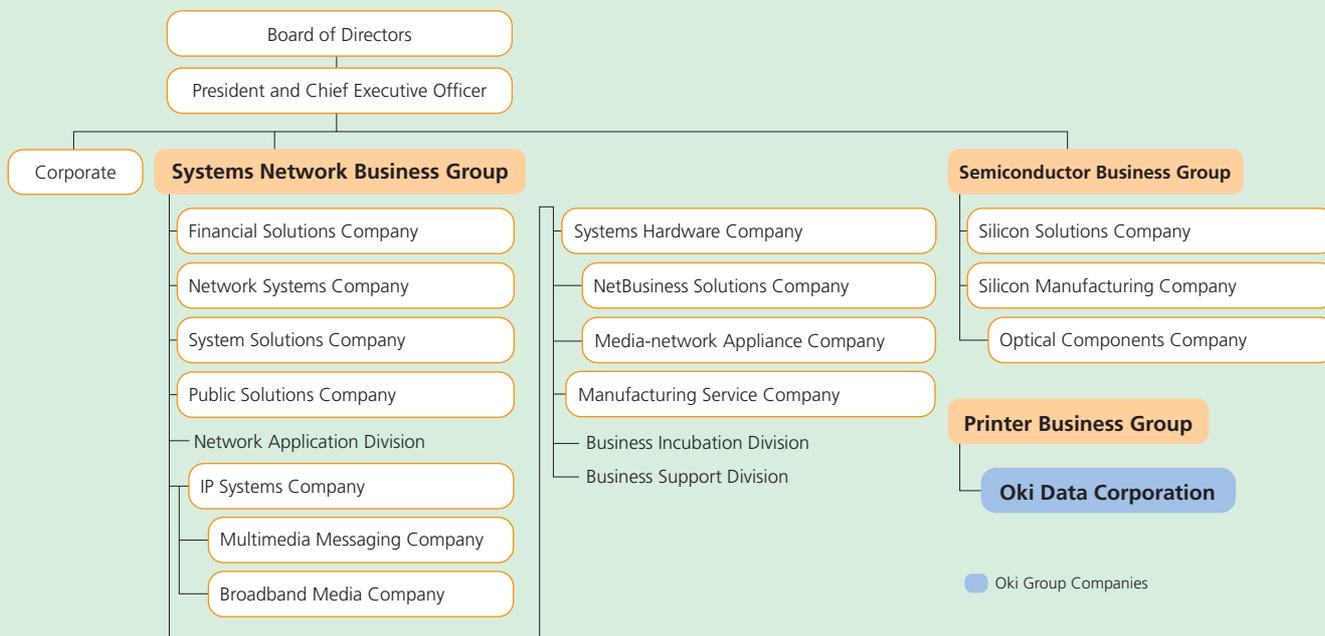
Focal Points for Priority Theme Activities in the Year Ending March 2006

Priority CSR Themes	Principal Initiatives in the Year Ended March 2005	Focal Points for the Year Ending March 2006	Related Items in the Oki Group Charter of Corporate Conduct
Good communication with shareholders and investors	<ul style="list-style-type: none"> Establishment of Disclosure Committee to strengthen information disclosure systems Improvement of IR site for individual investors 	<ul style="list-style-type: none"> Positive and fair disclosure of corporate data Promotion of good communications with stakeholders through IR activities 	<ul style="list-style-type: none"> Good Communication
Improvement of customer satisfaction	<ul style="list-style-type: none"> Improvement of universal design for ATMs Improvement of customer support through maintenance and service operations 	<ul style="list-style-type: none"> In-depth quality management and quality assurance from the user's perspective Efforts to ensure safety of products and services and apply universal design concepts 	<ul style="list-style-type: none"> Customer Satisfaction
Consideration for the environment	<ul style="list-style-type: none"> Acquisition of companywide consolidated ISO14001 certification Compliance with RoHS Directive Promotion of reduce, reuse, recycle ("3R") approach to used products Development of technologies for eco-friendly products 	<ul style="list-style-type: none"> Implementation of network-type environmentally-conscious management Reduction of greenhouse gas emissions Improvement of eco-friendly products Active involvement in environment business 	<ul style="list-style-type: none"> Environmental Conservation
Promotion of compliance with laws and regulations	<ul style="list-style-type: none"> Strengthening of compliance systems Formulation of risk management rules Adoption of basic policy on the protection of personal information 	<ul style="list-style-type: none"> Full compliance with Law for the Protection of Personal Information Establishment of risk management system 	<ul style="list-style-type: none"> Intellectual Property and Information Management Fair Corporate Activities
Respect for employees	<ul style="list-style-type: none"> Establishment of Oki Workwel Co., Ltd. (special subsidiary) Spot checks of safety management at production sites Increased support for mental health care initiatives 	<ul style="list-style-type: none"> Initiatives under the Law for Measures to Support the Development of the Next-Generation, equal partnership initiatives Recruitment and development of diverse human resources 	<ul style="list-style-type: none"> Respect for Human Rights A Better Working Environment Respect for Employees
Social contribution	<ul style="list-style-type: none"> Support for charitable activities through the Oki 100 Yen Fund of Love Donations to victims of earthquakes, tsunami other disasters Voluntary activities, including forest conservation Opening of Oki no Sato sports facility 	<ul style="list-style-type: none"> Contribution in Japan and overseas in cooperation with NPOs and NGOs Expanded initiatives under the Oki 100 Yen Fund of Love 	<ul style="list-style-type: none"> Social Contribution Regional Awareness

The company names and product names cited in this report are mostly trademarks or registered trademarks.

Organizational Structure and Group Companies

Organization (As of April 1, 2005)



Major Group Companies

Domestic

Shizuoka Oki Electric Co., Ltd.
 Oki Seatec Co., Ltd.
 Oki Information Systems Co., Ltd.
 Oki Software Co., Ltd.
 Oki SystemMate Co., Ltd.
 Japan Business Operations Co., Ltd.
 O. F. Networks Co., Ltd.
 OKICOMTEC Ltd.
 Oki Techno Creation Co., Ltd.
 Oki Consulting Solutions Co., Ltd.
 Oki Telecommunication Systems Co., Ltd.
 Oki Network LSI Co., Ltd.
 Oki Micro Design Co., Ltd.
 Oki Microelectronics Co., Ltd.
 Oki Technocollage Inc.
 Miyazaki Oki Electric Co., Ltd.
 Miyagi Oki Electric Co., Ltd.
 Tama Oki Electric Co., Ltd.
 Oki Environment Technologies Inc.
 Nagano Oki Electric Co., Ltd.

Oki Data Corporation
 Oki Digital Imaging Corporation
 Oki Data Systems Co., Ltd.
 M L Supply Co., Ltd.
 Oki Customer Adtech Co., Ltd.
 Oki Micro Engineering Co., Ltd.
 Oki Power Tech Co., Ltd.
 Oki Printed Circuits Co., Ltd.
 Oki Sensor Device Corp.
 Oki Engineering Co., Ltd.
 Oki Erfolg Co., Ltd.
 Oki Communication Systems Co., Ltd.
 Oki Logistics Co., Ltd.
 OKI ALPHA CREATE, Inc.
 Oki Infotech Co., Ltd.
 Oki Human Network Co., Ltd.
 Oki Development Co., Ltd.
 Mobile Techno Corp.
 Oki Wintech Co., Ltd.
 Oki Electric Cable Co., Ltd.

Overseas

Americas

Oki America, Inc.
 Oki Semiconductor Company
 Oki Network Technologies
 Oki Data Americas, Inc
 Oki Data do Brasil, Ltda.
 Oki Data de Mexico, S.A. de C.V.

Europe

Oki Europe Ltd.
 Oki (UK) Ltd.
 Oki Systems Holding Co., Ltd.
 Oki Systems (UK) Ltd
 Oki Systems (Denmark) a-s
 Oki Systems (Holland) b.v.
 Oki Systems (Ireland) Ltd.
 Oki Systems (Italia) S.p.A.
 Oki Systems (Norway) AS
 Oki Systems (Sweden) AB
 Oki Systemes (France) S.A.
 Oki Systems (Iberica) S.A.U.
 Oki Systems (Deutschland) GmbH
 Oki Systems (Polska) Sp.z.o.o.
 Oki Systems (Magyarország) Kft.
 Oki Systems (Czech & Slovak) s.r.o.
 Oki Systems ve Yazici Cozumleri LS
 Oki Electric Europe GmbH
 Oki (France) sarl
 Oki Semiconductor (UK) Ltd.

Asia

Oki Hong Kong Ltd.
 Oki Electric Industry (Shenzhen) Co., Ltd.
 Changzhou OKI-GEG Telecoms Ltd.
 OKI Software Technology Co., Ltd
 Oki Semiconductor Shanghai Co., Ltd.
 Oki Semiconductor Technology
 Shanghai Co., Ltd.
 Oki Electronics (Hong Kong) Ltd.
 Oki Electric Technology (Kunshan) Co., Ltd
 Oki Semiconductor Taiwan Inc.
 Oki Semiconductor Singapore Pte. Ltd.
 Oki Techno Centre (Singapore) Pte. Ltd.
 Oki Data (Singapore) Pte. Ltd.
 Oki Systems (Thailand) Ltd.
 Oki (Thailand) Co., Ltd.
 Oki Data Manufacturing (Thailand) Co., Ltd.
 Oki Precision (Thailand) Co., Ltd.

OKI

Oki Electric Industry Co., Ltd.

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