

# OKI Business Strategies

October 30, 2007  
Oki Electric Industry Co., Ltd.

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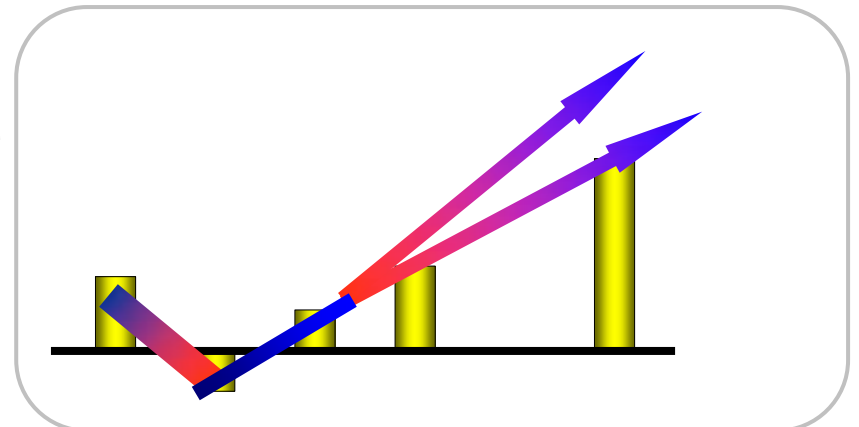
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\* The projections and plans on this material are subject to change depending upon the changes of business environments and other conditions.

## In the Beginning

OKI shifts the helm towards a V-shape recovery

- Short-term measures has been executed approximately as planned for the 1<sup>st</sup> half of the fiscal year
  - 1H financial results improve YoY and achieve results approximately as planned
  - Full year projections turn slightly downward because of changes in business environment, etc.
- Establish initiatives for mid-long term measures, and partially start implementation
  - Set mid-term targets for sales and income



# 1<sup>st</sup> Half Profit and Loss Summary

(billion yen)	1H FY ending Mar. 07	1H ending Mar. 08	Previous projections (7/27)
Net sales	312.8	327.6	330.0
(Cost of sales ratio)	(78.6%)	(78.6%)	
Cost of sales	245.8	257.5	
SG&A	78.6	77.2	
Operating income	(11.6)	(7.1)	(8.0)
Other income	(3.5)	(3.9)	
Recurring income	(15.1)	(11.0)	(12.5)
Extraordinary income/loss	(0.9)	(0.5)	
Income before income taxes	(16.0)	(11.5)	(14.0)
Income taxes	(6.2)	1.0	1.0
Net income	(9.8)	(12.5)	(15.0)

● Net sales increase by 14.8 billion yen, a 4.7% increase YoY

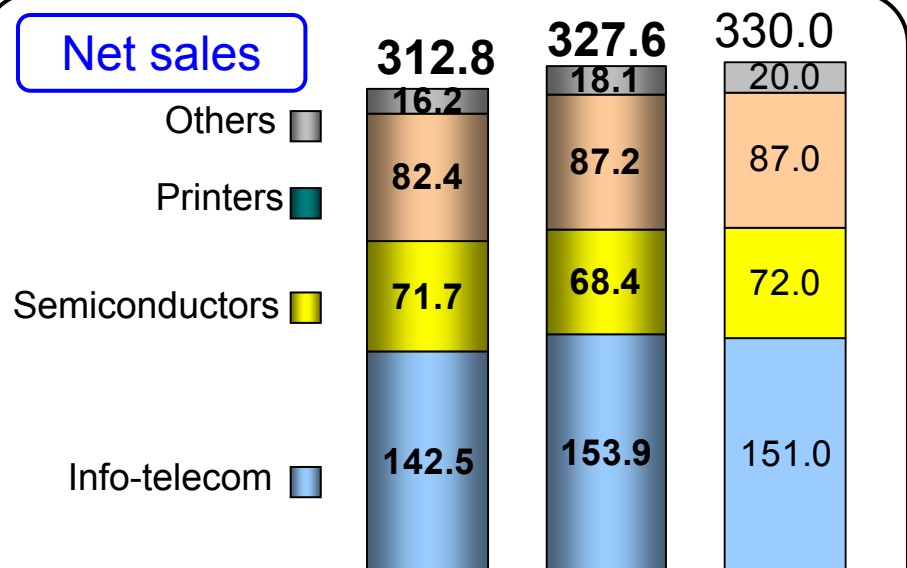
● SG&A is reduced by efforts in cutting sales promotion costs, etc.

## <Currency exchange rate>

	FY ending Mar. 07	FY ending Mar. 08	
		Actual	OKI's assumption
USD	115.4	119.3	115.0
Euro	146.0	162.3	150.0

# 1<sup>st</sup> Half Segment Information

## Net sales



FY end. Mar. 07 Actual previous projections 7/27

## Operating income

	FY end. Mar. 07	FY end. Mar. 08 Actual	FY end. Mar. 08 previous projections 7/27
Corporate eliminations	(5.1)	(4.5)	(4.5)
Others	1.3	1.5	1.5
Printers	(2.0)	1.8	1.0
Semiconductors	0.1	(0.2)	0.5
Info-telecom	(5.9)	(5.7)	(6.5)
<b>Total</b>	<b>(11.6)</b>	<b>(7.1)</b>	<b>(8.0)</b>

## Net sales

Increase by 14.8 B yen YoY

- Info-telecom: Increase by 11.4 B yen  
For financial market: Increase in sales for Japan Post and ATMs in China  
For telecom carrier market: Sales decline due to decrease in carriers' investment for fixed-network equipment
- Semiconductors: Sales decrease in logic LSIs such as small driver LSIs
- Printers: Sales increase due to impact of currency exchange, etc.

## Operating income

Increase by 4.5 B yen YoY

Though prices declined, with efforts in reducing production and procurement costs, increase in sales and impact of currency exchange, operating income increased by 4.5 B yen.

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# Revising Full Year Projections of FY end. March 2008

## [Summary of revision from previous projections (7/27)]

- Sales will decline to 735.0 B yen, a 15.0 B yen decrease due to decline in info-telecom and semiconductors
- Though operating income increases from the impact of currency exchange, total amount will decline by 2.0 B yen to 6.0 B yen from sales decline
- Net income will decline by 0.5 B yen to a total of 0.5 B yen

	FY end. Mar. 08 (Projections)		Variance
	Today's Projections	7/27 previous projections	
Net sales	735.0	750.0	(15.0)
Operating income	6.0	8.0	(2.0)
Recurring income	(2.5)	0	(2.5)
Income before income taxes	3.0	3.5	(0.5)
Income taxes	2.5	2.5	0
Net income	0.5	1.0	(0.5)

	Today's projections	7/27 previous projections	Variance
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## [Net sales]

Info-telecom	360.0	365.0	(5.0)
Semiconductors	140.0	150.0	(10.0)
Printers	195.0	195.0	±0
Others	40.0	40.0	±0
Total	735.0	750.0	(15.0)

## [Operating income]

Info-telecom	1.0	3.5	(2.5)
Semiconductors	3.0	5.0	(2.0)
Printers	6.5	5.0	+1.5
Others	4.0	3.5	+0.5
Corporate eliminations	(8.5)	(9.0)	+0.5
Total	6.0	8.0	(2.0)

## Factors of Changes in Net Sales and Operating Income

[Factors of revision from previous projections on 7/27]

### [Net sales]

- Info-telecom: Decreases by 5.0B yen in total. Sales increases by 10 B yen due to expansion in ATMs in China and increase in systems for Japan Post for the financial business . However, sales for telecom business decline by 20 B yen due to changes in customers' investment plans, etc.
- Semiconductors: Decrease by 10.0 B yen due to slowdown in system/logic LSI businesses

### [Operating income]

- Info-telecom: Declines by 2.5 B yen. While sales and income increase in financial business, significant decline in operating income from telecom business
- Semiconductors: Though increasing factors exist, such as impact of currency exchange, total of 2.0 B yen decline from decrease in sales
- Printers: Increase by 1.5 B yen from shifting to mid-to-high end models and impact of currency exchange



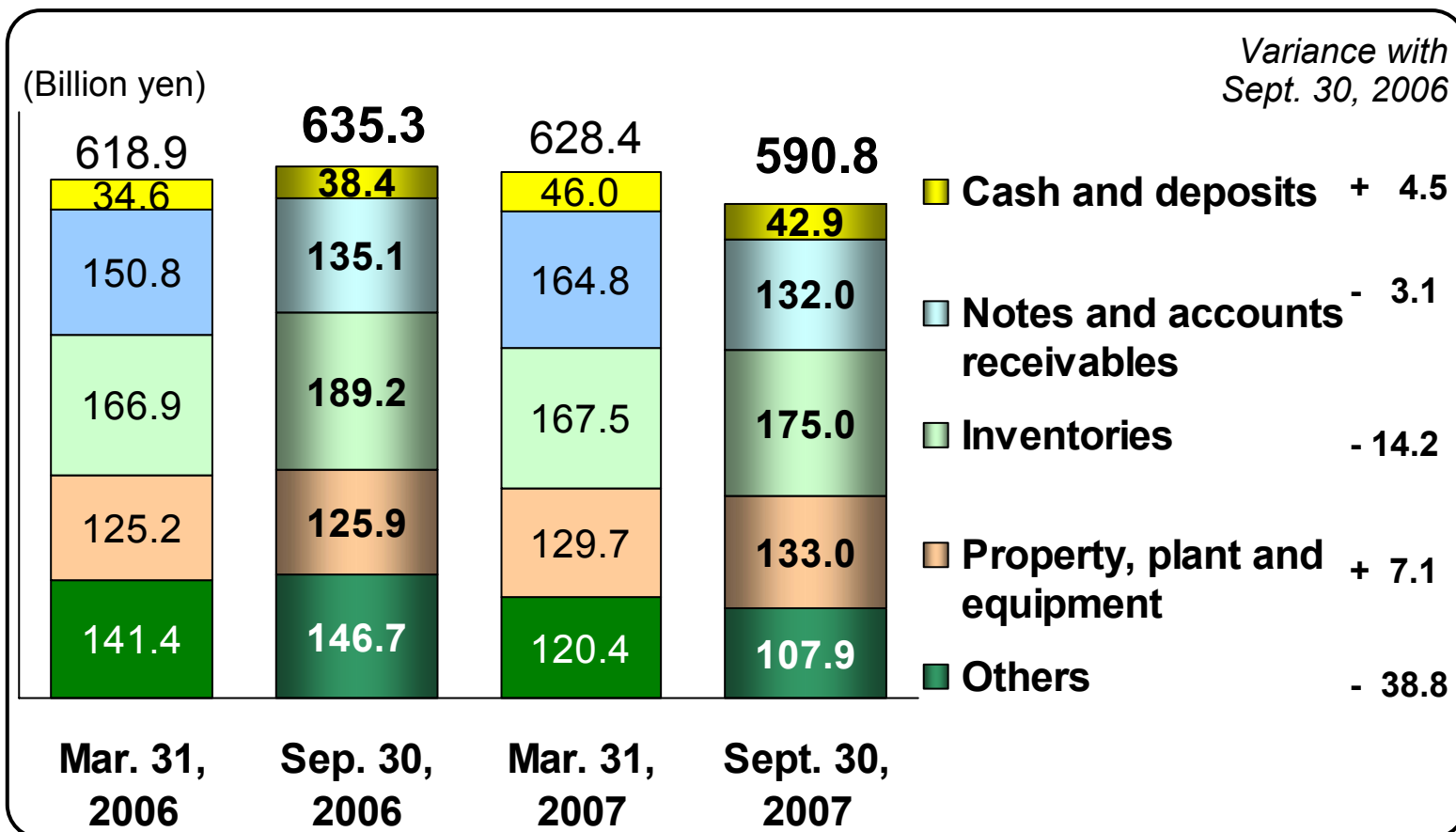
## (Reference) Cash Flows for the 1st Half of the FY end. March 2008

- Free cash flows improve by 25.9 B yen from decrease in working capital, improvement in income, etc.

		FY end. March 2007		FY end. March 2008	
		1st Half	Full year	1st Half	Full year (plan)
(Billion yen)					
I. Cash flows from operating activities		(7.2)	16.1	18.2	51.0
	Income before income taxes	(16.0)	(16.2)	(11.5)	3.0
	Depreciation & amortization	16.3	35.0	16.7	35.0
	Changes in working capital	(9.9)	(4.8)	8.5	12.5
	Others	2.4	2.1	4.5	0.5
II. Cash flows from investing activities		(17.8)	(34.9)	(17.3)	(35.0)
	Purchases of property, plant & equipment	(14.0)	(26.7)	(16.0)	(30.0)
	Others	(3.8)	(8.2)	(1.3)	(5.0)
Free cash flows (I+II)		(25.0)	(18.8)	0.9	16.0
III. Cash flows from financing activities		29.1	28.1	(4.4)	(22.1)
	Issuance and redemption of corporate bonds	30.0	10.0		(9.5)
	Changes in other interest-bearing debts, etc.	(0.9)	18.1	(4.4)	(12.6)
Net cash flow (I+II+III)		4.1	9.3	(3.5)	(6.1)
IV. Cash and cash equivalents at the period end		43.8	49.8	47.6	45.0

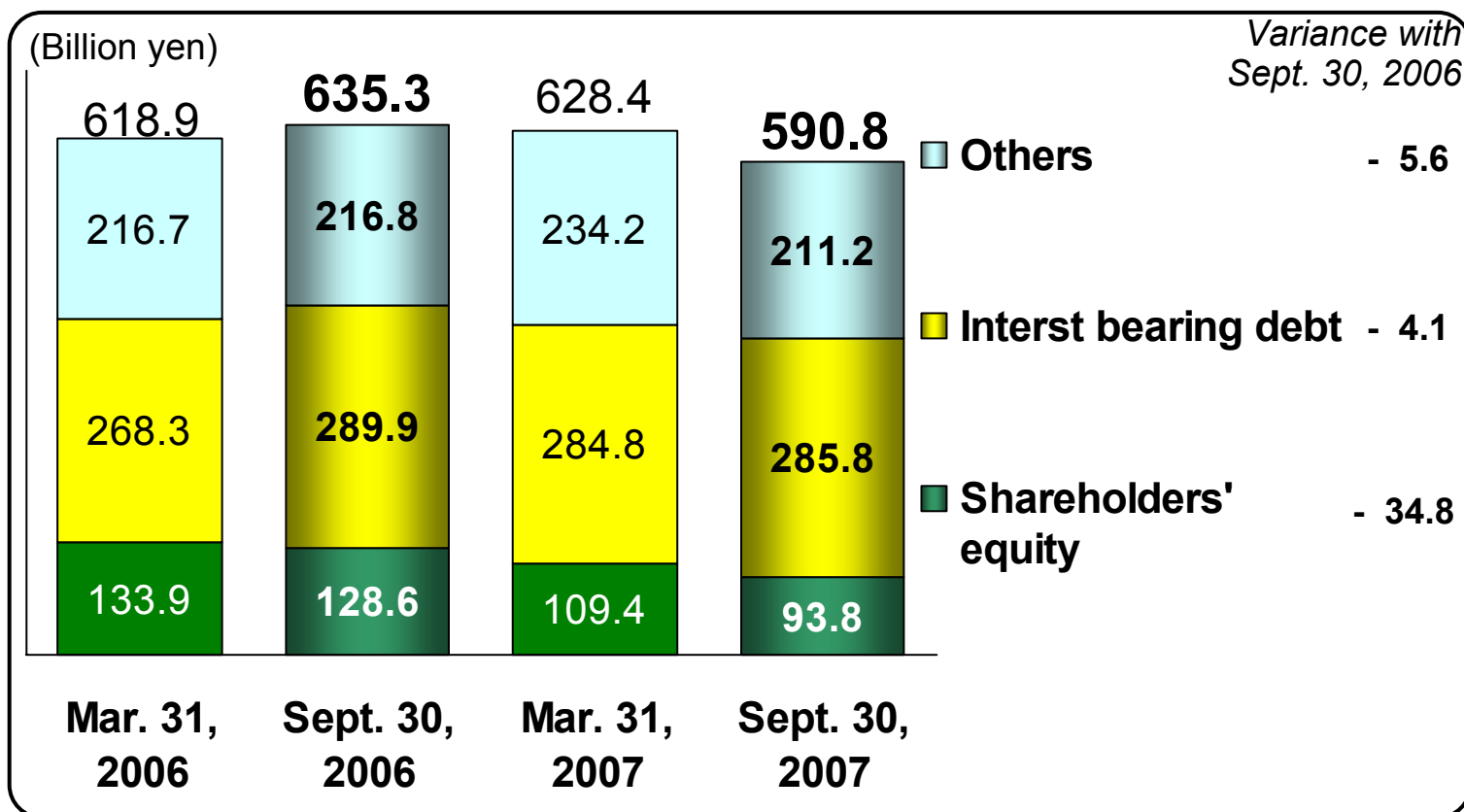
## (Reference) Balance Sheet [Assets]

- Inventories improve by 14.2 B yen YoY through improvement activities
- Total assets decrease by 44.5 B yen YoY due to improvement in inventories and reversal of deferred tax assets at last FY end



## (Reference) Balance Sheet [Liabilities and shareholders' equity]

- 9.0 B yen of moving strike convertible bond has been converted to stock. This reduced interest-bearing debt and increased shareholders' equity
- Shareholders' equity overall decreased by 34.8 B yen; While shareholders' equity increase from above reasons, OKI incurred a net loss at the end of the previous FY



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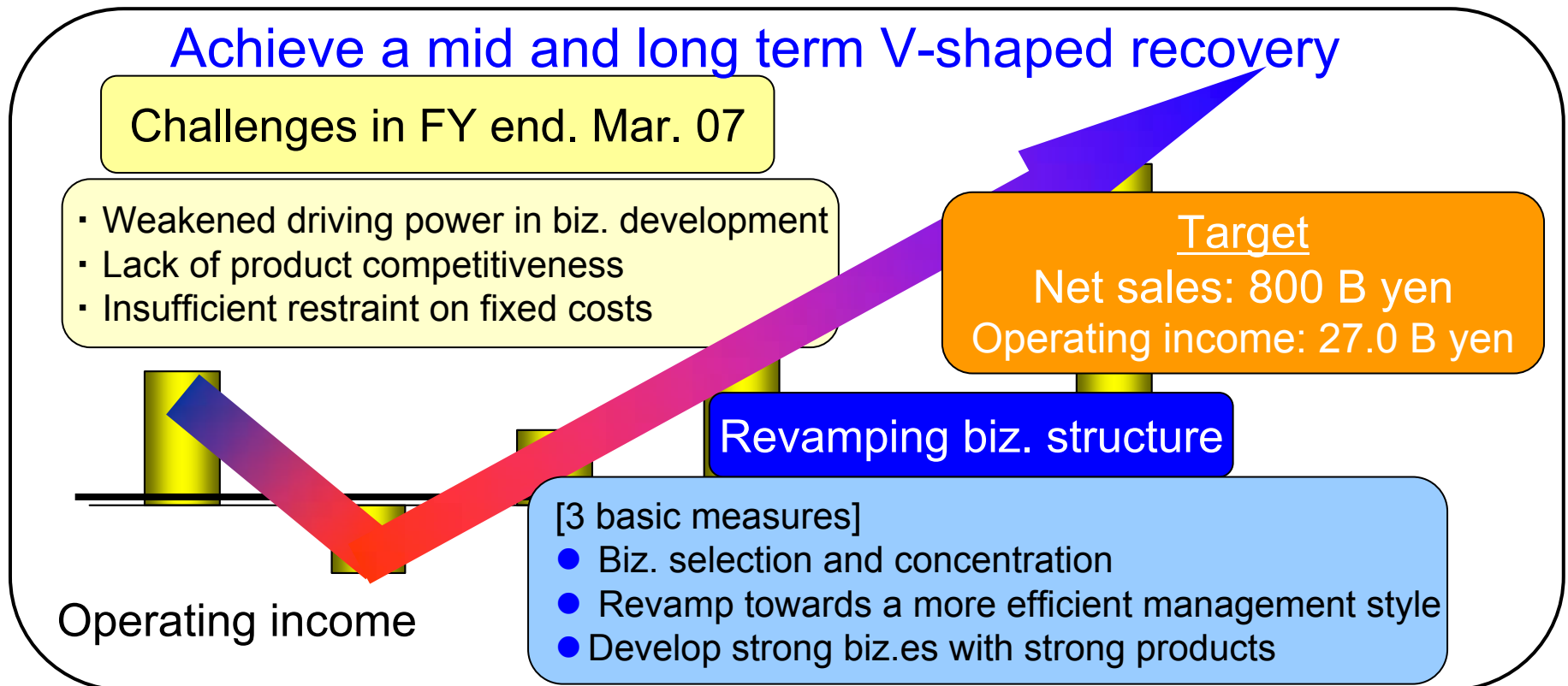
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## Positioning of Mid-term Business Plan

- Mid-term Business Plan is based on the basic policies to “Revamp Business Structure” announced on March 2007  
Recognize the paradigm shifts in business environment. Set forth OKI’s ideal situation for 2010, present the thinking behind and major initiatives to achieve its goal
- Execute cycle for “plan, do, check and act,” in each measure to assure business recovery



## Status of Short-term Measures for FY end. March 08

OKI expects to achieve full year targets as originally planned

Urgent Measures			
		Target	1H Status
[Measure 1] Accelerate biz selection and concentration	Consolidate/ reduce number of biz units	10%	Implement withdrawal or partial withdrawal of 13% of BUs
	Shift resources	To focusing bizs: 700 personnel	Implemented additional measures during 1H; completed shifting 860 personnel
		To group companies: 500 personnel	Completed shift of 200 personnel (40%)
	Outplacements	500 personnel	Completed shift of 240 personnel (Approx.50%)
[Measure 2] More efficient management style (Review fixed costs structure)	Cut personnel costs	3.5 B yen	Reduced 1.5 B yen in 1H
	Curb investments	10.0 B yen	Completed reducing 10.0 B yen in 1H
	Curb subcontract outsourcing expenses	3.0 B yen	Achieved 60% of full year target in 1H
	Reduce inventories	15% from March 31, 2007 1H target (amount): 175.0 B yen	Achieved 1H target
[Measure 3] Strong biz. with strong products	Reduce costs for major products	Info-tel: 4.0 B yen Semicon: 2.0 B yen Printer: 1.0 B yen	Achieved a 3.8 B yen (55%) reduction against full year target

Basic Measure 1  
(Urgent Measure)

# Accelerate Biz. Selection and Concentration

	1H of FY end. Mar. 07		FY end. Mar. 07(End)		1H of FY end. Mar. 08
Total number of BUs	129	→	85	→	75 (Reduce 42%)
[Info-telecom]					
BU:	109 (1H)	→	71 (End)	→	64
[Semiconductors]					
BU:	20 (1H)	→	14 (End)	→	11

## Shift resources

Beginning of FY end. Mar. 08: Shifted 700 personnel  
1H of FY end. Mar. 08: Shifted additional 160 personnel

### Accelerate biz. selection & concentration: 400 personnel

Enhance technology development skills	300
Establish new companies in focusing areas	80
Enhance technology development skills	20

### Revamp to a more efficient management style: 190 personnel

Reestablish software development structure	60
Enhance sales force	40
Enhance sales force	90

### Develop strong businesses with strong products: 270

Provide Ubiquitous Services	150
Develop overseas & new markets	70
Shift SEs to focusing areas	50

Basic Measure 1  
(Mid-long term)

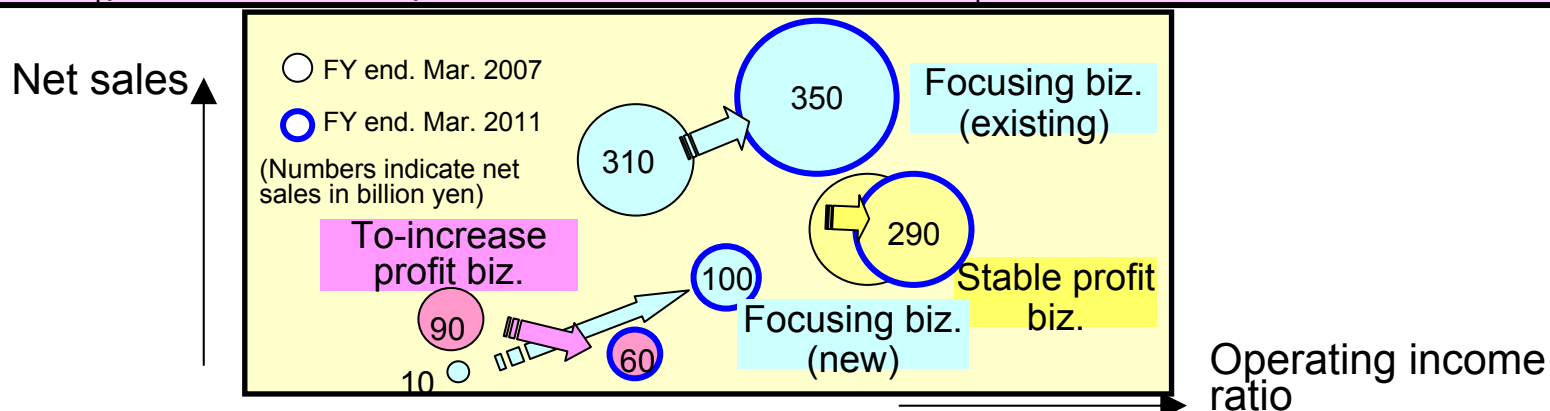
## Accelerate Biz. Selection and Concentration

Redefine business evaluation indicator, accelerate biz. operation speed and improve flexibility.

Dynamically shift resources, enforce more pertinent personnel allocation.

- ◆ Consolidate 64 BUs in Info-telecom to 28 product BUs from the 2H of this fiscal year
  - ◆ Thorough evaluation of bizs by clarifying biz. categories and revising evaluation indicator.
- Evaluation indicator: Net sales, operating income ratio of 3%, market growth, market share, synergy, differentiating elements (technology, product, know-how), etc.

Biz. Group		Business initiatives	Major businesses
Focusing biz	Existing	Expand sales with existing strong products	Mechatronics, NIP, etc
	New	Create and expand new bizs by converging and consolidating strong technologies	NGN service platforms, e-functional modules
Stable profit biz.		Maintain and expand stable earnings by pursuing business efficiency	Legacy network, system memory, SIDM, etc.
To-increase profit biz.		Pursue profitability, Withdraw from bizs where profit cannot be expected	Core NW, large TFT drivers, etc.





Basic Measure 1  
(Mid-long term)

# Revamp Towards a More Efficient Management Style

Establish a management style corresponding with paradigm shift

Category	Approach
Reorganize organization and operation	<ul style="list-style-type: none"> <li>◆ Examine group-wide management structure</li> <li>◆ Separate legacy and new business (in-house venture) operations</li> <li>◆ Accelerate creation of new in-house venture companies</li> </ul>
Reorganize business structure including affiliated companies	<ul style="list-style-type: none"> <li>◆ Consider selling out and consolidating affiliated companies through contract with external advisory firm</li> <li>◆ Create new businesses by harmonizing (consolidate, dividing responsibility, eliminating duplication) business processes among OKI Group companies <ul style="list-style-type: none"> <li>▪ e-functional module business</li> <li>▪ Consolidate network SI-related function to create one-stop business structure</li> <li>▪ Establish new service business structures (related in financial and consultation businesses)</li> </ul> </li> </ul>
Fully examine fixed-cost structure	<ul style="list-style-type: none"> <li>◆ Reexamine software development structure to improve operation efficiency, productivity and reduce outsourcing costs</li> <li>◆ Reexamine hardware production structure in Japan and overseas</li> </ul>

Basic Measure 1  
(Mid-long term)

# Develop strong businesses with strong products

Each business will implement strong business operations that correspond with paradigm shift

Make concentrated investment on focusing and steady profit businesses

Create new businesses and accelerate autonomous operations

Make concentrated investment on resources (personnel, R&D spending and capital expenditure, etc.) to develop and create strong products

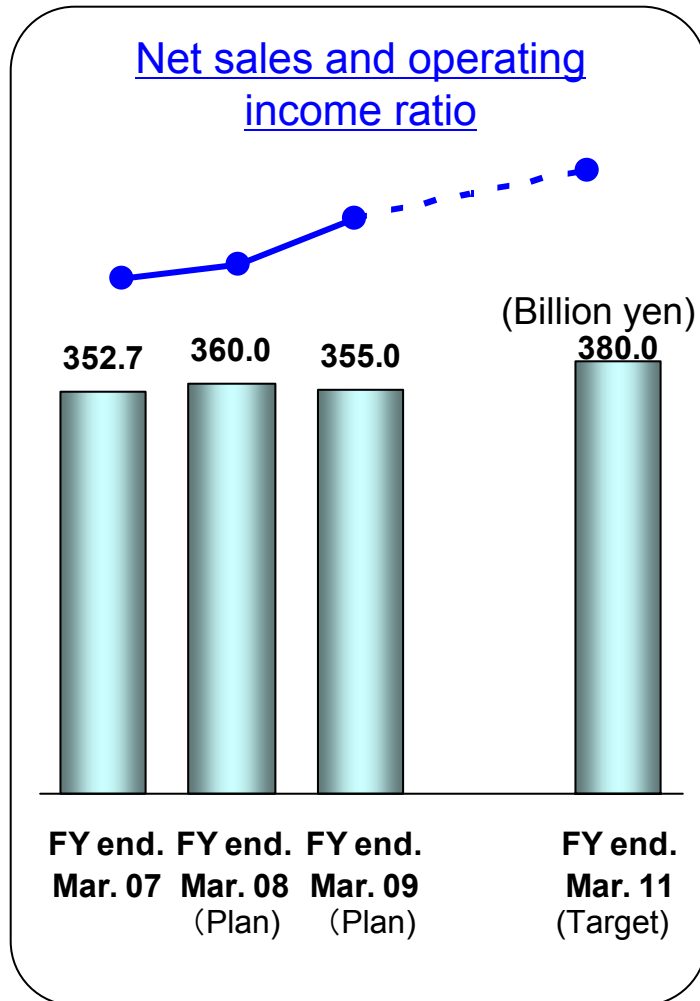
Sales to R&D spending ratio target: 3.5% in FY end. March 2011 (FY end. March 2007: 3.0%)

Segment	Paradigm shift
Biz. for financial market	From in-kind transaction to seamless & secure electronic payment
Biz. for telecom carrier market	From voice and IP infrastructure-oriented business to IP-based Ubiquitous Service platform and network business
Info-system business	To ubiquitous user-centric service freeing users from limitations to time and location
Semiconductor business	From single-function products to various kinds, small amount and short TAT products
Printer business	From printing solutions to office solutions

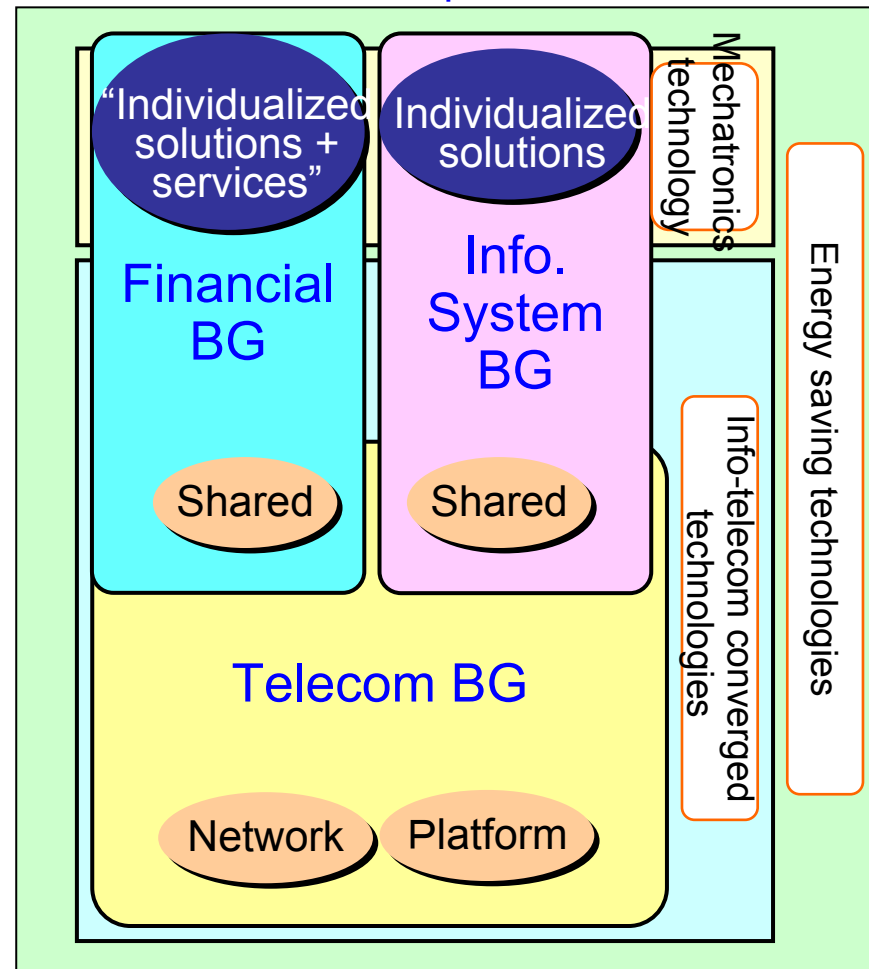
Next several pages explains OKI's approach in each business

## Mid-term Business Plan by Segment: Info-telecom

Position NGN network and platform as the core telecom business domain. Strengthen market accessibility, and provide Ubiquitous Service to Financial and Info-system markets



### Business Group Structure



## Financial Business: Market Environment and Basic Strategy

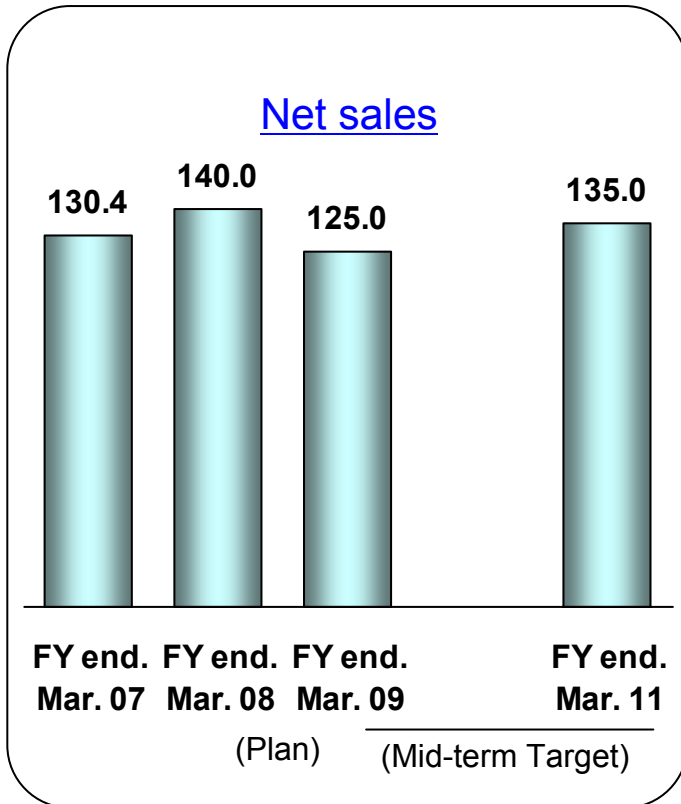
### [Market Environment]

- ATM and cash management terminal market expands rapidly in China and other Asian markets. ATM market in Japan remains flat: Though ATMs for retail grows, bank branch offices consolidate.
- Mechatronics equipment enters stiffer price competition as it commoditize.
- Various needs of financial IT service for ATMs and bank branch terminals such as outsourcing operations.
- Mega banks enter replacement phase for bank branch systems. Regional banks replace through efficient shared-systems.
- Full scale usage of electronic money/payment such as seen in Suica and Edy

### [Basic Strategy] Strengthen businesses and deploy globally

- Aim to become world's No.1 ATM vendor by enhancing alliances and develop overseas channels, strengthen OEM and expand ATM-related services in Japan
- Aim to become Japan's top vendor by focusing on retail financial area and by leveraging strong track record in branch terminals and back-office operation concentration systems
- Create new financial Ubiquitous Service businesses utilizing highly secure networks

## Financial Business: Major Initiatives



- **Enhance global deployment of mechatronics biz. and accelerate alliances**
  - Form collaborations to develop next generation ATMs and enhance cost competitiveness
  - Expand ATM sales through alliance with Hyosung and add Hyosung's CD in OKI's lineup to be launched to develop market in emerging countries
  - Establish company in China within this FY to accelerate mechatronics sales
  - Expand overseas market (China, Korea, Thailand, India, Europe, Americas): Aim to triple overseas sales by 2010 from this FY.
- **Strengthen financial online system/service biz.**
  - Promote alliances to enhance financial online system biz.
  - Focus on: services for financial IT operation and ATM operations; outsource; system LCM; and system sharing
  - Focus on enhancing retail banking, compliance and utilizing high security network (NGN)
- **Expand Internet payment business**
  - Create new businesses responding to the spread and expansion of electronic money/payment service
- **Actively further the automation and efficiency of banking service for mega banks, regional banks and Japan Post, as the leader**

## Telecom Carrier Business: Market Environment and Basic Strategy

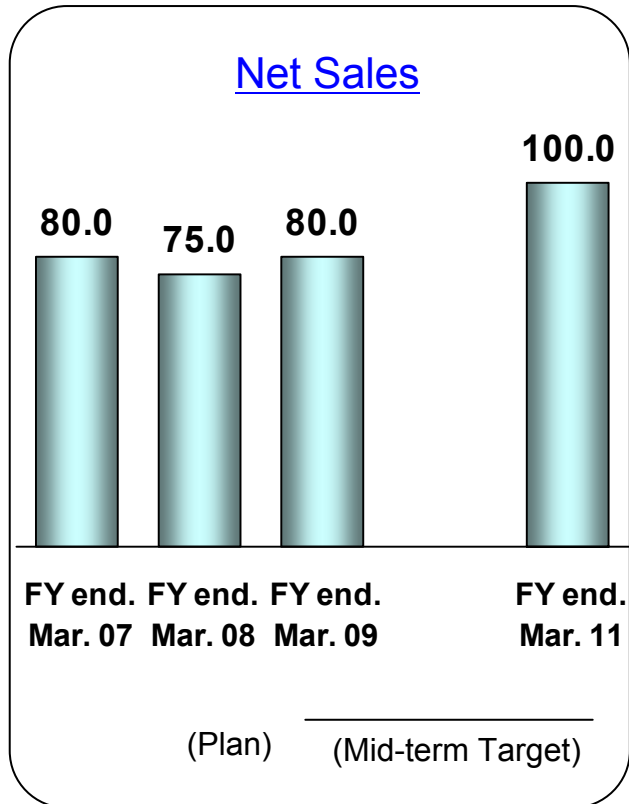
### [Market Environment]

- NTT's NGN commercial service starts from March 2008 in Tokyo metropolitan and partial Osaka areas. NGN-based Ubiquitous Service is expected to grow in full-scale from FY end. March 2010. Enterprise market will rise first.
- KDDI and SBB's investment towards fixed network will recover from FY end. March 2009 and after
- Enterprise network will shift from legacy PBX to IP-PBX, progress to mobility and highly secure networks, and converge with carrier networks.

### [Basic Strategy] Accelerate shift to Ubiquitous Service platform and network

- Reduce voice and IP infrastructure-oriented business structure, which was a main part of this business, and enhance structure to respond to networks and platforms for NGN. Make a large business shift towards applications and platforms converging with enterprises.
- Provide NGN-based Ubiquitous Service platforms and networks to achieve Ubiquitous Services. Expand sales for such services and applications to carrier and enterprise markets. Also focus on highly secure mobile.
- Maintain current structure and continue to steadily provide products and maintenance for carriers' existing network. Manage to connect to future network migration business.

## Telecom Carrier Business: Major Initiatives



- **Review low profitability SI-businesses in carrier network business**
  - Shift from focus on sales to focus on profit. Reduce fixed costs.
- **Reallocate technology resources to focusing areas**
  - Consolidate development division for telecom carriers and enterprises, and enhance structure to develop Ubiquitous service platform and network products
- **Focus on growth-expecting areas with NGN**
  - Focus on: network service platform, NGN Ubiquitous Services, optical access networks, home networks and IP communications
  - Major products: ATCA platform, SDP, GE-PON, home gateway, enterprise products (SS9100, IPstage, CTstage, ARUBA products), etc.
- **Establish structure to provide a highly secure network to enterprises**
  - Consolidate OKI Group's Network SI-related functions to establish one-stop business structure
- **Increase profit in existing network biz. and ensure biz. opportunity for network migrations**
  - Continue to efficiently reduce cost of sales, and launch improved products
  - Manufacture major LSIs in-house/ Establish high-performance echo-canceller technology

## Info-sys (Enterprise/ Public sector): Market Environment and Basic Strategy

### [Market Environment]

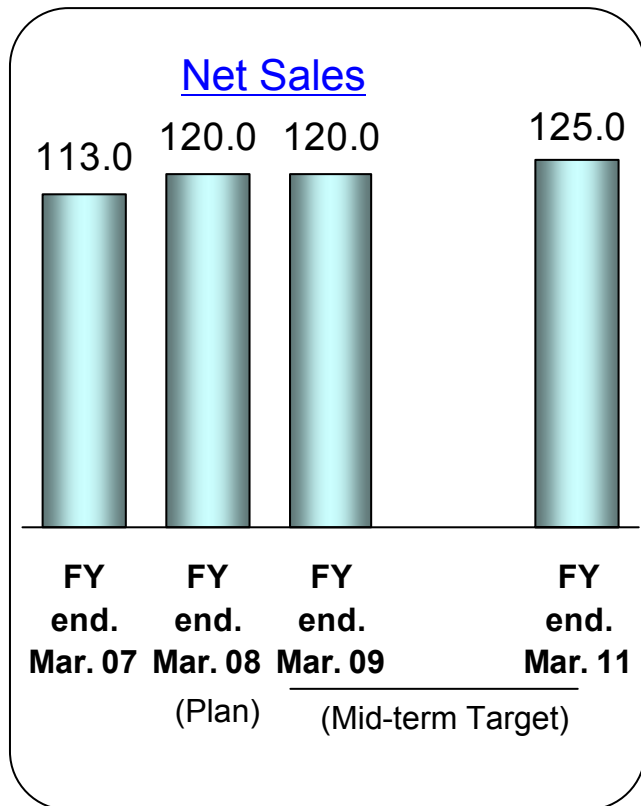
- Annual growth rate of Japan's IT investment until 2010 is approx. 2%.  
(Source: IDC 2006 Japan's IT market by industry)
- Stiffer competition as systems shift from exclusive systems to open systems, lowering the wall to enter market (new opportunities and threats)
- Basic ideas of establishing system shifts to user-centric (the elderly, usage for remote, mobile phone and 24 hour) with higher requirements in security
- New services arise as communications via Internet and mobile terminals develop

### [Basic Strategy] Actively respond to open technologies based on application know-how

- Provide highly satisfying systems based on open technology, user-centric, and with more know-how than customers
- Further enhance profit base with strong technologies such as mechatronics as a core
- Actively diversify into business besides banking service towards the privatized Japan Post companies. Take full challenge towards private sector ITS.
- Create new, safe and reliable solutions based on network, mobile, security and wireless



## Info-sys (Enterprise/Public sector) Major Initiatives



- **Provide systems combining OKI's business know-how**

- Enhance sales by concentrating on OKI's strong domains with proven Enterprising Architecture (EA) as a base
- Maintain market share by providing value-added systems by converging open technologies with customized hardware full of business know-how in each market, mechatronics and individual systems, as a core

- **Enhance profit base through strong core technologies**

- Increase market share by providing solutions involving reservation, ticket issuing, cash management as a core and by developing overseas businesses
- Aim to become the leader in private sector ITS market with strengths in wireless technologies (DSRC)\*

- **Create safe and reliable solutions**

- Create Ubiquitous Service solutions to manufacturing plants, airports, stations, public facilities with strong network technologies as a core, focusing on convenience, safety and reliability

- **Efficient business deployment**

- Accelerate efficiency in development investment and reducing development TAT through active alliances

\*DSRC: Dedicated Short Range Communication

## Mid-term Business Plan by Segment: Semiconductors

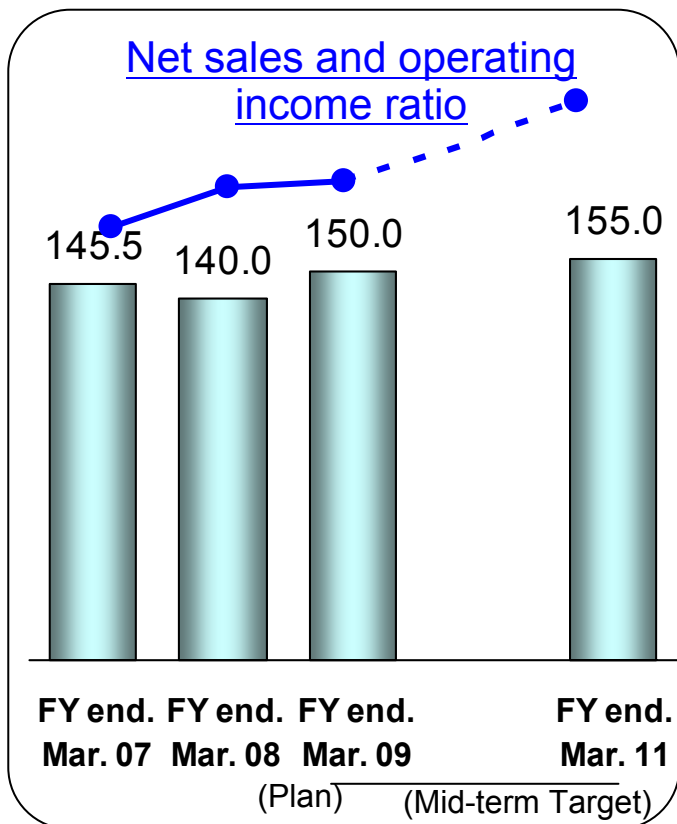
### [Market Environment]

- Sales growth ratio: After 2005, growth ratio slows down from previous 15-20% to 10%. In 2007, ratio goes down to 3%. 2008 and after is expected to be 5%. (Source: Gartner, iSupply, WSTS)
- Though market expands, price competition will become stiffer
- Shift from single-function to multiple function progresses and demand towards short TAT functional modules increase
- Requirements diversify (new structural/ new material devices), in addition to microfabrication-technology requirements
- Manufacturers accelerate biz selection and concentration and pursue efficient investment

### [Basic Strategy] Deploy well-shaped business leveraging OKI's competitive advantages

- Shift from sole semiconductor business to an e-functional module business
- Enhance profitability by thoroughly reviewing fixed cost structure (Costs for personnel, capex, development, manufacturing structure, etc.)
- Achieve efficiency by fully examining alliance and partnership relations in each business process utilizing consultation firms (design and development, marketing, sales and manufacturing)
- Examine and revamp business structure for system LSI and logic LSI businesses to achieve added value
- Strengthen OKI-advanced process and design technologies leveraging new structural and new material devices

## Semiconductor Business: Major Initiatives



### ● Increase sales and profit by creating e-functional module business

- Enhance high density packaging technologies through alliances (with Zycube and SFT)
- Establish e-functional Module Promotion Division from Oct. 2007
- Early start of business with OKI's high-density packaging technology, system technologies, and ability to converge, consolidate, and harmonize component technologies

### ● Improve efficiency in OKI production plants and strengthen partner-fab structure

- Production structure WP: Closed 4-inch line, ATP: Consolidated to Thailand
- Reduce fixed cost through efficient production structure and capital expenditure
- Enhance response to demanding changes effectively utilizing partner fabs

### ● Stabilize profit in large TFT driver through alliances

- Profit in 2H of this FY, stable earnings in next FY and after

### ● Continue to restructure businesses for system LSI and logic LSI

- Downsize system LSI business (Engine control MCU, ASIC, etc.)
- Reduce fixed cost by consolidating designing bases (N. America, Singapore)
- Concentrate resources in competitive products such as high voltage, RF, digital/analog mix, low power consumption and increase profitability (communication, security, low power MCU, audio, voice LSIs)

#### [Reference] Major business restructuring activities

Production: Closed Miyazaki 4-inch line  
 Process development: Consolidated development line at Hachioji  
 Design/sales: Streamlined overseas sales and development offices

## Mid-term Business Plan by Segment: Printers

### [Market Environment]

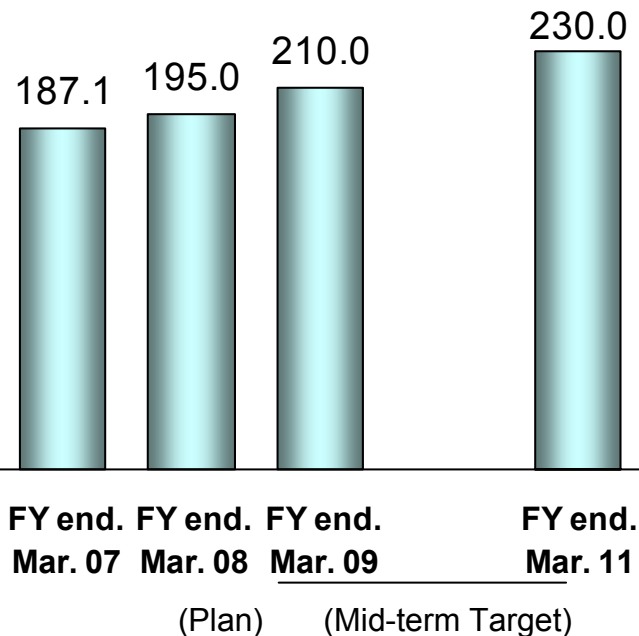
- Printer market is enormous and continues to grow, where major competitors dominate the market
- Growth of color single function printer (SFP) is slowing down, while mono SFP market maintains its large market size. Both markets experience stiffer price competition
- Multi-function printer (MFP) market grows significantly both for color and mono. Competition between printer-based all-in-one and copier-based MFP increases
- SIDM and mono NIP grow in emerging countries

### [Basic Strategy] Implement color NIP growth strategy

- Actively implement growth strategy for color NIP while developing measures to improve market share in SIDM and mono NIP
- Position the large and high profitability SMB market as the priority market and concentrate development capabilities in middle range models. Elevate product competitiveness, product lineup and sales force by promoting alliances
- Enhance regional management sales in the global market, focusing on profitability, as well as enhancing strategies to improve market share in the Japanese market
- Accelerate providing added-value document solutions
- Shift to a lean structure that is durable to demanding changes

# Printer Business: Major Initiatives

Net sales and operating income ratio



## ● Enhance suitable product for SMB market

- Enhance middle-range OKI products by sharing LED engine platform. Achieve product supplement through alliances
- Launch new products for the enormous mono NIP market
- Enhance color MFP product line-up
- Enhance document solution development  
Promote through collaboration with partners

## ● Strengthen sales force for SMB market

- Increase sales through sales alliance
- Enhance sales strategy by region and country  
Expand sales for emerging countries/ Enhance line-up for low-end printers
- Focus on SMB market  
Actively establish dealer network who has strengths in SMB (Japan, Europe and Americas)

## ● Reexamine cost structure

- Focus on investing in R&D
- Restructure SCM: Reduce inventories, optimize logistics

## ● Revamp business structure for future growth

## OKI Global Strategy: Basic Policy

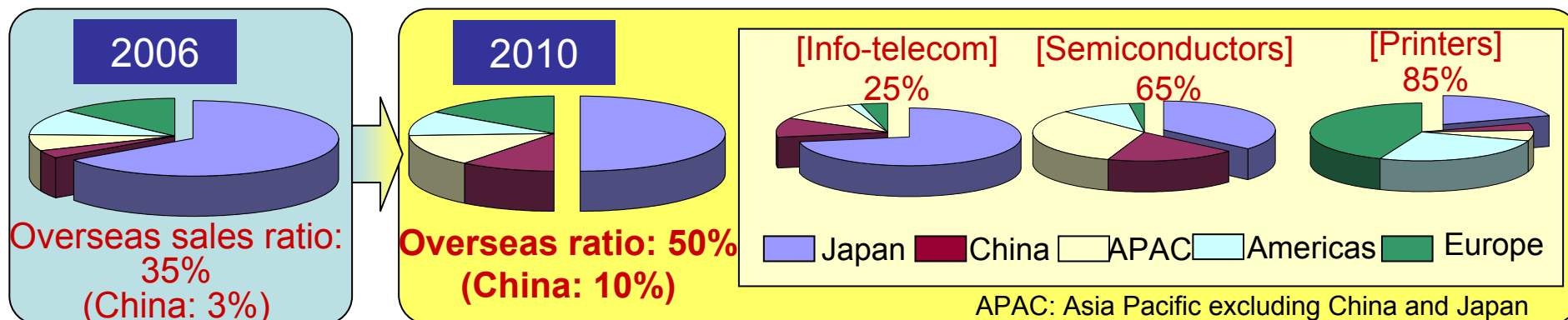
**Aim to be recognized as global company by the world**

Target: From the Chinese Character “Oki (沖)” to a global company “OKI”  
Overseas sales ratio 50%, China sales ratio 10% by 2010

### [Basic policy] **Global Localization**

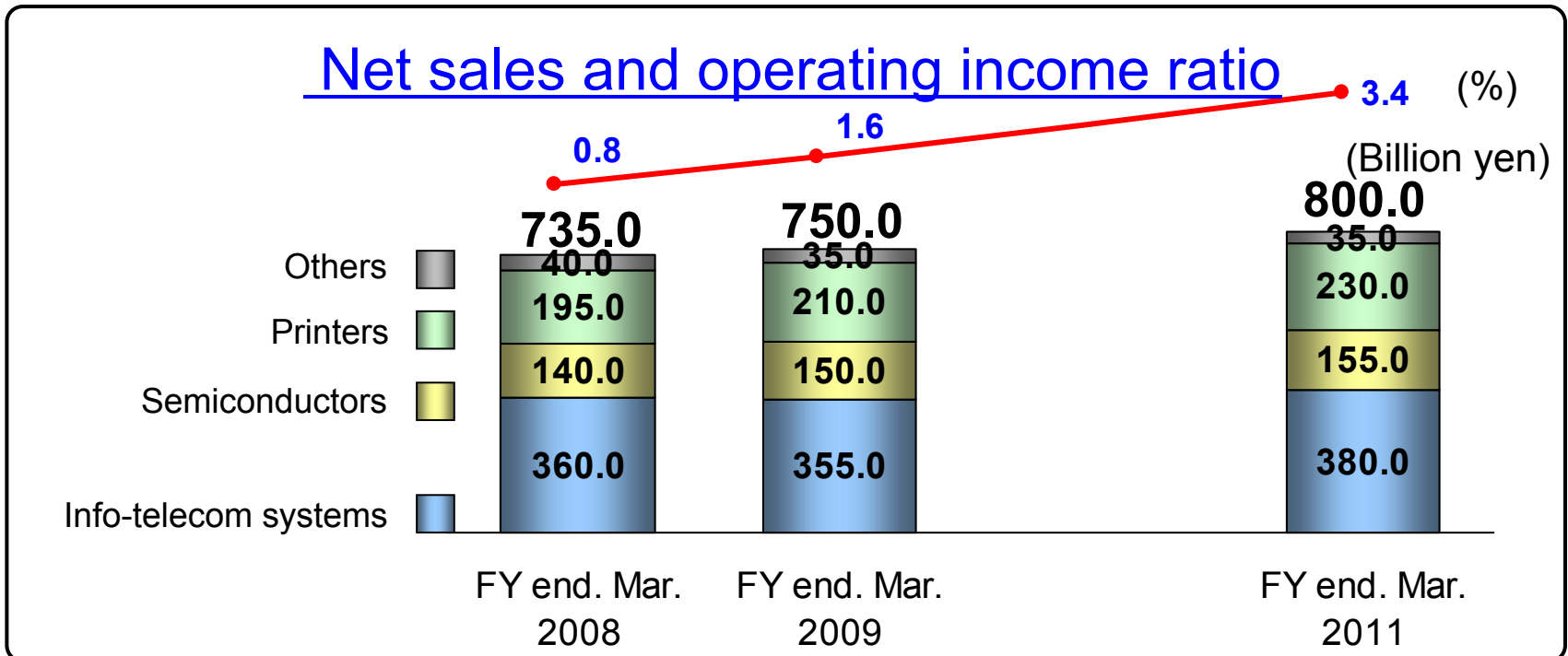
- ◆ Establish a division in charge of executing overseas business. Shift the business operation more on local level
  - ◆ Effectively utilize local staff in functions for marketing, product planning, development and production process
  - ◆ Provide products that meet local needs through strong products and technologies as core competence
  - ◆ Strengthen alliances, especially with a focus on sales and maintenance
- 
- Marketing: Enhance functions in local marketing to understand regional characteristics and needs
  - Sales: Enhance alliance and partnership strategies  
Deploy info-telecom converged products utilizing Oki Data's existing channels
  - Development: Develop core technologies in Japan. Localize by enhancing local development structure
  - Production: Establish automation and core production technology in Japan. Utilize OKI's overseas plants and EMS effectively for volume production
  - Maintenance: Enhance alliance and partnership strategy

## OKI Global Strategy: Growth Target by Region



Region	Major measures for growth
China	<ul style="list-style-type: none"> <li>Establish local company to enable ATM sales, development, design, through to manufacturing in a consistent structure via alliances with local channels</li> <li>Expand sales for telecom-related system (IP &amp; mobile key telephone systems, etc.)</li> <li>Consolidate sales and design company to establish consistent structure in semiconductor business (Including custom design)</li> </ul>
APAC (Excluding China and Japan)	<ul style="list-style-type: none"> <li>Expand IP &amp; mobile key telephone system, etc. sales by utilizing existing printer channel</li> <li>Expand ATM/CD sales through alliances</li> <li>Effectively utilize design resource through strategic alliance with Wipro for semiconductors</li> </ul>
Europe	<ul style="list-style-type: none"> <li>Expand IP&amp;mobile key telephone system sales by utilizing existing printer channel</li> <li>Increase sales of mobile phone RF front-end LSIs and security-related LSIs in semiconductors</li> <li>Increase printer sales by focusing on SMB market</li> </ul>
Americas	<ul style="list-style-type: none"> <li>Semiconductors: Enhance sales in printer power control LSIs and foundry</li> <li>Printers: Focus on SMB market/ Enhance sales in SIDM and mono NIP in S. America market</li> </ul>

## Mid-term business targets



	FY end. Mar. 2008 Projections	Business targets	
		FY end. Mar. 2009	FY end. Mar. 2011
Net Sales	735.0 B yen	750.0 B yen	800.0 B yen
Operating income	6.0 B yen	12.0 B yen	27.0 B yen
Net income	0.5 B yen	1.0 B yen	12.5 B yen

[Financial target]

Net D/E ratio 1.2 times in FY ending March 2011



## Glossary

P2	P/L	Profit and Loss	P20	OEM	Information Technology
	B/S	Balance Sheet	P21	CD	Cash Dispenser
P3	YoY	Year-on-year		LCM	Life Cycle Management
P4	FY	Fiscal Year	P22	PBX	Private Branch Exchange
	SG&A	Selling, General and Administrative expense	P23	ATCA	Advanced Telecom Computing Architecture (Advanced TCA)
P5	ATM	Automated Teller Machine		SDP	Service Delivery Platform
	LSI	Large Scale Integration		GE-PON	Gigabit Ethernet-Passive Optical Network
P8	NGN	Next Generation Network			
P14	BU	Business Unit	P24	ITS	Intelligent Transport System
P15	SE	System Engineer	P27	WP	Wafer Process
P16	NIP	Non-Impact Printer		ATP	Assembly and Test Process
	SIDM	Serial Impact Dot Matrix		MCU	Microcontroller
	NW	Network		ASIC	Application Specific Integrated Circuit
	TFT	Thin Film Transistor		RF	Radio Frequency
P17	SI	System Integration	P28	SFP	Single-functional Printer
P18	R&D	Research & Development		MFP	Multi-functional Printer
	IP	Internet Protocol		SMB	Small and Medium Business
	TAT	Turn Around Time	P29	LED	Light-Emitting Diode
P19	BG	Business Group		SCM	Supply Chain Management
P20	IT	Information Technology	P30	EMS	Electronics Manufacturing Service

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