(Translation)

This document is an English translation of the notice for the general meeting of shareholders which is originally written in Japanese. This translation was made for reference purpose only and any kinds of warranty, in particular, accuracy of this translation, are hereby disclaimed.

June 8,2005

NOTICE OF 81ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder,

Oki Electric Industry Co., Ltd. (the "Company") would hereby like to inform you that the 81st ordinary general meeting of shareholders will be held as follows, and would be grateful if you could attend the meeting.

Those who will not be able to attend the meeting are kindly requested to consider the attached "Reference Document for the Exercise of Voting Rights" (pages 33 through 39) and exercise your voting rights in one of the following ways.

[Exercise of voting rights by postal mail]
Please indicate your approval or disapproval for each of the proposals in the space provided on the ballot, affix your signature or registered seal, and return the ballot to the Company.

[Exercise of voting rights by electronic means (Internet)]
Please read the appended "Instructions for the Exercise of Voting Rights via the Internet" (page 40), and indicate your approval or disapproval online via the designated website at http://www.it-soukai.com.

There is no need to mail the ballot if you choose to vote via the Internet.

Yours faithfully,

Katsumasa Shinozuka,
President and Chief Executive Officer
Oki Electric Industry Co., Ltd.
1-7-12 Toranomon, Minato-ku, Tokyo

1. Date and Time: Wednesday, June 29, 2005, from 10:00 a.m.
2. Venue: 1st Floor, Conference Room, Building Complex No.5 (5-Gokan), Oki Electric's Business Center, 4-10-16 Shibaura, Minato-ku, Tokyo

(Translation)

3. Meeting Agenda

Items to be reported:

1. Business Report, Balance Sheets and Statements of Income for the 81st fiscal year (from April 1, 2004 to March 31, 2005)
2. Consolidated Balance Sheets, Consolidated Statements of Income, audit results of consolidated financial statements by the Account Auditor and the Board of Corporate Auditors for the 81st fiscal year (from April 1, 2004 to March 31, 2005)

Items to be resolved:

Agenda 1: Approval of the proposed appropriation of unappropriated retained earnings for the 81st fiscal year

Agenda 2: Partial amendment to the Articles of Incorporation
The proposal is summarized in the "Reference Document for the Exercise of Voting Rights" on page 34.

Agenda 3: Election of three Directors

Agenda 4: Revision of wages for Directors and Auditors

Agenda 5: Issuance of stock acquisition rights as stock options
The proposal is summarized in the "Reference Document for the Exercise of Voting Rights" on pages 37 through 39.

---

* If you are attending the meeting in person, please submit the enclosed ballot at the reception desk of the meeting.

(Translation)

(Attachment)

Business Report

(From April 1, 2004 to March 31, 2005)

1. Operating Conditions

(1) Operating progress and results of the Oki Group

On the whole, this year has seen a gradual recovery in the market including a gradual increase in capital expenditures despite a suspension in corporate profit improvement and a domestic slowdown in export growth. As for overseas conditions, economies are expanding in Asia including China as well as the US. The economy was generally recovering although there were some concerns such as a sharp appreciation of the yen and the end of the digital economy.

The Oki Group's business position was favorable including active investment in major telecommunication carriers' broadband IP networks and an expanded market for business-use color printers. Still, there were some concerns including cessation of financial institution demand for ATMs to accommodate new Japanese banknotes, reductions and delays in public investment due to natural disasters and a weakening of the semiconductor market from the second half of the year.

In this market environment, the Oki Group's consolidated sales increased by 5.2% to ¥688.5 billion from the previous year. In terms of profits, consolidated operating income increased ¥5.6 billion to ¥27.2 billion from the previous year, consolidated recurring income increased ¥8.7 billion to ¥21.2 billion, and consolidated net income increased ¥9.9 billion to ¥11.2 billion. Thus both sales and profits increased.

Our parent company's results are similar to the consolidated results. Oki Electric recorded sales of ¥439.4 billion, an increase of 5.2% from the previous year. As for profits and losses, operating income increased ¥3.8 billion to ¥8.0 billion from ¥4.2 billion the previous year, and recurring income increased ¥7.3 billion to ¥8.3 billion from ¥1.0 billion. A net loss of ¥3.8 billion the previous year improved to net income of ¥3.2 billion for this year, an increase of ¥7.0 billion.

To strengthen our compliance initiatives, Oki established a Group-wide Compliance Committee in April 2004 to oversee all compliance activities and a Compliance and Business Ethics Division to plan, formulate and promote various compliance measures. In addition, Oki appointed a Chief Compliance Officer in June.

Oki established a CSR Promotion Division in October 2004 to promote openness with stakeholders and improve our economic, environmental and social activities. Specifically, Oki has endeavored to strengthen compliance, improve customer satisfaction, increase environmental measures, promote respect for our employees, increase social welfare and ensure effective IR activities.

Oki also established a Disclosure Committee in February 2005 to oversee disclosure of critical information to stakeholders.

Our consolidated sales by segment are as follows.

(Translation)

- Sales

(Unit: billions of yen)

Segment	FY2003 (reference: previous year)	FY2004 (the year under review)	Increase or decrease	Compared to the previous year (%)	Major factors for the difference
Information systems	360.3	335.8	(24.5)	93	Due to reduced ATM sales and deferral of IT investment
Telecommuni-cations systems	104.6	135.3	30.7	129	Due to increased demand for IP network-related equipment
Electronic devices	132.2	150.7	18.5	114	On account of stable sales of system memories
Others	57.1	66.7	9.6	117	
Total	654.2	688.5	34.3	105	

The business outline of each segment is as follows.

Information systems

Although sales increased due to rapid market expansion for business-use color printers, demand for ATMs accommodating new Japanese banknotes virtually ceased in the first half of 2004 greatly reducing ATM sales. Similarly, government offices deferred IT investments due to natural disasters. As a result, consolidated sales for external customers declined by 6.8% to ¥335.8 billion from the previous year.

Operating income was ¥14.3 billion, a decrease of ¥9.7 billion from ¥24.0 billion the previous year, on account of increased R&D costs for new printer products and next-generation financial systems and reduced prices for government, public office and financial institution systems due to increasingly severe competition.

We expect financial institutions to shift their focus to investments in IT systems, integrated networks and strengthened ATM security. The Oki Group aims to maintain sustainable growth by creating new products for these new requirements.

Telecommunications systems

Demand for regional IP network equipment and equipment to link existing public networks to IP networks has greatly increased due to active expansion of broadband IP networks by telecommunications carriers. In addition, companies have been increasing their capital investment in info-telecom converged equipment. As a result, consolidated sales increased by 29.3% to ¥135.3 billion from the previous year.

Operating income increased by ¥4.5 billion to ¥7.9 billion, from ¥3.4 billion the previous year, due to the large sales increase.

Telecommunications carriers have announced long-term active investment in FTTH and optical IP telephony. In addition, improved broadband IP networks will create multiple applications and services. The Oki Group aims to capture these opportunities in order to expand its business.

(Translation)

Electronic devices

Growth in the semiconductor market, which had been stable in the first half of the year, slowed down in the second half. Demand for sound generator LSIs and PHS base band LSIs has slowed, influenced by inventory adjustment for mobile terminals in China. Additionally, demand for driver LSIs for use with liquid crystal display panels increased due to coming on line of the panel manufacturers' new plants, but revenue was affected by reduced prices in the second half. On the other hand, sales for system memories for electronic dictionaries and amusement market increased. As a result, consolidated sales increased by 14.1% to ¥150.7 billion from the previous year.

Operating income improved by ¥9.7 billion to ¥12.0 billion, from ¥2.3 billion the previous year, on account of the sales increase, cost reductions based on business reorganization and recovery in the optical component business.

Although we expect the semiconductor market to recover from the middle of FY2005 onward, the Oki Group will continue to provide unique products for the personal and mobile markets, an area of strength for the Group, and will continue cost reductions to ensure more stable profits.

(2) Capital expenditure of the Oki Group

The capital expenditure for this year accounted for ¥37.8 billion.

The investment amount by segment was as follows.

(Unit: billions of yen)

Segment	Amount of capital expenditure	Major investments
Information systems	9.3	Investment for development and manufacturing of ATM products for financial and logistics markets, cash management systems and business-use printers
Telecommunications systems	1.3	Investment for development and manufacturing of IPnetwork telecommunication system products
Electronic devices	23.1	Investment for development and manufacturing of logic LSIs, system LSIs and system memories
Others	4.1	
Total	37.8	

Note: The above amount includes ¥3 billion of leased assets.

(3) Financing of the Oki Group

The Oki Group financed its operations for the year through its own funds, borrowings and corporate bonds. The company on November 26, 2004 issued ¥20 billion of Euro Yen convertible bonds to be redeemed in 2008.

(4) Future challenges of the Oki Group

The Oki Group has promoted various management innovation measures based on its 2002 mid-term management plan "Phoenix 21 Sky-High." As a result, our profit structure has improved, and we have achieved a certain level of results in our initiative to strengthen our management base. Having completed building a base by pursuing profits and speed, the Oki Group in 2004 entered the second phase of the plan, which calls for aiming at further growth as a stable profit-earning company.

(Translation)

From 2005, the Oki Group has changed its organizational structure from a three businesses structure of information systems, telecommunications systems and electronic devices to the following three business areas. The Oki Group will aim at profit expansion and growth as a stable profit-earning company by focusing its management resources on its core businesses to create “world leading technologies” and “strong products.”

(i) Info–Telecom System Business

The Oki Group believes that new applications in the field of information and telecommunications convergence will expand and materialize as broadband IP networks expand and information technology (IT) progresses. Based on this belief, the Oki Group will engage in a broad spectrum of businesses ranging from infrastructure to applications for broadband networks. In addition, the Oki Group will focus on creating and providing information and telecommunications convergence solutions based on our information and telecommunications convergence solution concept “AP@PLAT”. We have systemized various solutions by combining products and industry-specific applications based on core technologies including VoIP, CTI, securities and networks, our areas of strength. In particular, the Oki Group intends to provide comprehensive one-stop services from consultation to maintenance for four markets - financial, telecom carrier, public sector (government, public offices and local governments) and enterprise markets - where the Group has traditionally had large numbers of customers.

1. Financial Institutions. In addition to strengthened security for ATM business, for which the Group has the largest domestic share and full operations in China, the Group will strengthen its back-office operation concentration systems business, backyard solutions using image processing technologies, and provision of financial IT solutions using the Internet and VoIP technologies.

2. Telecom Carriers. Responding to active investment in IP networks and optical networks by carriers, the Group will improve its provision of IP network systems, optical access systems such as GE-PON and systems to connect existing fixed telephones to IP networks. Additionally, the Group will operate application servers to realize triple play services integrating voice, video and data, for which we expect future growth.

3. Public Sector. The Group will focus on a major project based on the Japanese government's e-Japan II Initiative. In particular, the Group will focus on (i) e-government solutions based on secure networks, (ii) ITS businesses such as ETC, and (iii) disaster prevention networks for which we anticipate the application of leading technologies such as ad hoc networks.

4. Enterprise Business. The Oki Group aims to create new opportunities by providing IP-based solutions, drawing on Oki's leading VoIP and CTI technologies, to

realize seamless connections to company mission critical systems. In addition, for the travel and transportation industry, where Oki has traditionally been strong, we intend to provide high value-added solutions for existing ticketing systems based on our superiority in mechatronics.

(ii) Semiconductor Business

In addition to shifting from memory to logic LSI, the Oki Group has moved to realize a stable profit structure protected from demand changes due to the silicon cycle by promoting structural innovations including establishment of a "fab-free" business model separating design, development and production into two companies and effectively outsourcing as required. In addition, the Group has promoted strategic alliances with high-quality overseas partners for both development and production.

Based on this business model, the Oki Group intends in the future to continue to focus its management resources on the personal mobile field where the Group has multiple proprietary technologies including silicon on insulator (SOI), silicon on sapphire (SOS), high voltage, high density packaging and ultra-low power consumption technology. In particular, the Group will target three markets - telecommunications, information appliances and in-vehicle systems - developing the Group's unique product lines in system LSI, logic LSI and system memory. The Oki Group will further improve its development of value-added products using its strengths to increase profits.

(iii) Printer Business

In the printer business, the Oki Group intends to increase its focus on color non-impact printers with an LED technology that enables high-speed, high – resolution color printing and compact size. The Group intends to develop new products to strengthen this superiority. In addition, backed by its quality for value, the Group intends to improve its product lineup to expand its global market share in China, South East Asia and the Middle East.

In the serial impact dot matrix printer business, the Group will make efforts to expand profits by further cost reductions and active business development in the Chinese, Eastern Europe and Latin American markets.

(Translation)

(5) Operating results of the Oki Group and Oki Electric

(i) Operating results of the Oki Group

Sales, income and assets for the fiscal year under review and the past three years are as follows.

	78th year (2001)		79th year (2002)		80th year (2003)		81st year (current year, 2004)	
Sales	604.6	billion yen	585.5	billion yen	654.2	billion yen	688.5	billion yen
Net income	(34,077)	million yen	(6,560)	million yen	1,328	million yen	11,174	million yen
Net income per share	(55.66)	yen	(10.72)	yen	2.17	yen	18.27	yen
Total assets	651.6	billion yen	622.9	billion yen	609.6	billion yen	608.0	billion yen
Net assets	109.1	billion yen	101.3	billion yen	110.5	billion yen	124.8	billion yen
Net assets per share	178.15	yen	165.63	yen	180.66	yen	204.11	yen

Notes:

1. Parentheses indicate losses.
2. Net income per share is computed based on the average number of shares during the year (weighted average). Net assets per share are computed based on the number of common shares outstanding during the year. These figures exclude treasury stocks.
3. From the 79th year, net income per share is calculated subject to "Accounting Standards for Net Income per Share" (Corporate Accounting Standard No.2) and "Application Guidelines for Accounting Standards for Net Income per Share" (Corporate Accounting Standard Application Guideline No.4)

Positioning the 78th year (2001) as the preparatory year for transformation into a high-growth company by formulating "Phoenix 21 Sky-High," the Oki Group has made efforts in business selection and resource concentration. Changes in the market environment, however, far surpassed those forecast, leading to a general decline in sales and large losses.

In the 79th year (2002), the Group formulated and implemented its Third Structural Reform in October 2002 under a more severe business environment. As a result, losses improved over the previous year despite declining sales.

In the 80th year (2003), while there were signs of improvement in the business environment, the Group made efforts to complete implementation of the Third Structural Reform. As a result, we recorded a profit with sales increased and losses decreased compared with the previous year.

(ii) Trends of operating results of Oki Electric

Sales, income and assets for the fiscal year under review and the past three years are as follows.

	78th year (2001)		79th year (2002)		80th year (2003)		81st year (current year, 2004)	
Sales	404.4	billion yen	377.1	billion yen	417.5	billion yen	439.4	billion yen
Net income	(43,059)	million yen	(9,905)	million yen	(3,800)	million yen	3,199	million yen
Net income per share	(70.33)	yen	(16.18)	yen	(6.21)	yen	5.23	yen
Total assets	555.0	billion yen	515.1	billion yen	496.7	billion yen	488.0	billion yen
Net assets	128.9	billion yen	118.2	billion yen	123.5	billion yen	128.2	billion yen
Net assets per share	210.54	yen	193.18	yen	201.97	yen	209.60	yen

Notes:

1. Parentheses indicate losses.

2. Net income per share is computed based on the average number of shares during the year (weighted average). Net assets per share are computed based on the number of common shares outstanding during the year. These figures exclude treasury stocks.
3. From the 79th year, net income per share is calculated subject to "Accounting Standards for Net Income per Share" (Corporate Accounting Standard No.2) and "Application Guidelines for Accounting Standards for Net Income per Share" (Corporate Accounting Standard Application Guideline No.4)
4. As these financial documents have been prepared in accordance with the Commercial Code Enforcement Regulations as revised from the 80th year by "Ministry Ordinance for Partial Revision of Commercial Code Enforcement Regulations" (February 28, 2003 Ministry of Justice Ordinance No. 7 and September 22, 2003 Ministry of Justice Ordinance No. 68), "income" and "income per share" are now indicated as "net income" and "net income per share."

2. Overview of the Oki Group and Oki Electric (as of March 31, 2005)

(1) Major businesses of the Oki Group

The Oki Group's major businesses include manufacturing and sales of electronic communications products, information processing, semiconductor and software development and related systems development and solutions provision, as well as construction, maintenance and other services.

Major business items include the following.

Segment	Business items
Information systems	Financial systems, automated equipment systems, ITS-related systems, electronic government-related systems, ERP systems, computer network-related equipment, information network terminals, security systems, printers, etc.
Telecommunications systems	IP telephone systems, corporate communication systems, CTI systems, visual communication systems, electronic converters, digital communication equipment, optical communication equipment, wireless communication equipment, LAN/WAN, broadband access equipment, network services, network operation support systems, etc.
Electronic devices	System LSI, logic LSI, memory LSI, optical modules, optical devices, GaAs ICs, foundry services, etc.

(Translation)

(2) Shareholders' equity

Current shareholding is as follows.

(i) Number of shares authorized to be issued by the Company: 2,400,000 thousand shares

(ii) Number of outstanding shares: 612, 335 thousand shares

(iii) Number of shareholders: 99,735

(iv) Major shareholders (Top 10)

Name of shareholder	Number of shares held (thousand shares)	Investment ratio	Investment in major shareholders by Oki	
			Number of shares held (thousand shares)	Investment ratio
Japan Trustee Services Bank, Ltd. (trust account)	58,441	9.54%	-	-
Meiji Yasuda Life Insurance Company	34,000	5.55	-	-
The Master Trust Bank of Japan, Ltd. (trust account)	32,218	5.26	-	-
Mizuho Corporate Bank, Ltd.	13,000	2.12	- (Note 1)	-
Sompo Japan Insurance Inc.	12,987	2.12	500	0.05
Shinsei Bank, Ltd.	10,641	1.74	-	-
The Dai-Ichi Mutual Life Insurance Company	9,380	1.53	-	-
Oki Denki Employees' Shareholdings Committee	8,537	1.39	-	-
The Sumitomo and Trust Banking Co., Ltd. (trust B)	8,384	1.37	-	-
Investors Bank West Pension Fund Clients	8,383	1.37	-	-

Notes:

1. The Company does not hold shares of Mizuho Corporate Bank, Ltd., but it holds 12 thousand ordinary shares of Mizuho Financial Group, Inc., the holding company of the Mizuho Group.
2. The Company has been notified that Mizuho Corporate Bank, Ltd. and its joint shareholders hold 39,613 thousand shares (investment ratio: 6.47%) as of January 31, 2005 in accordance with the disclosure system for large shareholdings in the Securities Exchange Law.

   The Company has been notified that Meiji Yasuda Life Insurance Company and its joint shareholders hold 34,935 thousand shares (investment ratio: 5.71%) as of January 31, 2005.

   The Company has been notified that The Ashikaga Bank, Ltd. and its joint shareholders hold 30,647 thousand shares (investment ratio: 5.01%) as of February 28, 2005.

   The Company has been notified that Barclays Global Investors and its joint shareholders hold 55,728 thousand shares (investment ratio: 9.10%) as of January 31, 2005.

(v) Acquisition, disposal and holding of shares

- Number of shares acquired during this fiscal year:
  Ordinary shares: 179,377 shares
  Total acquisition value: 75,409 thousand yen
- Number of shares disposed during this fiscal year:
  None
- Number of shares held during this fiscal year:
  Ordinary shares: 707,545 shares

(Translation)

(3) Major offices of the Oki Group

The major offices are as follows.

Name	Classification	Location
Oki Electric Industry Co., Ltd.	Head office	Minato-ku, Tokyo
	Branch offices	Hokkaido region (Sapporo, Hokkaido), Tohoku region (Sendai, Miyagi), Chubu region (Nagoya, Aichi), Hokuriku region (Kanazawa, Ishikawa), Kansai region (Osaka, Osaka), Chugoku region (Hiroshima, Hiroshima), Shikoku region (Takamatsu, Kagawa), and Kyushu region (Fukuoka, Fukuoka)
	Business offices	Minato-ku (Tokyo), Hachioji (Tokyo), Warabi (Saitama), Honjo (Saitama), Takasaki (Gunma), and Numazu (Shizuoka)
	Research institutes	Hachioji (Tokyo) and Osaka (Osaka)
Oki Wintech Co., Ltd.	Head office	Shinagawa-ku, Tokyo
Oki Data Corporation	Head office	Minato-ku, Tokyo
Oki Customer Adtech Co., Ltd.	Head office	Koto-ku, Tokyo
Miyagi Oki Electric Co., Ltd.	Head office	Oohiramura, Kurokawa-gun, Miyagi
Miyazaki Oki Electric Co., Ltd.	Head office	Kiyotake-cho, Miyazaki-gun, Miyazaki
Oki America, Inc.	Head office	California, USA
Oki Europe Ltd.	Head office	Middlesex, UK
Oki (Thailand) Co., Ltd.	Head office	Ayutthaya, Thailand

(4) Employees of the Oki Group and Oki Electric

(i) Employees of the Oki Group

Segment	Number of employees
Information systems	10,685
Telecommunications systems	2,571
Electronic devices	4,988
Others	1,642
Company-wide (shared)	524
Total	20,410

(ii) Employees of Oki Electric

Number of employees	Average age	Average length of service
5,389 (increased by 10 from the end of the previous year)	39.5	17.1

(Translation)

(5) Status of consolidation

(i) Status of major subsidiaries

Name	Capital	Investment ratio	Major business
Oki Wintech Co., Ltd.	2,001 million yen	53%	Design and electronic works and electronic telecommunications works
Oki Data Corporation	12,000 million yen	100	Manufacturing and sales of printers
Oki Customer Adtech Co., Ltd.	800 million yen	100	Maintenance, construction and sales of information processing equipment and telecommunications equipment
Miyagi Oki Electric Co., Ltd.	200 million yen	100	Manufacturing and sales of electronic devices
Miyazaki Oki Electric Co., Ltd.	200 million yen	100	Manufacturing and sales of electronic devices
Oki America, Inc.	14 million U.S. dollars	100	Sales of electronic devices and IP network products
Oki Europe Ltd.	33 million UK Pond	100	Sales of printers
Oki (Thailand) Co., Ltd.	700 million Thai Bharts	100	Manufacturing and sales of electronic devices

(ii) Status of major affiliated companies

Name	Capital	Investment ratio	Major business
Oki Electric Cable Co., Ltd.	4,304 million yen	34%	Manufacturing and sales of cables and electric discharge machine electrode wires

(iii) Results of consolidation

Oki has 80 consolidated subsidiaries including 8 major subsidiaries mentioned above and 2 equity method affiliates including one major affiliated company mentioned above. Consolidated net sales were ¥688.5 billion (¥654.2 billion in the previous year), and consolidated net income was ¥11.2 billion (¥1.3 billion in the previous year).

(6) Major partners of the Oki Group

(i) Major technical partners:

Lucent Technologies GRL Corporation (US)
International Business Machines Corporation (US)
Texas Instruments Incorporated (US)
Canon Inc.

(ii) Major business partners:

Hewlett-Packard Company (US)
Cisco Systems, Inc.
United Microelectronics Corporation (Taiwan)
Peregrin Semiconductor Corporation (US)

(Translation)

(7) Major creditors of Oki Electric are as follows:

Creditor	Year-end loan balance	Shares held by the creditor	
		Number of shares	Investment ratio
	Billion yen	Thousand shares	%
Development Bank of Japan	17.0	-	-
Mizuho Corporate Bank, Ltd.	16.8	13,000	2.12
Meiji Yasuda Life Insurance Company	13.4	34,000	5.55
Sumitomo Mitsui Banking Corporation	11.2	4,410	0.72
Mizuho Trust & Banking Co., Ltd.	5.9	4,065	0.66

(8) Directors and corporate auditors

Note 1	Position	Name	Principal duty or main job
* X	President	Katsumasa Shinozuka	CEO
* X	Executive Vice President	Katsuhiko Sano	Chairman, Silicon Solutions Company, Chairman, Silicon Manufacturing Company, Chairman, Optical Components Company
* X	Executive Vice President	Kazuo Tanaka	CCO Management supervising (in charge of Corporate Planning Office, CSR Promotion Division, Accounting & Control Division, Human Resources Division, Human Resources Division HQ, Compliance and Business Ethics Division, Internal Auditing Division)
X	Senior Vice President	Yutaka Maeda	Technical supervising (Global Environment Division, Legal & Intellectual Property Division), in charge of Corporate Research and Development Center, Government and Industry Relations and Development Promotion Division, and General Affairs Division, Chairman, China Business Support Division Chairman, Financial Solutions Company, Chairman, Network Systems Company, Chairman, Enterprise System Solutions Company
X	Senior Vice President	Tadao Murase	In charge of sales and branch offices General Manager, Marketing Planning Division
X	Senior Vice President	Nobuhide Hara	CIO In charge of Network Applications Division and Information Planning Division Chairman, System Solutions Company, Chairman, IP Solutions Company
X	Senior Vice President	Takashi Hattori	President, Financial Solutions Company, Chairman, NetBusiness Solutions Company, Chairman, Broadband Media Company
X	Senior Vice President	Naoki Sato	In charge of Affiliates Administration Division, support for sales, in charge of financing
X	Senior Vice President	Harushige Sugimoto	CTO In charge of Corporate Production Planning Division, General Manager, Corporate Research and Development Center, Chairman & President, Manufacturing Service Company, Chairman, Multimedia Messaging Company
	Director	Minoru Morio	Advisor to Sony Corporation
Standing Auditor		Takahisa Inagawa	
Standing Auditor		Yoshiyuki Honjo	
Standing Auditor		Hiroyuki Katagiri	
Auditor		Ieji Yoshioka	

CEO: Chief Executive Officer
CCO: Chief Compliance Officer
CTO: Chief Technology Officer
CIO: Chief Information Officer

Notes:

1. Asterisk indicates Representative Director. X indicates executive officer.
2. Director Minoru Morio is an external director appointed under Item 7-2, Paragraph 2, Article 188 of the Commercial Code.
3. Standing Auditors Hiroyuki Katagiri and Ieji Yoshioka are external auditors as stipulated in Paragraph 1, Article 18 of the Law for Special Exceptions to the Commercial Code concerning Corporate Audits.

(Translation)

4. Retiring Directors and retiring auditors during this fiscal year
Directors and auditors who retired on June 29, 2004 are as follows:
Hajime Maeda, Director
Masayoshi Ino, Director
Tatsuo Akutagawa, Auditor
Tetsuo Yoshie, Auditor
5. Changes of Representative Directors after the fiscal year
Katsuhiko Sano retired as Representative Director and Executive Vice President on March 31, 2005 by resolution of the Board of Directors dated February 28, 2005 retaining his position as director. Yutaka Maeda became Representative Director and Executive Vice President on April 1, 2005 by the same resolution.
6. Executive officers as of March 31, 2005 are as follows (excluding those who concurrently serve as Directors).

Position	**Name**	**Principal duty**
Senior Executive officer	Hideichi Kawasaki	President, Network Systems Company, in charge of telecommunication-related sales
Executive officer	Keiichi Fukumura	General Manager, Accounting & Control Division
Executive officer	Kazushige Matsui	President, System Solutions Company, Chairman, Public Systems Company
Executive officer	Hironori Kitabayashi	President, Silicon Manufacturing Company
Executive officer	Masayoshi Matsushita	EVP, System Solutions Company, General Manager, Network Application Division
Executive officer	Masataka Sase	In charge of Global Environment Department, Legal and Intellectual Property Department
Executive officer	Yutaka Asai	President, IP Solutions Company
Executive officer	Shigeru Yamamoto	EVP, Financial Solutions Company General Manager, Financial Solutions Division-2
Executive officer	Kiyoharu Miyatake	General Manager, Corporate Planning Office
Executive officer	Akira Kamo	President, Silicon Solutions Company
Executive officer	Masao Miyashita	EVP, Network Systems Company General Manager, Incumbent Carriers Business Division

EVP: Executive Vice President

The following changes were made to the executive officers during the fiscal year under review and from April 2005.

Retirement		**Appointment**	
Name	Date	Name	Date
Kei Takenaka	June 30, 2004	Hiroshi Enomoto	April 1, 2005
Tatsuro Muraoka	November 10, 2004	Kichiro Akino	April 1, 2005

(Translation)

(9) Stock acquisition rights

(i) Stock acquisition rights issued

(a) Stock acquisition rights in accordance with Articles 280-20 and 280-21 of the Commercial Code

	Number of stock acquisition rights	**Type and number of shares to be acquired by the rights**	**Payment per share required to exercise rights**	**Exercise period**
No.1 stock acquisition right (Issued on July 18, 2002)	189	Common shares: 189,000 shares	271 yen	July 1, 2004 to June 30, 2007
No. 2 stock acquisition right (Issued on July 18, 2003)	815	Common shares: 815,000 shares	384 yen	July 1, 2005 to June 26, 2013
No. 3 stock acquisition right (Issued on July 20, 2004)	452	Common shares: 452,000 shares	458 yen	July 1, 2006 to June 28, 2014

Note: Stock acquisition rights were issued free of charge for the purpose of granting stock options.

(b) Convertible bonds in accordance with Article 341-2 of the Commercial Code

	Stock acquisition rights attached to Euro Yen convertible bonds to be redeemed in 2008 (issued on November 26, 2004)
Date of resolution for issuance	November 9, 2004
Number of stock acquisition rights	10,000
Type and number of shares to be acquired by rights	Common shares: 39,682,539 shares
Issue price of the rights	Granted free of charge
Exercise period	December 10, 2004 to November 12, 2008
Exercise price	¥504
Balance of the bonds with stock acquisition rights	¥20 billion

The details of preemptive rights in accordance with the provisions of Article 280-19 of the former Commercial Code are described in Note 4 of the non-consolidated balance sheets.

(ii) Stock acquisition rights issued to non-shareholders under privileged conditions during the fiscal year under review

(a) Number of stock acquisition rights issued

452 rights

(b) Type and number of shares to be acquired by the rights

Common shares: 452,000 shares (1,000 shares per right)

(c) Issue price of the rights

Granted free of charge

(d) Payment per share required to exercising the rights

¥458

(e) Exercise period

July 1, 2006 to June 28, 2014

(f) Conditions for the exercise of rights

a. The following restrictions apply to the exercise of stock acquisition rights.

1) Period from July 1, 2006 to June 30, 2007:

A maximum of 34% of the allotted number may be exercised.

2) Period from July 1, 2007 to June 30, 2008:

A maximum of the number calculated by deducting the number exercised in 1) above from 67% of the allotted number may be exercised.

3) Period from July 1, 2008 to June 28, 2014:
A maximum of the number calculated by deducting the number exercised in 1) and 2) above from the allotted number may be exercised.
Fractions shall be rounded off for calculation purposes.

b. The heir of the holder of the stock acquisition rights upon the holder’s death shall be allowed to exercise the rights as follows.
In case of inheritance before July 1, 2008, the rights may be exercised by June 30, 2009; or
In case of inheritance on or after July 1, 2008, the rights may be exercised for one year from the date of inheritance; provided, however, that the rights may not be exercised after June 28, 2014.

c. Other conditions regarding exercise of rights shall be subject to the stock-acquisition-right allocation agreement concluded between Oki and holders of the rights.

(g) Cancellation of stock acquisition rights
Stock acquisition rights may be cancelled free of charge when the rights holder no longer falls under any of the conditions for exercise set forth in the previous paragraph.

(h) Restrictions on transfer of stock acquisition rights
Transfers of stock acquisition rights shall be subject to the approval of the Board of Directors.

(i) Details of privileged conditions
Oki has issued stock acquisition rights free of charge to Directors engaged in the business execution of the Company, executive officers, senior staff members participating in the management and Directors of certain subsidiaries.

(j) Name of the persons to whom the rights were allotted and the number of rights allotted.

- Directors of Oki Electric

Name	**Number of rights**	**Type and number of shares to be acquired by the rights**		
Katsumasa Shinozuka	63	Common shares:	63,000	shares
Katsuhiko Sano	25	Common shares:	25,000	
Kazuo Tanaka	25	Common shares:	25,000	
Yutaka Maeda	17	Common shares:	17,000	
Tadao Murase	17	Common shares:	17,000	
Nobuhide Hara	17	Common shares:	17,000	
Takashi Hattori	17	Common shares:	17,000	
Naoki Sato	17	Common shares:	17,000	
Harushige Sugimoto	17	Common shares:	17,000	
9 persons in total	215		215,000	

- Employees of Oki Electric and Directors of subsidiaries (top 10 persons)

Name	Number of rights	Type and number of shares to be acquired by the rights	Remarks
Hideichi Kawasaki	14	Common shares: 14,000 shares	Executive officer of Oki
Mikihiko Maeno	14	Common shares: 14,000	President and CEO of Oki Data Corporation
Kazuhiko Miyata	14	Common shares: 14,000	President and CEO of Oki Electric Customer Adtech
Keiichi Fukumura	11	Common shares: 11,000	Executive officer of Oki
Kazushige Matsui	11	Common shares: 11,000	Executive officer of Oki
Hironori Kitabayashi	11	Common shares: 11,000	Executive officer of Oki
Masayoshi Matsushita	11	Common shares: 11,000	Executive officer of Oki
Masataka Sase	11	Common shares: 11,000	Executive officer of Oki
Yutaka Asai	11	Common shares: 11,000	Executive officer of Oki
Shigeru Yamamoto	11	Common shares: 11,000	Executive officer of Oki

- Total rights issued to Oki Electric employees and Directors of subsidiaries

	Number of rights	Type and number of shares to be acquired by the rights	Number of persons granted
Employees of Oki	189	Common shares: 189,000 shares	21
Directors of subsidiaries	48	Common shares: 48,000 shares	4

(10) Compensation paid to accounting auditors

The amount of compensation that Oki and its subsidiaries pay to the accounting auditors shall be as follows.

	Amount of payment
1. Total sum of compensation to be paid to accounting auditors by Oki and its subsidiaries	109 million yen
2. Total sum of compensation to be paid for the audit certificate services provided in Paragraph 1, Article 2 of the Certified Public Accountants Law, which is included in the total sum of 1 above	109 million yen
3. Compensation, etc. to be paid to accounting auditors by Oki, which is included in the total sum of 2 above	65 million yen

Note: Oki does not distinguish auditor compensation per (i) auditing in accordance with the Law for Special Exceptions to the Commercial Code concerning Corporate Audits, and (ii) auditing in accordance with the Securities Exchange Law. The total of these amounts is recorded in 3 above.

(11) Significant events of the Oki Group after the end of the fiscal year

There were no noteworthy events.

Note: indication of the amount

Figures in this business report are indicated as follows.

1. Units of ¥1 million: Figures less than one unit are disregarded.
2. Units of ¥100 million: Figures less than one unit are rounded to the nearest unit.

(Translation)

Consolidated Balance Sheet

(as of March 31, 2005)

(Unit: millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
I. Current assets		I. Current liabilities	
1. Cash and deposits	46,640	1. Notes and accounts payable	100,737
2. Notes and accounts receivable	145,952	2. Short-term borrowings	135,295
3. Marketable securities	2,801	3. Accrued income taxes	2,327
4. Inventories	149,298	4. Other accrued expenses	43,727
5. Deferred tax assets	10,620	5. Allowance for completed	
6. Other current assets	21,528	construction compensation	7
7. Allowance for doubtful		6. Other current liabilities	31,734
receivables	(1,798)		
Total current assets	375,043	Total current liabilities	313,828
II. Fixed assets		II. Non-current liabilities	
1. Property, plant and equipment		1. Bonds	49,500
(1) Buildings and structures	122,528	2. Long-term borrowings	70,360
(2) Machinery, equipment and		3. Retirement benefits	37,427
delivery equipment	346,935	4. Reserve for Directors' retirement	449
(3) Tool, furniture and fixtures	126,190		
(4) Land	18,247	5. Other non-current liabilities	5,631
(5) Construction in progress	985	Total non-current liabilities	163,369
(6) Accumulated depreciation	(488,416)	Total liabilities	477,198
Total property, plant and			
equipment	126,470	(Minority interests)	
		Minority interests	5,989
2. Intangible assets	14,605		
3. Investments and other assets			
(1) Investments in securities	56,389		
(2) Long-term loans	4,802	(Shareholders' equity)	
(3) Long-term deferred tax assets	15,212	I. Common stock	67,877
(4) Other investments and other		II. Additional paid-in capital	37,797
assets	20,944	III. Retained earnings	14,854
(5) Allowance for doubtful		IV. Unrealized holding gain on	
receivables	(5,453)	securities	12,441
Total investments and other assets	91,895	V. Translation adjustments	(7,925)
Total fixed assets	232,972	VI. Treasury stock	(217)
		Total shareholders' equity	124,827
Total assets	608,015	Total liabilities, minority interests and shareholders' equity	608,015

Notes:

1. Assets pledged
   Property, plant and equipment 2,354 million yen
2. Guarantee liabilities 4,337 million yen
3. Discounts of notes receivable 73 million yen
   Transfer of notes receivable by endorsement 76 million yen

(Translation)

Consolidated Statement of Income

(From April 1, 2004 to March 31, 2005)

(Unit: millions of yen)

Account title	Amount	
I. Net sales		688,542
II. Cost of sales		504,340
Gross profit		184,202
III. Selling, general and administrative expenses		156,982
Operating income		27,220
IV. Non-operating income		
1. Interest income	431	
2. Dividend income	891	
3. Foreign exchange gain	561	
4. Other	832	2,717
V. Non-operating expenses		
1. Interest paid	6,724	
2. Other	2,045	8,769
Ordinary income		21,168
VI. Extraordinary profit		
1. Gain on sales of property, plant and equipment	1,188	
2. Gain on sales of investments in securities	3,037	4,225
VII. Extraordinary loss		
1. Loss on sale and disposition of property, plant and equipment	2,488	
2. Loss from securities revaluation	1,193	
3. Bad debt expenses	803	
4. Special retirement payments	2,363	6,848
Net income before taxes		18,545
Income taxes	2,695	
Income taxes deferred	4,377	7,072
Minority income		297
Net income		11,174

Note: net income per share 18.27 yen

(Translation)

Principles for Preparing Consolidated Financial Statements

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 80 companies
   Names of major consolidated subsidiaries:
   Oki Data Corporation, Oki Customer Adtech Co., Ltd., Oki Wintech Co., Ltd., Miyagi Oki Electric Co., Ltd., Miyazaki Oki Electric Co., Ltd., Oki America, Inc., Oki Europe Ltd., Oki (Thailand) Co., Ltd.

   (2) Names of major non-consolidated subsidiaries:
   Adachi Protechno Co., Ltd. and 36 other companies
   Reasons for excluding from consolidation:
   Total assets, retained earnings, net sales and net income or loss are individually and wholly immaterial and have no significant influence.

   (3) Changes in scope of consolidation:
   Oki Systems ve Yazici Cozumleri LS., and Oki Electric Technology (Kunshan) Co., Ltd. were newly established during the fiscal year under review and therefore included in consolidation.
   Oki Semiconductor (Asia) Pte. Ltd. was excluded from consolidation upon its liquidation.

2. Application of equity method
   (1) Number of subsidiaries to which the equity method is applied: 2 companies
   Name of major subsidiary: Oki Electric Cable Co., Ltd.

   (2) Names of major non-consolidated subsidiaries and affiliated companies to which the equity method is not applied:
   Non-consolidated subsidiaries:
   Adachi Protechno Co., Ltd and 36 other companies
   Affiliated companies: Alp Inc. and 23 other companies
   Reason for not applying the equity method:
   They individually have little influence and have no significance as a whole on net income or loss and retained earnings.

3. Accounting standards
   (1) Valuation standards and methods for assets
   (i) Negotiable securities
   Oki and its domestic consolidated subsidiaries evaluate securities in accordance with the purpose of holding as follows. Overseas consolidated subsidiaries apply the lower of cost or market value.
   Held-to-maturity securities: amortized or accumulated to face value
   Other negotiable securities:
   Marketable securities:

Stated at fair value based on the market price at the end of the fiscal year

(A difference between the book value and the market value is included in capital, and sale cost is calculated by the moving average method).

Non-marketable securities:

Stated at cost based on the moving average method

(ii) Inventories

Oki and its domestic consolidated subsidiaries apply the cost method, and overseas consolidated subsidiaries mainly apply the lower of cost or market value.

(iii) Derivatives

Stated at market value

(2) Depreciation and amortization

(i) Property, plant and equipment

Oki and its domestic consolidated subsidiaries mainly apply the declining-balance method; overseas consolidated subsidiaries mainly apply the straight-line method.

(ii) Intangible assets

Oki and its domestic consolidated subsidiaries apply the straight-line method.

For software for sale in the market, the depreciation is based on the estimated number of years for sales (3 years). For software for internal use, the straight-line method, based on the estimated durable years(5years), is used.

Overseas consolidated subsidiaries mainly apply the straight-line method.

(3) Basis for provision of reserves

(i) Allowance for doubtful receivables

To prepare for any losses of accounts receivable and loans, Oki and its domestic consolidated subsidiaries calculate the amount of potential loss by using the historical loss ratio for non-classified loans/receivables and individual assessment for classified loans/receivables. Overseas consolidated subsidiaries calculate the amount of potential loss by individually assessing the possibility of collection for specific loans/receivables.

(ii) Retirement benefits

To prepare for payment of retirement benefits to employees, Oki and its consolidated subsidiaries register the amount recognized to accrue at the end of the fiscal year based on estimated values of retirement benefit obligations and pension assets.

Differences due to changes in accounting standards are amortized over 15 years except for consolidated subsidiaries that amortize the difference in the first year of application.

Prior service costs are amortized by the straight-line method over a set number of years (14 years) within the average remaining years of service of employees.

Actuarial gains and losses are amortized by the straight line method over a set number of years (13 to 14 years) within the average remaining years of service of employees at the time of their accrual in each fiscal year, and the amortization of such gains and losses is deemed to be effective from the year after the one in which they arise.

(Additional information)

Oki and certain of its consolidated subsidiaries obtained approval for returning the past substitutional portion by the Welfare Pension Fund on December 31, 2004 and started a point-type retirement benefit plan and cash balance plan-type pension plan on January 1, 2005, shifting from the welfare pension fund system to a defined-benetfit pension plan.

As a result of this shift, the projected benefit obligation has declined, and a profit of ¥15,361 million of prior service costs was accrued. This profit is amortized by the straight-line method over 14 years within the average remaining years of service of employees. As a result of this, operating income/ordinary income and net income before taxes for this fiscal year increased by ¥248 million and ¥51 million, respectively.

In addition, certain domestic consolidated subsidiaries have discontinued their approved retirement annuity system and shifted to a defined contribution pension plan. As a result, net income before tax adjustment for this fiscal year declined by ¥37 million.

(iii) Reserve for Directors' retirement

Some domestic consolidated subsidiaries register the necessary amount at the end of the year in accordance with internal rules to prepare for the payment of Directors' retirement allowance.

Oki abolished the Directors’ retirement allowance system by resolution of the general meeting of shareholders in June 2004. ¥348 million, equivalent to the Directors' retirement allowance for the period up to this general meeting of shareholders, is included in “other non-current liabilities.”

(4) Accounting processing of consumption tax

The tax-exclusion method is used for accounting of consumption tax and local consumption tax.

(5) Other

Application of consolidated tax payment:

The consolidated tax payment is applied.

(Translation)

Transcript of Account Auditors' Report on Consolidated Financial Statements

Independent Auditors' Report

May 17, 2005

Mr. Katsumasa Shinozuka, President and Chief Executive Officer
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon
Eisei Kaneda (seal),
Engagement Partner, Certified Public Accountant
Kazuaki Saito (seal),
Engagement Partner, Certified Public Accountant
Yasuhiro Imai (seal),
Engagement Partner, Certified Public Accountant

We have audited the consolidated financial statements, that is the consolidated balance sheets and the consolidated statements of income, of Oki Electric Industry Co., Ltd. for the 81st term from April 1, 2004 to March 31, 2005 in accordance with Article 19 Paragraph 2 Item 3 of the Law for Special Exceptions to the Commercial Code Concerning Corporate Audits. Oki Electric Industry Co., Ltd.'s management is responsible for preparing these consolidated financial statements, and our responsibility is to express our independent opinion regarding these consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we obtain reasonable assurance as to whether these consolidated financial statements are free of material misstatement. Audits are conducted based on a test basis, and include reviews of accounting policies and methods that the management adopts, and evaluation of management estimates and the presentation of the consolidated financial statements as a whole. We believe we have obtained reasonable bases for the expression of our opinion as a result of our audit. In addition, our audit includes auditing procedures that we considered necessary in order to conduct our audit for Oki Electric Industry Co., Ltd.'s subsidiaries.

As a result of the audit, we concluded that the consolidated financial statements fairly present Oki Electric Industry Co., Ltd.'s and its subsidiaries' assets and income or loss in accordance with law and the Articles of Incorporation.

No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry Co., Ltd., our firm (Ernst & Young ShinNihon) and respective engagement partners.

(Translation)

Transcript of Corporate Auditors' Report on Consolidated Financial Statements

Corporate Auditors' Report on Consolidated Financial Statements

The Board of Corporate Auditors received reports from each Corporate Auditor on the methods and results of their audit of the consolidated financial statements (the consolidated balance sheets and the consolidated statements of income) of Oki Electric Industry Co., Ltd. for the 81st fiscal year (from April 1, 2004 to March 31, 2005), and upon discussion, the board prepared this audit report as follows.

1. Outline of Corporate Auditors' audit methods

In accordance with auditing policies and auditing plans prescribed by the Board of Corporate Auditors, each Corporate Auditor received reports and explanations on the consolidated financial statements from the Directors, the internal auditing division and the Account Auditors.

2. Audit results

We find the audit methods and results by Ernst & Young ShinNihon the Account Auditors, to be appropriate.

May 19, 2005

The Board of Corporate Auditors, Oki Electric Industry Co., Ltd.

Takahisa Inagawa, Standing Auditor (seal)
Yoshiyuki Honjo, Standing Auditor (seal)
Hiroyuki Katagiri, Standing Auditor (seal)
Ieji Yoshioka, Auditor (seal)

Note: Standing Auditor Hiroyuki Katagiri and Auditor Ieji Yoshioka are external auditors in accordance with Paragraph 1, Article 18 of the Law for Special Exceptions to the Commercial Code Concerning Corporate Audits.

(Translation)

Non-Consolidated Balance Sheet

(as of March 31, 2005) (Unit: millions of yen)

Account title	Amount	
(Assets)		
I. Current assets		
1. Cash and deposits		18,297
2. Notes receivable		1,682
3. Accounts receivable, trade		86,785
4. Inventories		
Finished goods	20,768	
Semi-finished goods	4,062	
Materials	9,824	
Work in process	46,899	
Supplies	4,570	86,124
5. Short-term prepaid expense		645
6. Short-term loan		21,489
7. Accounts receivable, others		22,659
8. Deferred tax assets		7,898
9. Other current assets		3,240
10. Allowance for doubtful Receivables		(87)
Total current assets		248,736
II. Fixed assets		
1. Property, plant and equipment		
(1) Buildings	91,455	
Accumulated depreciation	(60,370)	31,085
(2) Structures	8,534	
Accumulated depreciation	(6,996)	1,537
(3) Machinery and equipment	296,824	
Accumulated depreciation	(265,288)	31,535
(4) Vehicle and delivery equipment	165	
Accumulated depreciation	(147)	17
(5) Tools, furniture and fixtures	85,962	
Accumulated depreciation	(72,364)	13,598
(6) Land		16,110
(7) Construction in progress		435
Total property, plant and equipment		94,319
2. Intangible assets		
(1) Goodwill		926
(2) Facility rights and leasehold		273
(3) Software		9,065
Total intangible assets		10,265
3. Investments and other assets		
(1) Investments in securities		46,478
(2) Shares of affiliated Companies		44,658
(3) Contribution		283
(4) Contribution to affiliated Companies		1,350
(5) Long-term loans to employees		23
(6) Long-term loans to affiliated companies		22,210
(7) Long-term prepaid expenses		7,400
(8) Long-term doubtful receivables		3,238
(9) Long-term deferred tax assets		11,910
(10) Other investments and other assets		3,498
(11) Allowance for doubtful receivables		(6,358)
Total investments and other assets		134,695
Total fixed assets		239,280
Total assets		488,017

Account title	Amount	
(Liabilities)		
I. Current liabilities		
1. Notes payable		260
2. Accounts payable, trade		91,087
3 Short-term borrowings		43,652
4. Long-term borrowings to be paid within a year		45,771
5. Bonds to be redeemed within a year		10,000
6. Accounts payable, others		6,099
7. Accrued income taxes		25,311
8. Other accrued expenses		796
9. Deposits		1,637
10. Other current liabilities		1,282
Total current liabilities		225,898
II. Non-current liabilities		
1. Bonds		49,500
2. Long-term borrowings		53,739
3 Long-term deposits		5,000
4. Retirement benefits		25,315
5. Other non-current liabilities		364
Total non-current liabilities		133,919
Total liabilities		359,817
(Shareholders' equity)		
I. Common stock		67,877
II. Additional paid-in capital		
1. Capital reserve		16,980
2. Other additional paid-in Capital		
Capital reserve decline Profit	20,816	20,816
Total additional paid-in Capital		37,797
III. Retained earnings		
1. Unappropriated retained Earnings		10,525
Total retained earnings		10,525
IV. Unrealized holding gains on securities		12,211
V. Treasury stock		(211)
Total shareholders' equity		128,199
Total liabilities and shareholders' equity		488,017

(Translation)

Notes:

1. Short-term monetary receivable from affiliated companies: 67,097 million yen
   Long-term monetary receivable from affiliated companies: 23,376 million yen
   Short-term monetary payable to affiliated companies: 52,838 million yen
2. Guarantee liabilities: 8,151 million yen
3. Net assets provided for in Article 124-3 of the Commercial Code Enforcement Regulations: 12,211 million yen
4. Stock preemptive rights in accordance with Article 280-19 of the former Commercial Code
   (1) Preemptive rights in accordance with the resolution of the general meeting of shareholders on June 29, 2000:

Type of shares:	Common shares
Number of shares:	341,000 shares
Exercise price:	¥866
Exercisable period:	July 1, 2002 to June 30, 2005

   (2) Preemptive rights in accordance with the resolution of the general meeting of shareholders on June 28, 2001:

Type of shares:	Common shares
Number of shares:	334,000 shares
Exercise price:	¥613
Exercisable period:	July 1, 2003 to June 30, 2006

(Translation)

Non-Consolidated Statement of Income

(From April 1, 2004 to March 31, 2005)

(Unit: millions of yen)

Account title		
I. Net sales		439,355
II. Cost of sales		348,907
Gross profit		90,447
III. Selling, general and administrative expenses		82,444
Operating income		8,003
IV. Non-operating income		
1. Interest income	627	
2. Interest income on securities	7	
3. Dividend income	5,584	
4. Other	828	7,048
V. Non-operating expenses		
1. Interest paid	3,310	
2. Interest paid for bonds	1,375	
3. Other	2,076	6,763
Ordinary income		8,288
VI. Extraordinary profit		
1. Gain on sales of investments in securities	3,025	3,025
VII. Extraordinary loss		
1. Loss on sale and disposition of property, plant and equipment	2,193	
2. Loss from securities revaluation	1,424	
3. Bad debt expenses	941	
4. Special retirement payments	762	5,322
Net income before taxes		5,990
Income taxes	(4,393)	
Income taxes deferred	7,184	2,791
Net income		3,199
Retained earnings carried over from the previous year		0
Profit reserve decline		7,326
Unappropriated retained earnings		10,525

Notes:

1. Transactions with affiliated companies
    - Sales: 113,008 million yen
    - Purchases: 115,572 million yen
    - Non-operating transactions: 5,951 million yen
2. Net income per share: 5.23 yen

(Translation)

Significant Accounting Policies

1. Valuation standards and methods for negotiable securities, etc.
   Held-to-maturity securities: amortized or accumulated to face value
   Shares of subsidiaries and affiliated companies:
   Stated at cost based on the moving average method
   Other negotiable securities:
   Marketable securities:
   Stated at fair value based on the market price at the end of the fiscal year
   (The difference between book value and market value is included in capital, and the sale cost is calculated by using the moving average method).
   Non-marketable securities: Stated at cost based on the moving average method
   Derivatives: Stated at market value

2. Valuation standards and methods for inventories
   Finished goods and semi-finished goods: Stated at cost based on the moving average method
   Work in process: Stated at cost based on the specific identification method
   Materials and supplies: Stated at cost based on the last purchase price method

3. Depreciation and amortization
   Property, plant and equipment: declining-balance method
   The straight-line method is applied to buildings, excluding annexed structures, acquired on or after April 1, 1998.
   Intangible assets
   Software for sale in the market:
   amortization method based on the estimated number of years for sales (3 years)
   Software for internal use:
   straight-line method based on the estimated durable years (5 years)
   Others: straight-line method

4. Basis for provision of reserves
   Allowance for doubtful receivables
   To prepare for any losses on accounts receivable and loans, Oki calculates the amount of potential loss by using the historical loss ratio in case of non-classified loans/receivables and by individual assessment in case of classified loans/receivables.
   Retirement benefits
   To prepare for payment of retirement benefits to employees, Oki records the amount recognized to accrue at the end of the fiscal year based on the estimated values of retirement benefit obligations and pension assets.
   Differences for changes in accounting standards are amortized over 15 years.
   Prior service cost is amortized by the straight-line method over a certain number of years (14 years) within the average remaining years of service of employees.
   Actuarial gains and losses are amortized by the straight-line method over a set

number of years (13 to 14 years) within the average remaining years of service of employees at the time of their accrual in each fiscal year, and the amortization of such gains and losses is deemed to be effective from the year after the year in which they arise.

(Additional information)

Oki obtained approval for returning the past substitutional portion by the Welfare Pension Fund on December 31, 2004 and started the point-type retirement benefit plan and cash balance plan-type pension plan on January 1, 2005, shifting from the welfare pension fund system to a defined-benefit pension plan.

As a result of this shift, projected benefit obligation has declined, and profit of ¥10,428 million of prior service cost accrued. This profit is amortized by the straight-line method over 14 years within the average remaining years of service of employees. As a result of this, operating income/ordinary income and net income before taxes for this fiscal year increased by ¥159 million.

Reserve for Directors' retirement

Oki abolished the Directors' retirement allowance system by resolution of the general meeting of shareholders in June 2004. ¥348 million, equivalent to the Directors' retirement allowance for the period up to this general meeting of shareholders, is included in “other non-current liabilities.”

5. Accounting processing of consumption tax

The tax-exclusion approach is applied for accounting of consumption tax and local consumption tax.

6. Others

Application of consolidated tax payments:

Consolidated tax payments are applied.

(Translation)

Proposed Appropriation of Retained Earnings

(Unit: yen)

Item	Amount
Unappropriated retained earnings at the end of the fiscal year	10,525,590,894
To be appropriated as follows:	
Dividend	1,834,884,756
(¥3 per share)	
Retained earnings to be carried forward to the next fiscal year	8,690,706,138

(Translation)

Transcript of Account Auditors' Report

Independent Auditors' Report

May 17, 2005

Mr. Katsumasa Shinozuka, President and Chief Executive Officer
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon
Eisei Kaneda (seal),
Engagement Partner, Certified Public Accountant
Kazuaki Saito (seal),
Engagement Partner, Certified Public Accountant
Yasuhiro Imai (seal),
Engagement Partner, Certified Public Accountant

We have audited the statutory report, that is the balance sheets, the statements of income, the business report (limited to accounting matters), and the proposed appropriation of unappropriated retained earnings, and its supporting schedules (limited to accounting matters) of Oki Electric Industry Co., Ltd.'s 81st term from April 1, 2004 to March 31, 2005 in accordance with Article 2 Item 1 of the Law for Special Exceptions to the Commercial Code Concerning Corporate Audits. With respect to the aforementioned business report and supporting schedules, our audit was limited to those matters derived from the accounting books and records of Oki Electric Industry Co., Ltd. and its subsidiaries. The statutory report and supporting schedules are the responsibility of Oki Electric Industry Co., Ltd.'s management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we obtain reasonable assurance as to whether these financial statements are free of material misstatement. Audits are conducted based on a test basis, and include reviews of accounting policies and methods that management adopts, and evaluation of management estimates and the presentation of financial statements and supporting schedules as a whole. We believe that we have obtained reasonable bases for the expression of our opinion as a result of our audit. In addition, our audit includes auditing procedures that we considered necessary in order to conduct our audit for Oki Electric Industry Co., Ltd.'s subsidiaries.

As a result of the audit, our opinion is as follows:

(1) The balance sheets and the statements of income fairly present the financial position and the results of operations of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
(2) The business report (limited to accounting matters) fairly presents the status of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
(3) The proposal for appropriation of earnings has been prepared in conformity with related laws and regulations and the Articles of Incorporation of the Company.
(4) With respect to the supporting schedules (limited to accounting matters) there are no items to be noted that are not in conformity with the provisions of the Commercial Code.

No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry Co., Ltd., our firm (Ernst & Young ShinNihon) and respective engagement partners.

(Translation)

Transcript of Corporate Auditors' Report

Corporate Auditors' Report

Each Corporate Auditor reported to the Board of Corporate Auditors on the business execution of the Directors for the 81st fiscal year (from April 1, 2004 to March 31, 2005), and upon discussion, the Board prepared this audit report as follows.

1. Outline of Corporate Auditors' audit methods

In accordance with auditing policies and auditing plans prescribed by the Board of Corporate Auditors, in addition to participating in the Board of Directors and other important meetings, each Corporate Auditor learned about the state of business operations from the Directors, the internal auditing division and the Account Auditors, and requested business reports from subsidiaries if necessary. In addition, the Board of Corporate Auditors received reports and explanations from the Account Auditors for review of financial statements and their supporting schedules.

In addition to the audit method mentioned above, the Board of Corporate Auditors requested reports from the Directors, if necessary, for detailed surveys with regard to the potential for competitive transactions by the Directors, conflicts of interest between the Directors and the Company, uncompensated allocation of profits from the Company, uncommon transactions with subsidiaries or shareholders, and acquisition and disposal of treasury stocks.

2. Audit results

(1) We find the audit methods and results by Ernst & Young ShinNihon the Account Auditors, to be appropriate.
(2) We find that the business report correctly indicates corporate status in accordance with law and the Articles of Incorporation.
(3) Considering the state of corporate assets and other circumstances, we find no items that require special reporting with regard to the agenda item for appropriation of retained earnings.
(4) We find no items that require special reporting with regard to the schedules of financial statements, which correctly indicate the items to be stated.
(5) We find no illegal activities of the Directors with regard to business operations, and no significant breaches of law or the Articles of Incorporation.

Further, we find no breach of obligations by the Directors with regard to competitive transactions by the Directors, conflicts of interest between the Directors and the Company, uncompensated allocation of profits by the Company, uncommon transactions with subsidiaries or shareholders, and acquisition and disposal of treasury stocks.

May 19, 2005

The Board of Corporate Auditors , Oki Electric Industry Co., Ltd.

Takahisa Inagawa, Standing Auditor (seal)
Yoshiyuki Honjo, Standing Auditor (seal)
Hiroyuki Katagiri, Standing Auditor (seal)
Ieji Yoshioka, Auditor (seal)

Note: Standing Auditor Hiroyuki Katagiri and Auditor Ieji Yoshioka are external auditors in accordance with Paragraph 1, Article 18 of the Law for Special Exceptions to the Commercial Code Concerning Corporate Audits.

(Translation)

Reference Document for the Exercise of Voting Rights

1. Number of voting rights held by all shareholders: 603, 320

2. Agenda and reference matters

Agenda 1: Approval of the proposed appropriation of unappropriated retained earnings for the 81st fiscal year

Details of the proposed appropriation of unappropriated retained earnings for the 81st fiscal year are as described in the attachment (page 30).

Our basic policy is to determine the amount of dividends by considering each year's profitability and retained earnings for future business development.

Based on this policy, we would like to set our dividend for this year as 3 yen per share.

(Translation)

Agenda 2: Partial amendment to the Articles of Incorporation

1. Reasons for amendment
   1) Following the execution of the "Law for Partial Revision of the Commercial Code for the Introduction of the Electronic Announcement System" (No. 87, 2004) on February 1, 2005, we will change our announcement method from placement in the Nihon Keizai Shimbun to electronic announcements and establish procedures in case an electronic announcement is not possible due to unavoidable events.
   2) We will reduce the number of the Directors upon establishment of an executive system management structure.

2. Details of amendments
   Details of amendments are as follows.

(Underlined portions are the amendments.)

Current Articles of Incorporation	Amendment Draft
Article 4. Announcement Method Announcements of the Company <u>shall be conducted by advertising in the Nihon Keizai Shimbun published in Tokyo.</u>	Article 4. Announcement Method Announcements of the Company <u>shall be conducted by electronic announcement. Provided, however, that they shall be done by advertising in the Nihon Keizai Shimbun published in Tokyo in case electronic announcement is not possible due to unavoidable events</u>.
Article 17. Number of Directors The number of Directors of the Company <u>shall be up to twenty (20).</u>	Article 17. Number of Directors The number of Directors of the Company <u>shall be up to fifteen (15).</u>

(Translation)

Agenda 3: Election of three Directors

The tenure of Directors Katsuhiko Sano, Nobuhide Hara and Minoru Mori will expire at the end of this general meeting of shareholders.

We accordingly request that you elect three Directors from among the following candidates.

Candidates for Directors (three):

Candidate number	Name (Date of birth)	Brief personal profile and representation for other company	Number of Oki shares held
1	Nobuhide Hara (February 16, 1947)	April 1969 Joined Oki March 1993 General Manager, Software Center, Telecommunications Systems Business Division June 1989 Director April 1990 Executive Officer April 2002 Senior Executive Officer (current) CIO (current) June 2004 Senior Vice President (current)	20,000
2	Hideichi Kawasaki (January 10, 1947)	April 1970 Joined Oki Nov. 1990 General Manager, Sales Department 3, Financial Systems Sales Division April 2001 Executive Officer April 2004 Senior Executive Officer (current) April 2005 General Manager, Sales Promotion Division (current)	16,000
3	Minoru Morio (May 20, 1939)	April 1963 Joined Sony April 1988 General Manager, Personal Video Business Division, Sony June 1988 Director, Sony June 1990 Senior Executive Director, Sony June 1993 Executive Vice President, Sony June 1999 Technical Representative, Sony June 2000 Executive Vice Chairman, Sony June 2001 Director, Oki (current) June 2004 Advisor, Sony (current)	10,000

CIO: Chief Information Officer

Note: Mr. Minoru Morio is an advisor to Sony Corporation. While Sony and Oki have sales transactions for semiconductors, they are in a competitive relationship.
Mr. Morio fulfills the requirement for an external director set forth in Item 7-2, Paragraph 2, Article 188 of the Commercial Code.

(Translation)

Agenda 4: Revision of wages for Directors and Auditors

Wages for Oki Directors were set at a maximum of 40 million yen per month at the 66th general meeting of shareholders held on June 28, 1990; wages for Corporate Auditors were set at a maximum of 7 million yen per month at the 73rd general meeting of shareholders held on June 27, 1997. To implement flexible operations, we would like to revise wages for Directors to up to 480 million yen per year, and wages for Corporate Auditors to up to 84 million yen per year.

Such wages for Directors will not include any salaries Directors receive as employees.

Upon approval of Agenda 3 per our draft, the number of Directors will be ten. The number of the Corporate Auditors is four.

(Translation)

Agenda 5: Issuance of stock acquisition rights as stock options

Oki is to issue stock acquisition rights as stock options to Directors engaged in the business operations of the Company, Executive Officers, senior staff members participating in management and Directors of certain subsidiaries for the following reasons and per the following methods in accordance with the provisions of Articles 280-20 and 280-21 of the Commercial Code. Accordingly, we request that you approve this matter.

1. Reason for issuing stock acquisition rights under privileged conditions
   The stock acquisition rights are to be issued as stock options, free of charge, to Directors engaged in the business operations of the Company, Executive Officers, senior staff members participating in management and Directors of certain subsidiaries, to further enhance their motivation and willingness to improve corporate value through their management efforts, which we believe will consequently bring profits to each shareholder.

2. Persons allotted stock acquisition rights
   The stock acquisition rights are to be allotted to Directors engaged in the business operations of the Company, Executive Officers, senior staff members participating in the management and Directors of certain subsidiaries.

3. Outline of the issuance of stock acquisition rights
   (1) Type and number of shares to be issued for the purpose of stock acquisition rights
   The upper limit of new common shares to be issued is 442,000 shares.
   In the event Oki splits or consolidates its common shares, the number of shares to be issued for the purpose of the stock acquisition rights not yet exercised shall be adjusted in accordance with the formula below.

   Number of shares after adjustment =
   (Number of shares before adjustment) x (Ratio of split or consolidation)

   Odd lots less than one share in this adjustment shall be discarded.

   (2) Number of stock acquisition rights to be issued
   Up to 442
   (Beneficiaries can acquire 1,000 shares for each right. However, if the number of shares to be issued is adjusted as described above, the number of shares to be acquired will also be adjusted in the same manner.

   (3) Issue price of stock acquisition rights
   The rights are granted free of charge.

(Translation)

(4) Payment for shares on the exercise of the rights

The amount paid per right is determined by multiplying the amount paid per share determined as follows ("exercise price") by the number of shares to be issued per right as determined in (2) above. The exercise price will be the highest of the following multiplied by 1.05: 1) the average closing price for Oki shares on the Tokyo Stock Exchange during the month prior to the month that includes the issue date of stock acquisition rights, 2) the closing price for Oki shares on the day prior to the issue date of stock acquisition rights, or 3) the closing price for Oki shares on the day prior to the day of this general meeting of shareholders. Fractions less than one yen shall be rounded up to the nearest yen.

Further, in the case that Oki issues new shares at a price less than the market price (excluding the issuance of new shares by the exercise of stock acquisition rights), the exercise price shall be adjusted in accordance with the formula shown below, and fractions less than one yen shall be rounded up to the nearest yen.

Exercise price after adjustment =

$$\text{Exercise price before adjustment} \times \frac{\text{Number of outstanding shares} + \dfrac{(\text{Number of newly issued shares} \times \text{Amount paid per share})}{\text{Market price per share before new share issue}}}{\text{Number of outstanding shares} + \text{Increase in number of shares following new share issue}}$$

In case Oki splits or consolidates its stock, the exercise price shall be adjusted in accordance with the ratio of split or consolidation, and fractions less than one yen as a result of the adjustment shall be rounded up to the nearest yen.

(5) Period of exercise of stock acquisition rights

From July 1, 2007 to June 28, 2015

(6) Conditions for exercise of stock acquisition rights

a. The following restrictions shall be established for exercise of stock acquisition rights:
   1) Period from July 1, 2007 to June 30, 2008:
      A maximum of 34% of the allotted number may be exercised.
   2) Period from July 1, 2008 to June 30, 2009:
      A maximum of the number calculated by deducting the number exercised in 1) above from 67% of the allotted number may be exercised.
   3) Period from July 1, 2009 to June 28, 2015:
      A maximum of the number calculated by deducting the number exercised in 1) and 2) above from the allotted number may be exercised.

      Fractions shall be rounded off for calculation purposes.
b. The heir of the holder of the stock acquisition rights upon the holder's death shall be allowed to exercise the rights as follows:
   In case of inheritance before June 30, 2009, the rights may be exercised by June 30, 2010; or

In case of inheritance on or after July 1, 2009, the rights may be exercised for one year from the date of inheritance; provided, however, that the rights may not be exercised after June 28, 2015.

c. Other conditions regarding the exercise of rights shall be subject to the stock acquisition right allocation agreement concluded between Oki and the holders of the rights.

(7) Cancellation of stock acquisition rights

Stock acquisition rights may be cancelled free of charge in case the rights holder no longer falls under any of the conditions for exercise provided for in the previous paragraph.

(8) Restrictions on transfer of stock acquisition rights

The transfer of stock acquisition rights is subject to the approval of the Board of Directors.

(Translation)

Appendix

Instructions for the Exercise of Voting Rights via the Internet

1. Matters requiring your agreement concerning the exercise of voting rights via the Internet

We kindly request your consent to the following regarding exercise of voting rights via the Internet.

1) Exercise of voting rights via the Internet is only possible by accessing the voting site designated by Oki (please refer to the following website address). Please note that cellular phones cannot access this site. In case of voting via the Internet, you will need the voting rights exercise code and password specified in the voting right exercise form enclosed in the notice of the ordinary general meeting of shareholders. The voting right exercise code and the password specified in this notice will be effective only for this general meeting of shareholders.
2) We will regard the exercise of rights via the Internet to be effective if you exercise your voting rights both in writing and via the Internet.
3) We will regard the last exercise via the Internet to be the effective exercise in case you exercise your voting rights more than once.
4) You will bear the expense in connection to use of the Internet (service provider access fees, communication charges, etc.)

2. Instructions for voting via the Internet

1) Access http://www.it-soukai.com.
(Please note that the above address (URL) cannot be accessed from 3:00 a.m. to 5:00 a.m. during the voting period.)
2) Enter the voting rights exercise code and the password and click "log-in."
(The voting rights exercise code and password are specified at the upper right hand side of the ballot enclosed in the notice of the general meeting of shareholders.)
3) Proceed to vote in accordance with the site instructions.

3. Technical specifications

1) Operating system: Windows or Macintosh operating systems
(Cellular phones, PDAs and game terminals may not be used.)
2) Browser: Internet Explorer 5.5 or above, Netscape Communicator 4.7 or above
3) Internet connection: any service providing internet access

Contact:
Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
Tel: 0120-288-324 (toll free)
From 9:00 a.m. to 5:00 p.m., excluding Saturdays, Sundays and national holidays