

(Translation)

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

(Securities Identification Code: 6703)

June 6, 2012

NOTICE OF 88TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Oki Electric Industry Co., Ltd. (the “Company”) would hereby like to inform you that the 88th ordinary general meeting of shareholders will be held as follows. We would be grateful if you could attend the meeting.

Those who will not be able to attend the meeting are kindly requested to review “4. Exercise of Voting Rights” on page 2 and exercise their voting rights no later than 5:15 p.m., June 27 (Wednesday), 2012 (JST).

Yours faithfully,

Hideichi Kawasaki,
President, Representative Director
Oki Electric Industry Co., Ltd.
1-7-12 Toranomon, Minato-ku, Tokyo

(Translation)

1. **Date and Time:** Thursday, June 28, 2012, from 10:00 a.m.
2. **Location:** Nippon Seinen-kan Hall, 7-1 Kasumigaoka, Shinjuku-ku, Tokyo

3. Meeting Agenda

Items to be reported:

1. Business Report, Consolidated Financial Statements and audit results of the Consolidated Financial Statements by the Account Auditor and the Board of Corporate Auditors for the 88th fiscal year (from April 1, 2011 to March 31, 2012)
2. Non-consolidated Financial Statements for the 88th fiscal year (from April 1, 2011 to March 31, 2012)

Items to be resolved:

- Agenda 1:** Appropriation of Surplus
Agenda 2: Election of Four (4) Directors
Agenda 3: Election of Two (2) Corporate Auditors

4. Exercise of Voting Rights

- (1) Attendance at the meeting in person
Please submit the enclosed ballot at the reception desk of the meeting.
- (2) Exercise of voting rights via postal mail
Please indicate your approval or disapproval for each of the proposals in the space provided on the ballot and return the ballot to the Company.
- (3) Exercise of voting rights via electronic means (Internet)
Please read the appended "Instructions for the Exercise of Voting Rights via the Internet," 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 Internet.

* Of the information provided by the Company, "Notes to Consolidated Financial Statements" and "Notes to Non-Consolidated Financial Statements" are provided on its Internet website (<http://www.oki.com>) under the provisions of applicable laws and in accordance with Article 15 of the Articles of Incorporation, and thus are not included in the Attachments of this Notice of General Shareholders Meeting.

* The Company has provided the Notice of 88th Ordinary General Meeting of Shareholders on its Internet website (<http://www.oki.com/>). Any amendment to the Company's Reference Documents for the General Meeting of Shareholders, the Business Report, and the Consolidated and Non-consolidated Financial Statements (including the "Notes to the Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements") will be announced on the website.

(Translation)

(Attachment)

Business Report

(From April 1, 2011 to March 31, 2012)

1. Status of the OKI Group

(1) Operating progress and results

During the fiscal year ended March 31, 2012, the overall world economy moved toward gradual recovery; despite the backdrop of the stagnated economy in Europe caused by impact of the financial crisis, rising crude oil prices and hovering unemployment rate, personal consumption showed uptrend in the United States. Additionally, emerging countries, such as China, continue to maintain high growth, though the pace has somewhat slowed down. The Japanese economy is also showing signs of gradual recovery backed by improvement in personal consumption and manufacturing, although the environment had been severe due to the confusion in supply chain caused by the Great East Japan Earthquake and flood disaster in Thailand as well as the impact of the appreciation of yen.

In this business environment, the OKI Group reported significant earning growth, overcoming the impact of the damage caused by the Thai flooding in the printer business.

The OKI Group recorded overall net sales of ¥428.1 billion, a ¥4.6 billion (1.1%) decrease year-on-year. Net sales for info-telecom systems business, mainly ATMs in mechatronics systems, EMS, and others businesses increased. Unifying accounting period for consolidated subsidiaries in China also contributed to the increase, however, sales decreased in the printer business due to the appreciation of the yen and the impact of flood damage in Thailand. Operating income was ¥17.4 billion, a ¥6.4 billion improvement year-on-year, due to the impact of reducing variable costs and fixed costs, in addition to improvement in marginal profit caused by the increase in volume, mainly in info-telecom business.

Recurring income was ¥14.6 billion, ¥8.7 billion increase year-on-year and net income improved by ¥35.0 billion to ¥8.0 billion since there were no costs associated with revamping business structure which was recorded in the fiscal year ended March 31, 2011.

Non-consolidated business performances were similar to consolidated performances. Net sales were ¥205.1 billion, up ¥15.2 billion (8.0%) from the previous fiscal year, with operating income of ¥6.3 billion, up ¥1.7 billion, and ordinary income of ¥6.7 billion, up ¥2.8 billion. Net income was ¥5.2 billion, up ¥34.3 billion from the previous year's net loss.

Although the financial situation improved during the last fiscal year, establishment of the basis to enable stable dividends continuously is not complete. For this reason, we deeply regret to pass dividends to shareholders for the fiscal year ended March 31, 2012. As for preferred stock, we will distribute dividends from the fiscal year under review in

(Translation)

accordance with the terms and conditions for Class A Preferred Stock stipulated at the time of issuance.

Net sales by segment are as provided below.

- Net Sales

(Unit: billions of yen)

Segment	FY2010 (reference: previous year)	FY2011 (the year under review)	Increase or decrease	Compared to the previous year (%)
Info-telecom systems	260.7	267.2	6.5	2.5
Printers	125.0	112.0	(13.0)	(10.4)
EMS	31.0	31.3	0.3	0.7
Others	15.9	17.6	1.7	10.6
Total	432.7	428.1	(4.6)	(1.1)

Note: Figures less than ¥100 million for each item are rounded to the nearest ¥100 million. The amounts of “increase or decrease” are calculated on the basis of figures in units of ¥100 million.

The following provides a summary of each segment.

Info-telecom systems

Net sales to external customers were ¥267.2 billion, up ¥6.5 billion (2.5%) from the previous fiscal year. The increase in sales includes a ¥1.1 billion decrease due to the yen appreciation and a ¥4.2 billion increase due to the unification of accounting period for the consolidated subsidiaries in China. Excluding these effects, the net sales increased by ¥3.4 billion. Overall sales of solution & services decreased due to investment plans deferred in the corporate markets, although sales in ATM operation and monitoring services were strong. On the other hand, sales of mechatronics systems rose, thanks to robust sales of ATMs for Japan and China. Sales of telecom systems rose due to by robust sales of GE-PON for telecom carriers and home gateways. Sales of social infrastructure systems also increased as some of the large replacement projects for governmental offices were increased.

Operating income was ¥18.7 billion, a ¥4.0 billion increase year-on-year, owing to product mix and reduction in variable costs in addition to improved marginal profit caused by the increase in volume.

(Translation)

Printers

Net sales to external customers were ¥112.0 billion, down ¥13.0 billion (10.4%) from the previous fiscal year.

The decrease in sales includes a ¥4.2 billion decrease due to the yen appreciation and a ¥0.9 billion increase due to the unification of accounting period for the consolidated subsidiaries in China. Excluding these effects, the net sales decreased by ¥ 9.7 billion. With regards to sales by product, although sales of new models of office color printers (color NIP) and monochrome printers (monochrome NIP) increased, overall printer sales declined mainly due to the impact of the flood disaster in Thailand. Unit sales of dot impact printers (SIDM) decreased as well due to the impact of the flood damage.

Operating income improved to ¥1.1 billion, a ¥0.9 billion increase year-on-year. This was because the decline in marginal profit from falling prices and volume was offset by a sales expense decrease due to the flood damage in Thailand in addition to lower variable costs.

Electronics manufacturing services (EMS) and others

Net sales to external customers were ¥31.3 billion, up ¥0.3 billion (0.7%) from the previous fiscal year, in EMS business and ¥17.6 billion, up ¥1.7 billion (10.6%) from the previous fiscal year, in the Others businesses. The increase in sales of the EMS business was attributable to robust markets such as those for measuring instruments and industrial equipment. In the Others business, sales of the component related business was robust mainly with the increased demand in the amusement market.

Operating income was ¥1.5 billion, a ¥0.2 billion increase in EMS, and ¥2.5 billion, a ¥1.0 billion increase in the Others business, owing to improved marginal profit caused by volume increase.

(Translation)

(2) Capital expenditure

Capital expenditures for the fiscal year equaled ¥9.3 billion.

Investment amounts by segment were as follows.

(Unit: billions of yen)

Segment	Amount of capital expenditure	Major investments
Info-telecom systems	4.0	ATM products and cash management terminals for financial and retail store markets; investments in research, development and production of new products for network service and network infrastructure businesses
Printers	3.5	Investments in R&D, development and production activities relating to business-use printers
EMS	0.7	Investments in contract manufacturing activities of medical, telecommunications and industrial equipment
Others	1.2	
Total	9.3	

(3) Financing

Funds required for the term under review were obtained from our own funds and borrowed funds.

Borrowing funds are mainly long-term borrowings principally from major banks.

(4) Future challenges

The world economy continues to gradually move toward recovery despite uncertainty over future prospects such as concern over the delayed economic recovery caused by the prolonged financial crisis in Europe and a dark sign in growth in emerging countries such as China. The Japanese economy shows signs of recover due to new demand rising after the Great East Japan Earthquake and the impact of the flooding in Thailand returning to normal.

Under such circumstances, the OKI Group has been implementing a series of initiatives based on the mid-term business plan announced on October 8, 2010.

The Group carried out (1) Management Base Enforcement Program, one of the two pillars of the plan, to build up a business structure which allows for the generation of consistent earnings and to complete a solid management base to support future business growth. The Group enforced “Revisions of Retirement Benefits Schemes,” which had been prepared since the previous fiscal year, and carried out cost-savings, concentration and selection of businesses and reorganization of Group companies based on the mid-term business plan. Additionally, on the supposition of an even more difficult business environment, the Group will continue to maintain and enhance its business base built up during the fiscal year under review and take measures such as reducing costs going forward.

In (2) Growth Program, the Group aims for growth of focus areas through concentrated investment of limited resources and promotion of strategic alliances. We have come out with the three directions for growth as policies: “move into global markets,” “supporting management unencumbered by assets” and “new business aiming for Smart Society.” Under these, the Group has been implementing various growth measures to businesses such as solutions & services, mechatronics-systems, printers and electronics manufacturing services (EMS), which have been set up as the fields for growth under the mid-term business plan. The Group will also achieve continuous growth from a medium-

(Translation)

and long-term viewpoint by promoting strategic alliances. It will do this by building up mutually complementary relationships with partners with resources and know-how that the OKI Group needs.

Through these initiatives, the Group will work to expand sales and enhance its profitability and strive to achieve the management goals stated in the plan and the early resumption of dividends based on the solid business base to support future operations.

(5) Trends in assets and profit/loss

Trends in assets and profit/loss for the fiscal year under review and the past three years are as follows.

	85th year (FY2008)	86th year (FY2009)	87th year (FY2010)	88th year (the year under review, FY2011)
Sales	545.7 billion yen	443.9 billion yen	432.7 billion yen	428.1 billion yen
Net income	(45,011) million yen	3,619 million yen	(27,001) million yen	8,000 million yen
Net income per share	(65.90) yen	5.30 yen	(37.35) yen	9.14 yen
Total assets	397.0 billion yen	383.6 billion yen	372.2 billion yen	374.8 billion yen
Net assets	58.7 billion yen	64.8 billion yen	59.9 billion yen	67.5 billion yen
Net assets per share	75.64 yen	84.61 yen	40.15 yen	49.36 yen

Notes:

1. Parentheses indicate losses.
2. Net income per share is computed based on the average number of shares of common stock during the year (weighted average). Net assets per share are computed based on the number of shares of common stock outstanding during the year. These figures exclude treasury stocks.

(Translation)

(6) Status of major subsidiaries

(i) Status of major subsidiaries

Name	Capital	Company's voting right ratio (%)	Major business
Oki Data Corporation	19,000 million yen	100	Manufacturing and sales of printers
Oki Customer Adtech Co., Ltd.	1,800 million yen	100	Maintenance, construction and sales of information processing equipment and telecommunications equipment
OKI Software Co., Ltd.	400 million yen	100	Development and operation of telecommunications system software
Oki Wintech Co., Ltd.	2,001 million yen	100	Design and electronic works and electronic telecommunications works
Oki Data Americas, Inc.	10 million U.S. dollars	100*	Sales of printers
Oki Europe Ltd.	33 million pound sterling	100*	Sales of printers
Oki Electric Industry (Shenzhen) Co., Ltd.	50 million Renminbi	100*	Manufacturing of information processing equipment and printers

Note: Figures marked with an asterisk (*) indicate the ratio of voting rights held by subsidiaries of the Company.

(ii) Major partners

- Major technical partners:
 - International Business Machines Corporation (US)
 - Canon Inc.
- Major business partners:
 - Hewlett-Packard Company (US)
 - Cisco Systems G.K.
 - ACCESS Co., Ltd.

(7) Major businesses

The OKI Group offers as its core businesses info-telecom systems/equipment, and printers as well as related solutions, services and EMS.

Major business items include the following.

Segment	Business items
Info-telecom systems	Financial systems, automation equipment systems (ATM, cash handling equipments, ticket reservations and issuing terminals), systems for government agencies (aviation, transportation, disaster prevention, firefighting, various info-telecom systems, etc.), telecom carrier systems (switching, transmission, optical access, etc.), IP telecommunication systems (PBX, call center, videoconferencing, etc.), various information systems (travel, logistics, manufacturing), and IT services for the said business items (cloud computing service, system integration, support, maintenance, etc.), etc.
Printers	Color LED printers, monochrome LED printers, dot impact printers, multi-purpose printers, etc.
EMS	Designing & manufacturing services, printed circuit boards, etc.

(Translation)

(8) Major offices

Our 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), Kansai region (Osaka, Osaka), Chugoku region (Hiroshima, Hiroshima), Shikoku region (Takamatsu, Kagawa), and Kyushu region (Fukuoka, Fukuoka)
	Business offices	Minato-ku (Tokyo), Warabi (Saitama), Honjo (Saitama), Takasaki (Gunma), Tomioka (Gunma) and Numazu (Shizuoka)
	Research institutes	Warabi (Saitama), Osaka (Osaka) and Takasaki (Gunma)
Oki Data Corporation	Head office	Minato-ku, Tokyo
Oki Customer Adtech Co., Ltd.	Head office	Koto-ku, Tokyo
Oki Software Co., Ltd.	Head office	Warabi, Saitama
Oki Wintech Co., Ltd.	Head office	Shinagawa-ku, Tokyo
Oki Data Americas, Inc.	Head office	New Jersey, USA
Oki Europe Ltd.	Head office	Surrey, UK
Oki Electric Industry (Shenzhen) Co., Ltd.	Head office	Guangdong, China

(Translation)

(9) Employees

(i) Employees of the OKI Group

Segment	Number of employees
Info-telecom systems	8,464
Printers	6,522
EMS	419
Other	1,013
Company-wide (shared)	318
Total	16,736

(ii) Employees of Oki Electric Industry

Number of employees	Average age	Average length of service
3,373 (increased by 270 from the end of the previous year)	41.8	19.3

(10) Major creditors

Major creditors of the OKI Group are as follows:

Creditor	Loan balance
	Billion yen
Mizuho Corporate Bank, Ltd.	31.0
Sumitomo Mitsui Banking Corporation	21.5
Mizuho Trust & Banking Co., Ltd.	9.0
Sumitomo Mitsui Trust Bank, Limited (note)	5.1
The Norinchukin Bank	4.5

Note: Sumitomo Mitsui Trust Bank, Limited was established on April 1, 2012 through a merger of The Sumitomo Trust and Banking Co., Ltd., The Chuo Mitsui Trust and Banking Company, Limited, and Chuo Mitsui Asset Trust and Banking Company, Limited.

(11) Other significant events of the OKI Group

There are no relevant items.

(Translation)

2. Shareholders' Equity

- (1) Number of shares authorized to be issued by the Company:
- | | |
|---|---------------------------|
| | 2,400,000 thousand shares |
| Total number of classified shares authorized to be issued | |
| Common Stock: | 2,400,000 thousand shares |
| Class A Preferred Stock: | 30,000 shares |
- (2) Number of outstanding shares:
- | | |
|--------------------------|---|
| Common Stock: | 731,438 thousand shares |
| | (including 339 thousand shares of treasury stock) |
| Class A Preferred Stock: | 30,000 shares |
- (3) Number of shareholders:
- | | |
|--------------------------|--------|
| Common Stock: | 95,618 |
| Class A Preferred Stock: | 14 |
- (4) Major shareholders (Top 10):
- 1) Common Stock

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (trust account)	37,156	5.08
The Master Trust Bank of Japan, Ltd. (trust account)	30,134	4.12
Oki Denki Group Employees' Shareholdings Committee	18,613	2.55
Mizuho Corporate Bank, Ltd.	14,196	1.94
Meiji Yasuda Life Insurance Company	14,000	1.92
Japan Trustee Services Bank, Ltd. (trust account 4)	12,742	1.74
NOMURA ASSET MANAGEMENT U.K. LIMITED SUB A/C EVERGREEN NOMINEES LTD	8,514	1.16
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	7,062	0.97
Sompo Japan Insurance Inc.	7,000	0.96
STATE STREET BANK AND TRUST COMPANY 505019	6,342	0.87

Note: The percentages of shares held are calculated after deducting treasury stock (339 thousand shares).

(Translation)

2) Class A Preferred Stock

Name of shareholder	Number of shares held	Percentage of shares held (%)
Mizuho Corporate Bank, Ltd.	15,000	50.00
Meiji Yasuda Life Insurance Company	3,000	10.00
NTT Data Corporation	3,000	10.00
Hulic Co., Ltd.	2,500	8.33
Kiyo Bank, Ltd.	1,000	3.33
Sompo Japan Insurance Inc.	1,000	3.33
The Chiba Kogyo Bank, Ltd.	1,000	3.33
Fujitsu Limited	1,000	3.33
Fuyo General Lease Co., Ltd.	1,000	3.33
Yasuda Real Estate Co., Ltd.	600	2.00

(Translation)

3. Equity Warrants

(1) Equity warrants granted to the Company's officers as consideration for their performance of duties

- (i) Number of equity warrants
432
- (ii) Type and number of shares subject to equity warrants
432,000 shares of the Company's common stock (1,000 shares per equity warrant)
- (iii) Status of equity warrants held by the Company's officers

Issued Number	Exercise period	Directors (excluding outside Directors)		Corporate Auditors	
		Number of equity warrants	Number of holders	Number of equity warrants	Number of holders
No. 2 equity warrant (384 yen) (Issued on July 18, 2003)	July 1, 2005 to June 26, 2013	50	3	20	1
No. 3 equity warrant (458 yen) (Issued on July 20, 2004)	July 1, 2006 to June 28, 2014	59	4	11	1
No. 4 equity warrant (406 yen) (Issued on July 20, 2005)	July 1, 2007 to June 28, 2015	62	4	11	1
No. 5 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	39	3	-	-
No. 6 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	18	2	11	1
No. 7 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	80	3	23	1
No. 8 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	48	3	-	-

(2) Equity warrants issued to employees in consideration of performance during the fiscal year under review

The Company did not issue equity warrants in the fiscal year under review.

(Translation)

4. Corporate Officers

(1) Names, etc. of Directors and Corporate Auditors

Note 1	Position	Name	Status or main duties
X	President, Representative Director	Hideichi Kawasaki	Supervision
X	Senior Executive Vice President and Member of the Board, Representative Director	Naoki Sato	Chief Financial Officer and Chief Compliance Officer In charge of Marketing & Sales Division, Electronics Manufacturing Services Division, Secretarial Office, Group Administration Division and General Affairs Division
X	Director, and Executive Vice President and Member of the Board	Masao Miyashita	In charge of Public Systems Business Division Manager, Marketing & Sales Division In charge of Government & Public Systems Marketing & Sales Division, Enterprise Systems Marketing & Sales Division, Partner Business Marketing & Sales Division and Public Relations Division
X	Director and Senior Vice President	Masasuke Kishi	Chief Technology Officer In charge of Corporate Planning Division, Government & External Relations Division and Corporate Research & Development Center
X	Director and Senior Vice President	Sei Yano	Chief Information Officer In charge of IT Solution & Services Business Division, Human Resources Division and Information Planning Division
	Director	Harushige Sugimoto	
	Director	Takuma Ishiyama	
	Standing Corporate Auditor	Keiichi Fukumura	
	Standing Corporate Auditor	Shuichi Kawano	
	Corporate Auditor	Noriyuki Kandori	
	Corporate Auditor	Seiji Nishi	

Notes:

1. X indicates executive officer.
2. Director Takuma Ishiyama is an Outside Director.
3. Corporate Auditors Noriyuki Kandori and Seiji Nishi are Outside Corporate Auditors.
4. Director Takuma Ishiyama and Corporate Auditor Noriyuki Kandori are independent officers based on the terms of the Tokyo Stock Exchange and the Osaka Securities Exchange.
5. Corporate Auditor Keiichi Fukumura served in positions such as Manager, Financial Division, Manager, Accounting & Control Division and Officer in charge of the Accounting & Control Division, and has extensive knowledge in finance and accounting.

(Translation)

6. Executive officers as of March 31, 2012 are as follows (excluding those who concurrently serve as Directors).

Position	Name	Principal duty
Senior Vice President	Hisao Suzuki	In charge of CSR Division, Accounting & Control Division and Audit Office
Senior Vice President	Hidetoshi Saigo	In charge of Telecom Systems Business Division and Carriers Systems Marketing & Sales Division
Senior Vice President	Yasunori Shibata	In charge of Financial Systems Marketing & Sales Division
Senior Vice President	Takao Hiramoto	In charge of Printer Business Division and System Hardware Business Division President& CEO, Oki Data Corporation
Executive Officer	Toshiya Hatakeyama	Manager, Accounting & Control Division
Executive Officer	Masahiko Morioka	Director, Vice President, Oki Data Corporation
Executive Officer	Kazunari Kobayashi	Director, Vice President, Oki Customer Adtech Co., Ltd.
Executive Officer	Toshinao Takeuchi	Manager, Corporate Planning Division
Executive Officer	Yoshiyuki Gondou	Manager, Public Systems Business Division
Executive Officer	Hiroataka Mizuno	In charge of Production & Manufacturing Safety Office and Procurement Center Manager, Telecommunication Systems Plant
Executive Officer	Shinya Kamagami	Manager, System Hardware Business Division

(2) Compensation paid to Directors and Corporate Auditors

Title	Number of persons	Amount of payment
Directors	7	¥194 million
Corporate Auditors	4	¥51 million
Total	11	¥246 million

Note: The amounts of compensation approved by the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006 are within ¥600 million per year for Directors and ¥100 million per year for Corporate Auditors. The amount of compensation for Directors excludes employee wages for Directors who are also employees.

(Translation)

(3) Outside Directors and Corporate Auditors

(i) Major activities in the fiscal year under review

(a) Attendance at meetings of the Board of Directors and Board of Corporate Auditors

	Board of Directors meeting (number of meetings in parenthesis)		Board of Corporate Auditors meeting (number of meetings in parenthesis)	
	Attendance frequency	Attendance rate	Attendance frequency	Attendance rate
Takuma Ishiyama, Director	13 (14)	93%	-	-
Noriyuki Kandori, Corporate Auditor	14 (14)	100%	16 (16)	100%
Seiji Nishi, Corporate Auditor	14 (14)	100%	16 (16)	100%

(b) Major activities

a. Takuma Ishiyama, Director

Making objective statements mainly as a specialist in corporate law, he provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors.

b. Noriyuki Kandori, Corporate Auditor

With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using extensive experience and knowledge as a standing corporate auditor of the Company and a director at other companies, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and implementing when necessary, adequate activities concerning performances of the Board of Corporate Auditors.

c. Seiji Nishi, Corporate Auditor

With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using extensive experience and knowledge as a Director at other companies over many years, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and implementing, when necessary, adequate activities concerning performances of the Board of Corporate Auditors.

(ii) Outline of Liability Limitation Agreements

The Company concluded agreements to limit liabilities with outside officers (Director Takuma Ishiyama, and Corporate Auditors Noriyuki Kandori and Seiji Nishi) under the provisions of Article 427 of the Companies Act. The outline of the agreements is as follows:

- In cases where outside officers are liable for any damages arising from their negligence to the Company, they shall compensate for such damages only to the extent of the minimum liabilities as stipulated in Article 427, Paragraph 1 of the Companies Act.
- The above limitation of liability shall be applied only when the relevant outside officers have executed their duties that caused the liabilities in good faith and without

(Translation)

gross negligence.

- (iii) Total amount of compensation, etc.
¥24 million (for the three individuals)

(Translation)

5. Status of Accounting Auditor

(1) **Name: Ernst & Young ShinNihon LLC**

(2) **Compensation, etc.**

	Amount of payment
1. Compensation, to be paid to the accounting auditor for the fiscal year under review	127 million yen
2. Total sum of cash and profits on other assets that the Company and its subsidiaries should pay to the accounting auditor	198 million yen

Notes:

1. The Company does not distinguish between auditor compensation regarding (i) auditing in accordance with the Companies Act, and (ii) auditing in accordance with the Financial Instruments and Exchange Law. The total of these amounts is recorded above.
2. Among major subsidiaries, Oki Europe Ltd. and Oki Electric Industry (Shenzhen) Co., Ltd. have undergone statutory audits by accounting auditors other than the accounting auditor of the Company.

(3) **Policy regarding decision to dismiss or not reappoint the accounting auditor**

The Board of Corporate Auditors will dismiss the accounting auditor if the auditor falls under provisions of Article 340 of the Companies Act. In addition, if it is deemed unlikely that the accounting auditor will be able to perform audits properly, the Company, upon the consent or request of the Board of Corporate Auditors, the Board of Directors will discuss whether to submit a proposal to the general meeting of shareholders for dismissal or non-reappointment of the accounting auditor.

(Translation)

6. Policies and procedures of the Company

Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business, as well as other procedures of the Company, in order to assure the appropriateness of the Company's operations

(1) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business

- (i) As the foundation for ensuring compliance, the Company has established the "OKI Group Charter of Corporate Conduct" and "OKI Group Code of Conduct."
- (ii) The Company has established a Compliance Committee chaired by the Chief Compliance Officer to decide on and examine basic policies regarding compliance programs.
- (iii) In accordance with the basic policies formulated by the Compliance Committee, the division responsible for compliance plans, draws up, and promotes specific measures such as education and training for Directors and employees. In education and training, we aim to raise employee awareness about compliance by utilizing means such as e-learning.
- (iv) The Company provides rules on public-interest disclosure and provides a contact point for reporting and consultation, aiming to detect any misconduct at its earliest stages.
- (v) The Company stands firmly against antisocial groups that threaten the order and safety of civil society in cooperation with the police and related organizations, and refuses to have any relationship with them as a whole.

(2) Procedures to retain and manage information relating to Directors' conduct of business

The Company retains and stores information relating to the conduct of business by Directors as appropriate in accordance with applicable laws, regulations and internal rules.

(3) Rules concerning risk management and other procedures

- (i) Pursuant to risk management rules, each section of the Company manages risks that may occur in relation to its main duties. At the same time, the Company has established a supervisory section to deal with risks needing company-wide management. This section assesses risks, draws up policies for risk countermeasures and develops appropriate structures based on such policies.
- (ii) If any risk occurs, the Company will set up an emergency countermeasure headquarters to handle the risk.

(4) Procedures to secure efficient business performance by Directors

- (i) The Company holds regular meetings of the Board of Directors once a month to decide important matters and supervise the work of Directors.
- (ii) The Company holds meetings of the Board of Executive Officers consisting of executive officers etc. to provide for flexible decision making on fundamental and significant matters in managing the business.

(Translation)

- (iii) The Company assigns Directors responsibilities and authority pursuant to rules on division of duties and authorities.

(5) Procedures to secure appropriate Group (Company and subsidiaries) operations

- (i) To ensure that Group companies run their operations properly, the Company has established the “OKI Group Charter of Corporate Conduct” which sets out the values for the entire Group. In addition, the Company has established the “OKI Group Code of Conduct” as the code of conduct which all officers and employees of Group companies should comply with, and is striving to make the code known to all of them.
- (ii) The division responsible for compliance implements various measures for promoting compliance common to the Group through each Group company’s compliance officer. The Division also determines, through regular monitoring, the implementation status of such measures by each Group company and reports to the Compliance Committee on the results.
- (iii) The Company, in accordance with Group management rules, determines the status of each Group company’s management activities and provides advice and guidance.
- (iv) To secure the reliability of financial reporting, the Company and Group companies establish an internal control system for financial reporting in accordance with related laws and regulations, and strive to maintain and improve that system.

(6) Procedures for employees who assist Corporate Auditors; independence of employees from Directors

- (i) The Company assigns employees, who are not subject to Directors’ instructions and orders, as staff to assist Corporate Auditors.
- (ii) Any change in such staffing requires the prior consent of the Board of Corporate Auditors.

(7) Procedures for Directors and employees to report to Corporate Auditors; procedures for Corporate Auditors to receive other reports

- (i) If Directors discover anything that may cause significant damage to the Company, they are required to report the matter immediately to the Corporate Auditors pursuant to applicable laws and regulations.
- (ii) Standing Corporate Auditors attend meetings of the Board of Directors and meetings of the Board of Executive Officers in order to understand important decision-making processes and the status of business operations, as well as to inspect important documentation.
- (iii) Directors receive reports on the status of establishing internal control systems and their operations from Directors and employees on a regular basis, and may request Directors and employees to report on matters deemed necessary.

(Translation)

(8) Other procedures to secure effective audits by Corporate Auditors

- (i) In conducting inspections on the Company's operations and assets and performing other audit duties, Corporate Auditors shall conduct audits efficiently and effectively in close cooperation with the internal audit section.
- (ii) Corporate Auditors implement efficient audits by closely cooperating with the accounting auditor. To this end, Corporate Auditors hold meetings with the accounting auditor on a regular basis, attend on-site audits by the accounting auditor, and request reports from the accounting auditor on the progress of audits when necessary.

Note: indication of amounts

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, 2012)

(Unit: millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	46,087	Notes and accounts payable	62,873
Notes and accounts receivable	111,160	Short-term borrowings	76,597
Securities	34,320	Other accrued expenses	29,758
Finished goods	24,331	Other current liabilities	25,618
Work in process	18,424	Total current liabilities	194,847
Raw materials and supplies	25,106	Long-term liabilities	
Deferred tax assets	6,996	Long-term borrowings	59,843
Other current assets	15,476	Lease obligations	3,761
Allowance for doubtful receivables	(1,251)	Retirement benefits	18,912
Total current assets	280,652	Provision for Directors' retirement benefits	294
		Long-term accounts payable-other	26,863
		Other long-term liabilities	2,782
		Total long-term liabilities	112,457
Fixed assets		Total liabilities	307,304
Property, plant and equipment		(Net Assets)	
Buildings and structures	21,989	Shareholders' equity	
Machinery, equipment and delivery equipment	8,001	Common stock	44,000
Tools, furniture and fixtures	9,368	Additional paid-in capital	21,554
Land	12,042	Retained earnings	9,034
Construction in progress	1,189	Treasury stock at cost	(38)
Total property, plant and equipment	52,592	Total shareholders' equity	74,551
Intangible assets	7,026	Accumulated other comprehensive income	
Investments and other assets		Net unrealized holding gain/loss on other securities	(1,815)
Investments in securities	26,418	Loss on deferred hedges	(973)
Long-term loans	720	Translation adjustments	(4,363)
Other investments and other assets	8,593	Total accumulated other comprehensive income	(7,153)
Allowance for doubtful receivables	(1,175)	Equity warrants	79
Total investments and other assets	34,557	Minority interests in consolidated subsidiaries	46
Total fixed assets	94,176	Total net assets	67,524
		Total liabilities and net assets	374,829
Total assets	374,829		

(Translation)

Consolidated Statement of Operations

(From April 1, 2011 to March 31, 2012)

(Unit: millions of yen)

Account title	Amount	
Net sales		428,104
Cost of sales		316,991
Gross profit		111,113
Selling, general and administrative expenses		93,697
Operating income		17,415
Non-operating income		
Interest income	260	
Dividend income	786	
Royalty income from corporate brand	244	
Other	848	2,140
Non-operating expenses		
Interest expense	3,987	
Other	1,018	5,005
Ordinary income		14,550
Extraordinary profit		
Reversal of allowance for doubtful receivables	398	
Insurance income	3,852	
Gain on settlement of asset retirement obligations	96	4,346
Extraordinary loss		
Loss on sales and disposition of property, plant and equipment	663	
Loss on impairment of fixed assets	97	
Loss on sales of investments in securities	210	
Write-downs of investments in unconsolidated subsidiaries and other securities	184	
Loss on valuation of contribution	129	
Loss on natural disasters	5,201	
Special retirement expense	372	6,858
Income before income taxes and minority interests		12,038
Income taxes	2,590	
Income taxes deferred	820	3,411
Income before minority interests		8,627
Minority interests in earnings of consolidated subsidiaries		627
Net income		8,000

(Translation)

Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2012)

(Unit: Millions of yen)

Shareholders' equity	
Common stock	
Balance at April 1, 2011	44,000
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2012	<u>44,000</u>
Additional paid-in capital	
Balance at April 1, 2011	113,124
Changes during the term under review	
Deficit disposition	(91,569)
Net changes during the term under review	(91,569)
Balance at March 31, 2012	<u>21,554</u>
Retained earnings	
Balance at April 1, 2011	(90,536)
Changes during the term under review	
Deficit disposition	91,569
Net income	8,000
Change of scope of consolidation	0
Net changes during the term under review	<u>99,570</u>
Balance at March 31, 2012	<u>9,034</u>
Treasury stock at cost	
Balance at April 1, 2011	(23)
Changes during the term under review	
Purchases of treasury stock	(14)
Net changes during the term under review	<u>(14)</u>
Balance at March 31, 2012	<u>(38)</u>
Total shareholders' equity	
Balance at April 1, 2011	66,564
Changes during the term under review	
Deficit disposition	-
Net income	8,000
Purchases of treasury stock	(14)
Change of scope of consolidation	0
Net changes during the term under review	<u>7,986</u>
Balance at March 31, 2012	<u>74,551</u>

(Translation)

Accumulated other comprehensive income	
Net unrealized holding gain/loss on other securities	
Balance at April 1, 2011	(1,988)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	172
Net changes during the term under review	172
Balance at March 31, 2012	(1,815)
Loss on deferred hedges	
Balance at April 1, 2011	(983)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	10
Net changes during the term under review	10
Balance at March 31, 2012	(973)
Translation adjustments	
Balance at April 1, 2011	(4,238)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	(125)
Net changes during the term under review	(125)
Balance at March 31, 2012	(4,363)
Total accumulated other comprehensive income	
Balance at April 1, 2011	(7,210)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	57
Net changes during the term under review	57
Balance at March 31, 2012	(7,153)
Equity warrants	
Balance at April 1, 2011	79
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2012	79
Minority interests in consolidated subsidiaries	
Balance at April 1, 2011	470
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	(424)
Net changes during the term under review	(424)
Balance at March 31, 2012	46
Total net assets	
Balance at April 1, 2011	59,903
Changes during the term under review	
Deficit disposition	-
Net income	8,000
Purchases of treasury stock	(14)
Changes of scope of consolidation	0
Net changes in items other than shareholders' equity during the term under review	(366)
Net changes during the term under review	7,620
Balance at March 31, 2012	67,524

(Translation)

Notes to Consolidated Financial Statements

Principles for Preparing Consolidated Financial Statements and Notes to Changes in Scope of Consolidation and Scope of Equity Method Application

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 67 companies

Names of major consolidated subsidiaries:

Oki Data Corporation; Oki Customer Adtech Co., Ltd.; Oki Wintech Co., Ltd.; OKI Software Co., Ltd.; Japan Business Operations Co., Ltd.; Nagano Oki Co., Ltd.; Oki Proserve Co., Ltd.; Oki Data Americas, Inc.; Oki Data Manufacturing (Thailand) Co., Ltd.; Oki Europe Ltd.; Oki Electric Industry (Shenzhen) Co., Ltd.; and Oki Banking Systems (Shenzhen) Co., Ltd.

(2) Names of major non-consolidated subsidiaries:

Adachi Protechno Co., Ltd. and 22 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:

OF Networks Co., Ltd., OKI Techno Power Systems Co., Ltd. and OKI Metaltech Co., Ltd. are newly included in the scope of consolidation in the fiscal year under review as their businesses have increased relative importance to the consolidated financial statements. OKI Erfolg Co., Ltd. and OKI Power Tech Co., Ltd. have been excluded from the scope of consolidation due to their liquidation.

Mobile Techno Corp. has been excluded from the scope of consolidation as the Company sold off the shares of Mobile Techno Corp. OKI Network Integration Co., Ltd. has been excluded from the scope of consolidation and is included in the scope of equity method application. This was because it became an affiliated company of the Company since the Company held fewer of its shares as a result of allocating new shares to a third party. OKI Network Integration Co., Ltd. has changed its name to Marubeni OKI Net Solutions Inc.

2. Application of equity method

(1) Number of affiliated companies to which the equity method is applied: 4

Name of major company to which the equity method is applied:

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 22 other companies

Affiliated companies: Alp Inc. and 5 other companies

(Translation)

Reason for not applying the equity method:

The companies individually have little influence and have no significance as a whole on net income or loss and retained earnings.

(3) Changes in scope of equity method application:

Marubeni OKI Net Solutions Inc. is included in the scope of equity method application since it became an affiliated company of the Company. This is because the Company holds fewer of its shares as a result of allocating new shares to a third party.

3. Matters concerning account settlement dates of consolidated subsidiaries

The account settlement date of the following consolidated subsidiaries is December 31 each year. For the purpose of more appropriate disclosure of consolidated financial information, the Company has changed the consolidation method to consolidate financial information of the said subsidiaries based on the results of their provisional settlement of accounts performed on the consolidated closing date:

Oki Banking Systems (Shenzhen) Co., Ltd.; Oki Electric Industry (Shenzhen) Co., Ltd.; Oki Telecommunications Technology (Changzhou) Co., Ltd.; Oki Software Technology Co., Ltd.; Oki Electric Technology (Kunshan) Co., Ltd.; Oki Data Dalian Co., Ltd.; Oki Trading (Beijing) Co., Ltd.

4. Accounting standards

(1) Valuation standards and methods for significant assets

(i) Negotiable securities

The Company and its domestic consolidated subsidiaries value securities in accordance with how they are held as indicated below. Overseas consolidated subsidiaries apply the lower of cost or fair value.

Held-to-maturity debt securities: Amortized cost method

Other negotiable securities:

Marketable securities:

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

(Any difference between book value and fair value is included in net assets; sales costs are calculated by the moving average method.)

Non-marketable securities:

Stated at cost based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries evaluate inventories as follows, and overseas consolidated subsidiaries primarily apply the lower of cost or fair value.

Finished goods:

Principally stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process:

(Translation)

Principally stated at cost based on the specific identification method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:

Principally stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

(iii) Derivatives

Stated at fair value

(2) Depreciation and amortization

(i) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries primarily apply the declining-balance method; overseas consolidated subsidiaries primarily apply the straight-line method.

(ii) Intangible assets (excluding lease assets)

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

For software sold in the market, amortization is based on the estimated amounts of sales in the estimated number of years for sales (three years). For software for internal use, the straight-line method, based on the estimated durable years (five years), is used.

Overseas consolidated subsidiaries primarily apply the straight-line method.

(iii) Lease assets

Lease assets relating to finance lease transactions that do not transfer ownership are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

(3) Basis for provision of reserves

(i) Allowance for doubtful receivables

To prepare for any losses of accounts receivable and loans, the Company 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 losses by individually assessing the possibility of collection for specific loans/receivables.

(Translation)

(ii) Retirement benefits

To prepare for payment of retirement benefits to employees, the Company 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 caused by changes in accounting standards are amortized over 15 years except for consolidated subsidiaries that amortize the difference in the first year of application and some overseas consolidated subsidiaries that directly deduct the difference from retained earnings.

Prior service costs are amortized by the straight-line method over a set number of years (11 to 13 years) within the average remaining years of service of employees.

Actuarial gains and losses are amortized by the straight line method over a set number of years (11 to 13 years) within the average remaining years of service of employees at the time of their accrual in each fiscal year. Amortization of such gains and losses is deemed to be effective from the year after the one in which they arise.

(iii) Provision for Directors' retirement benefits

Some 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.

(4) Basis for provision of income and expense

Basis for provision of income relating to contract work and software development contracts

a. Income from those with certain results in progress before the end of the fiscal year

Percentage-of-completion method (The progress ratio of construction is estimated by the cost proportion method.)

b. Other income

Inspection basis (completed-contract method for some domestic consolidated subsidiaries)

(5) Important hedge accounting methods

(i) Method of hedge accounting

Deferred hedging is applied. Allocation treatment is applied for forward exchange contracts eligible for allocation treatment. Special treatment is applied to interest rate swaps that meet requirements for special treatment.

(ii) Means of hedging and coverage

Forward exchange contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of market interest rates on variable-rate short-term borrowings and long-term borrowings.

(iii) Hedging policy

Derivative transactions are used to hedge fluctuations of market rates on credits and debts.

(Translation)

(iv) Assessment method of the effectiveness of hedges

To determine the effectiveness of hedges, the Company compares the cumulative total of market fluctuations or cash flow fluctuations for the targets of hedging and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

(6) Amortization of goodwill and amortization period

Goodwill is evenly amortized over its useful life (mainly five years).

(7) Other important matters in preparation of consolidated financial statements

(i) Accounting processing of consumption tax

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

(ii) Application of consolidated tax payment

The consolidated tax payment is applied.

Additional Information

The Company adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and past corrections of errors made since the beginning of the fiscal year under review.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral	
Buildings and structures	¥396 million
Land	¥138 million
Investments in securities	¥6,104 million
Total	¥6,639 million
Liabilities collateralized by the above assets:	
Short-term borrowings	¥5,095 million
Long-term borrowings	¥558 million
Total	¥5,654 million
2. Accumulated depreciation on property, plant and equipment	¥146,342 million
3. Liabilities for guarantee	
Guarantee for borrowings by employees	¥681 million

(Translation)

Notes to Consolidated Statement of Changes in Net Assets

- Matters concerning class and total number of shares outstanding as of the end of FY2011
Common Stock 731,438 thousand shares
Class A Preferred Stock 30 thousand shares
- Matters concerning appropriation of surplus
Dividends for which the record date falls in the fiscal year under review and the effective date falls in the following fiscal year.

Resolution	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2012	Class A Preferred Stock	Retained earnings	1,321	44,047	March 31, 2012	June 29, 2012

- Number of shares to be issued upon exercise of equity warrants

Category	Breakdown of equity warrants	Type of shares to be issued upon exercise of equity warrants	Number of shares to be issued upon exercise of equity warrants (shares)
The Company	No. 2 Equity Warrants (issued on July 18, 2003)	Common stock	815,000
	No. 3 Equity Warrants (issued on July 20, 2004)	Common stock	452,000
	No. 4 Equity Warrants (issued on July 20, 2005)	Common stock	442,000
	No. 5 Equity Warrants (issued on July 28, 2006)	Common stock	185,000
	No. 6 Equity Warrants (issued on July 28, 2006)	Common stock	157,000
	No. 7 Equity Warrants (issued on July 27, 2007)	Common stock	287,000
	No. 8 Equity Warrants (issued on July 27, 2007)	Common stock	222,000

Notes on Financial Instruments

- Matters concerning the status of financial instruments

The OKI Group mainly uses short-term deposits and highly safe marketable securities for fund management, and raises its funds primarily through borrowings from financial institutions and issuance of corporate bonds.

The Group strives to mitigate its customers' credit risks associated with notes and accounts receivable, which are operating receivables, by carrying out customer credit investigations in accordance with regulations for the management of accounts receivable of individual companies.

For borrowings, the Group raises short-term funds mainly for working capital and long-term funds for working capital and capital investment. For borrowings exposed to the interest rate risk, the Group applies derivative instruments (interest rate swap transactions) to hedge its risk.

(Translation)

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

2. Disclosure concerning fair value of financial instruments

As of March 31, 2012 (consolidated balance sheet date), the amount recorded in the consolidated balance sheet, fair value, and the amount of differences are as shown in the table below. Any item whose fair value is deemed extremely difficult to assess is excluded from the table. (See Note 2.)

(Unit: millions of yen)

	Amount recorded in consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	46,087	46,087	-
(2) Notes and accounts receivable	111,160		
Allowance for doubtful receivables (*1)	(1,125)		
	110,034	110,034	-
(3) Securities and investments in securities	52,738	51,825	(913)
(4) Notes and accounts payable	(62,873)	(62,873)	-
(5) Short-term borrowings (*2)	(53,799)	(53,799)	-
(6) Other accrued expenses	(29,758)	(29,758)	-
(7) Long-term borrowings (*2)	(82,641)	(82,940)	299
(8) Long-term accounts payable-other	(26,863)	(26,455)	(407)
(9) Derivative transactions	(1,101)	(1,101)	-

(*1) Allowance for doubtful receivables specifically provided for notes and accounts receivable is deducted.

(*2) Long-term borrowings (¥22,797 million) that will be reimbursed within one year are classified as "short-term borrowings" in the consolidated balance sheet.

Notes:

1. Disclosure concerning methods of calculation of fair value of financial instruments, securities and derivative transactions

(1) Cash and deposits and (2) Notes and accounts receivable

These items are settled over a short period of time and their fair value is virtually equally to their book value. Hence, their fair value is based on the relevant book value.

(3) Securities and investments in securities

The fair value of equity securities is based on their prices determined at the financial instruments exchanges, and the fair value of bonds is based on the quotations offered by the correspondent financial institution.

(4) Notes and accounts payable, (5) Short-term borrowings, and (6) Other accrued expenses

These items are settled over a short period of time and their fair value is virtually equally to their book value. Hence, their fair value is based on the relevant book value.

(7) Long-term borrowings

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term borrowings with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps (see (9) below). Hence, the fair value of a long-term borrowing is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said amount is freshly borrowed in a similar manner.

(8) Long-term accounts payable-other

Fair values of long-term accounts payable are calculated by dividing into a specific period of time to discount at a reasonable rate.

(9) Derivative transactions

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

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

(Translation)

Unlisted equity securities (¥7,921 million on the consolidated balance sheet) and investments in a limited liability joint business partnership (¥77 million on the consolidated balance sheet) are not included in (3) Securities and investments in securities because they have no market price and it is deemed extremely difficult to assess their fair values.

Notes to Securities

1. Held-to-maturity debt securities (as of March 31, 2012)

(Unit: millions of yen)

	Amount recorded in consolidated balance sheet	Market value	Difference
(Held-maturity securities whose market value exceeds their fair value recorded in balance sheet)			
Bonds	3,998	3,998	(0)
Certificates of deposit	1,000	1,000	-
Total	4,998	4,998	(0)

2. Other securities (as of March 31, 2012)

(Unit: millions of yen)

	Amount recorded in consolidated balance sheet	Acquisition cost	Difference
(Securities whose amounts recorded in consolidated balance sheet exceed their acquisition costs)			
Equity Securities	2,411	1,583	827
Bonds	1,621	1,604	16
Other	221	221	0
Subtotal	4,254	3,409	844
(Securities whose amounts recorded in consolidated balance sheet are not more than their acquisition costs)			
Equity Securities	8,873	11,396	(2,523)
Bonds	3,491	3,506	(15)
Certificates of deposit	25,000	25,000	-
Other	2,914	2,919	(4)
Subtotal	40,278	42,822	(2,543)
Total	44,533	46,232	(1,699)

3. Other securities sold during the consolidated fiscal year under review

(From April 1, 2011 to March 31, 2012)

(Unit: millions of yen)

Type	Sales amount	Total gain on sales	Total loss on sales
Equity Securities	41	0	14
Other	79	0	-
Total	120	0	14

(Translation)

4. Impaired securities

Impairment loss of ¥179 million was applied to securities (other securities) for the year ended March 31, 2012.

Impairment was applied to amounts for which impairment was considered necessary based on a comprehensive judgment on whether values would rise or not, and the amounts were impaired if their market values at the end of the year under review were remarkably lower than their acquisition costs.

Notes to Per-share Information

1. Net assets per share: ¥49.36
2. Net income per share: ¥9.14

(Translation)

Transcript of Account Auditors' Report on Consolidated Financial Statements

Independent Auditors' Report

May 17, 2012

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC
Yasutoyo Imai (seal),
Engagement Partner, Certified Public Accountant
Yasuhiro Tamura (seal),
Engagement Partner, Certified Public Accountant
Yukiyasu Yamakawa (seal),
Engagement Partner, Certified Public Accountant

We have audited the consolidated financial statements – the consolidated balance sheets, the consolidated statement of operations, the consolidated statement of changes in shareholders equity and notes to the consolidated financial statements – of Oki Electric Industry Co., Ltd. for the 88th term from April 1, 2011 to March 31, 2012 in accordance with Article 444 Paragraph 4 of the Companies Act.

Responsibility of management for preparing consolidated financial statements

Oki Electric Industry's management is responsible for preparing and presenting fairly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present these consolidated financial statements that are without material misstatement due to fraud or errors.

Responsibility of auditors

Our responsibility is to express our independent opinion regarding these consolidated financial statements based on audits by Ernst & Young ShinNihon LLC. We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we prepare audit plans and implement audit based on them to obtain reasonable assurance as to whether the consolidated financial statements are without material misstatement.

The audit requires procedures to obtain audit evidence about amounts and disclosure of these consolidated financial statements. The audit procedures are selected and applied based on evaluation of risks about material misstatement of these consolidated financial statements due to fraud or errors. Although the purpose of the audit is not to express our opinion about the effectiveness of internal control, we consider the internal control associated with preparation and fair presentation of these consolidated financial statements, in order to plan appropriate audit procedures in line with actual situations at the time of risk evaluation. Also, our audit includes reviews of accounting policies, and methods that management adopts, and an evaluation of management estimates and the presentation of the consolidated financial statements as a whole.

We believe we have obtained enough and appropriate audit evidence as the basis for our opinion.

Audit opinion

We concluded that the consolidated financial statements fairly present in all aspects Oki Electric Industry's and its subsidiaries' assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Conflict of interest

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

(Translation)

Non-Consolidated Balance Sheet

(as of March 31, 2012)

(Unit: millions of yen)

Account title (Assets)	Amount		Account title (Liabilities)	Amount	
Current assets			Current liabilities		
Cash and deposits		22,569	Notes payable		173
Notes receivable		1,143	Accounts payable, trade		41,671
Accounts receivable, trade		56,111	Short-term borrowings		33,846
Lease investment assets		2,350	Current portion of long-term borrowings		22,178
Securities		28,998	Lease obligations		479
Finished goods		5,049	Accounts payable, others		11,735
Work in process		14,299	Other accrued expenses		14,132
Raw materials and supplies		6,108	Advances received		2,016
Prepaid expenses		356	Deposits received		2,847
Short-term loans		39,312	Asset retirement obligations		3
Accounts receivable-other		6,338	Other current liabilities		813
			Total current liabilities		129,897
Deferred tax assets		3,286			
Other current assets		250	Long-term liabilities		
Allowance for doubtful receivables		(198)	Long-term borrowings		58,859
Total current assets		185,978	Lease obligations		2,129
Fixed assets			Deferred tax liabilities		3,307
Property, plant and equipment			Retirement benefits		14,520
Buildings	36,839		Asset retirement obligations		806
Accumulated depreciation	(26,941)	9,898	Long-term accounts payable-other		14,890
Structures	2,446		Total long-term liabilities		94,513
Accumulated depreciation	(2,173)	273	Total liabilities		224,411
Machinery and equipment	14,058				
Accumulated depreciation	(12,136)	1,922	(Net Assets)		
Vehicle and delivery equipment	77		Shareholders' equity		
Accumulated depreciation	(71)	5	Common stock		44,000
Tools, furniture and fixtures	32,403		Additional paid-in capital		21,553
Accumulated depreciation	(27,198)	5,205	Capital reserve		15,000
Land		9,635	Other additional paid-in capital		6,553
Construction in progress		21	Retained earnings		5,159
Total property, plant and equipment		26,961	Other retained earnings		5,159
Intangible assets			Retained earnings carried forward		5,159
Goodwill		0	Treasury stock at cost		(25)
Facility rights		123	Total shareholders' equity		70,687
Software		3,716			
Total intangible assets		3,839	Valuation, translation adjustments and others		
Investments and other assets			Net unrealized holding gain/loss on other securities		(1,908)
Investments in securities		19,713	Loss on deferred hedges		(810)
Shares of subsidiaries and affiliates		40,408	Total valuation, translation adjustments and others		(2,718)
Contribution		94			
Contribution in subsidiaries and affiliates		1,764	Equity warrants		79
Long-term loans to subsidiaries and affiliates		8,791			
Long-term prepaid expenses		3,127	Total net assets		68,048
Claims provable in bankruptcy, rehabilitation and other		141			
Lease and guarantee deposits		3,051			
Other investments and other assets		423			
Allowance for doubtful receivables		(1,835)			
Total investments and other assets		75,679			
Total fixed assets		106,481			
Total assets		292,460	Total liabilities and net assets		292,460

(Translation)

Non-Consolidated Statement of Operations

(From April 1, 2011 to March 31, 2012)

(Unit: millions of yen)

Account title	Amount	
Net sales		205,078
Cost of sales		159,242
Gross profit		45,836
Selling, general and administrative expenses		39,490
Operating income		6,346
Non-operating income		
Interest income	386	
Interest income on securities	48	
Dividend income	875	
Royalty income from corporate brand	1,474	
Other	549	3,333
Non-operating expenses		
Interest expenses	2,348	
Other	640	2,988
Ordinary income		6,691
Extraordinary profit		
Gain on sales of investments in securities	94	
Reversal of allowance for doubtful receivables	968	
Gain on settlement of asset retirement obligations	96	1,158
Extraordinary loss		
Loss on sales and disposition of property, plant and equipment	494	
Loss on impairment of fixed assets	84	
Loss on sales of shares of subsidiaries and affiliates	76	
Write-downs of investments in unconsolidated subsidiaries and other securities	146	
Write-downs of shares of subsidiaries and affiliates	115	
Bad debts expenses	65	
Special retirement payments	167	
Business structure improvement expenses	31	1,181
Income before income taxes		6,667
Income taxes	490	
Income taxes deferred	1,018	1,508
Net income		5,159

(Translation)

Non-Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2012)

(Unit: millions of yen)

Shareholders' equity	
Common stock	
Balance at April 1, 2011	44,000
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2012	44,000
Additional paid-in capital	
Capital reserve	
Balance at April 1, 2011	15,000
Changes during the term under review	
Net changes during the term under review	-
Balance at March 31, 2012	15,000
Other additional paid-in capital	
Balance at April 1, 2011	98,123
Changes during the term under review	
Deficit disposition	(91,569)
Net changes during the term under review	(91,569)
Balance at March 31, 2012	6,553
Total additional paid-in capital	
Balance at April 1, 2011	113,123
Changes during the term under review	
Deficit disposition	(91,569)
Net changes during the term under review	(91,569)
Balance at March 31, 2012	21,553
Retained earnings	
Other retained earnings	
Retained earnings carried forward	
Balance at April 1, 2011	(91,569)
Changes during the term under review	
Deficit disposition	91,569
Net income	5,159
Net changes during the term under review	96,728
Balance at March 31, 2012	5,159
Total retained earnings	
Balance at April 1, 2011	(91,569)
Changes during the term under review	
Deficit disposition	91,569
Net income	5,159
Net changes during the term under review	96,728
Balance at March 31, 2012	5,159

(Translation)

Treasury stock at cost	
Balance at April 1, 2011	(10)
Changes during the term under review	
Purchases of treasury stock	<u>(14)</u>
Net changes during the term under review	<u>(14)</u>
Balance at March 31, 2012	<u>(25)</u>
Total shareholders' equity	
Balance at April 1, 2011	65,542
Changes during the term under review	
Deficit disposition	-
Net income	5,159
Purchases of treasury stock	<u>(14)</u>
Net changes during the term under review	<u>5,144</u>
Balance at March 31, 2012	<u>70,687</u>
Valuation, translation adjustments and others	
Net unrealized holding gain/loss on other securities	
Balance at April 1, 2011	(1,950)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	<u>42</u>
Net changes during the term under review	<u>42</u>
Balance at March 31, 2012	<u>(1,908)</u>
Loss on deferred hedges	
Balance at April 1, 2011	(917)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	<u>107</u>
Net changes during the term under review	<u>107</u>
Balance at March 31, 2012	<u>(810)</u>
Total valuation, translation adjustments and others	
Balance at April 1, 2011	(2,868)
Changes during the term under review	
Net changes in items other than shareholders' equity during the term under review	<u>149</u>
Net changes during the term under review	<u>149</u>
Balance at March 31, 2012	<u>(2,718)</u>
Equity warrants	
Balance at April 1, 2011	79
Changes during the term under review	
Net changes during the term under review	<u>-</u>
Balance at March 31, 2012	<u>79</u>

(Translation)

Total net assets	
Balance at April 1, 2011	62,754
Changes during the term under review	
Deficit disposition	-
Net income	5,159
Purchases of treasury stock	(14)
Net changes in items other than shareholders' equity during the term under review	149
Net changes during the term under review	<u>5,294</u>
Balance at March 31, 2012	<u>68,048</u>

(Translation)

Note to Non-consolidated Financial Statements

Significant Accounting Policies

1. Standards and valuation methods for negotiable securities

Held-to-maturity debt securities: Amortized cost method

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 fair value is included in net assets. The sale cost is calculated by using the moving average method.)

Non-marketable securities: Stated at cost based on the moving average method

2. Standards and valuation methods for derivatives

Derivatives: Stated at fair value

3. Standards and valuation methods for inventories

Finished goods: Stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process: Stated at cost based on the specific identification method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:

Stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

4. Depreciation and amortization

Property, plant and equipment (excluding lease assets): Declining-balance method

The straight-line method is applied to buildings, excluding annexed structures, acquired on or after April 1, 1998.

Intangible assets (excluding lease assets)

Software for sale in the market:

Amortization method based on the estimated amounts of sales in 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

Lease assets

(Lease assets relating to finance lease transactions without transfer of ownership):

(Translation)

They are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

5. Basis for provision of reserves

Allowance for doubtful receivables

To prepare for any losses on accounts receivable and loans, the Company calculates the amount of potential loss by using the historical loss ratio in the case of non-classified loans/receivables and by individual assessment in the case of classified loans/receivables.

Retirement benefits

To prepare for payment of retirement benefits to employees, the Company 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 (13 years) within the average remaining years of service of employees.

The actuarial difference is amortized proportionately using the straight-line method over a certain number of years (13 years) within the average remaining service period of the employees from the fiscal year after the difference is incurred.

6. Hedge accounting methods

(1) Method of hedge accounting

Deferred hedging is applied. With regard to interest rate swaps that meet the requirements for special treatment, special treatment is applied.

(2) Means of hedging and hedged item

Interest rate swaps are employed to hedge fluctuations of interest rates on short-term borrowings and long-term borrowings.

(3) Hedging policy

Derivative instruments are used to hedge fluctuations of market rates on credits and debts.

(4) Assessment method of hedging effectiveness

To determine the effectiveness, the Company compares the cumulative total of the market fluctuations or the cash flow fluctuations for the hedged item and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

7. Other important matters in preparation of non-consolidated financial statements

(1) Accounting processing of consumption tax

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

(2) Application of consolidated tax payments

(Translation)

Consolidated tax payments are applied.

Additional Information

The Company adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and past corrections of errors made since the beginning of the fiscal year under review.

Notes to Non-consolidated Balance Sheets

1. Guarantee liabilities:

The Company provides guarantees for bank borrowings made by employees, and subsidiaries and affiliates as shown below.

Oki Data Americas, Inc.	¥2,464 million (\$30,000 thousand)
Oki Electric Industry (Shenzhen) Co., Ltd.	¥786 million (60,299 thousand yuan)
Employees (housing loans)	¥556 million
Oki Hong Kong Ltd.	¥476 million (\$5,800 thousand)
Oki Europe Ltd.	¥270 million (2,060 thousand Sterling Pound)
Five other entities:	¥447 million
Total:	¥5,002 million

2. Monetary claims receivable from and payable to subsidiaries and affiliates

Short-term monetary claims receivable from subsidiaries and affiliates:	¥56,502 million
Long-term monetary claims receivable from subsidiaries and affiliates:	¥9,956 million
Short-term monetary claims payable to subsidiaries and affiliates:	¥26,077 million
Long-term monetary claims payable to subsidiaries and affiliates:	¥7 million

Notes to Non-consolidated Statement of Operations

Transactions with subsidiaries and affiliates

Sales:	¥30,844 million
Purchases:	¥61,042 million
Non-operating transactions:	¥3,188 million

(Translation)

Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of treasury stock as of the end of the fiscal year

Common stock: 339 thousand shares

Notes to Deferred Tax Accounting

Major factors giving rise to deferred tax assets and liabilities

Deferred tax assets	
Loss carry forwards	¥21,571 million
Nondeductible retirement benefits	¥9,130 million
Nondeductible accounts payable-other due to changes in retirement benefit plans	¥6,284 million
Nondeductible write-downs of shares of subsidiaries and affiliates	¥6,187 million
Adjustments of losses on transfers among consolidated subsidiaries	¥1,886 million
Nondeductible accrued bonuses	¥1,246 million
Nondeductible loss on impairment of fixed assets	¥1,010 million
Nondeductible write-downs of inventories	¥912 million
Net unrealized holding gain/loss on other securities	¥686 million
Nondeductible doubtful accounts	¥659 million
Others	¥2,036 million
<hr/>	
Subtotal deferred tax assets	¥51,612 million
Valuation allowance	¥(47,590) million
<hr/>	
Total deferred tax assets	¥4,021 million
Deferred tax liabilities	
Nondeductible unrealized gain on contribution of securities to the pension trust	¥(3,830) million
Others	¥(211) million
<hr/>	
Total deferred tax liabilities	¥(4,042) million
<hr/>	
Net deferred tax assets	¥(20) million

Notes to Leased Fixed Assets

Finance lease transactions that do not transfer ownership whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

1. Amount equivalent to acquisition cost of leased assets as of the end of the term under review
¥394 million
2. Amount equivalent to accumulated depreciation of leased assets as of the end of the term under review
¥324 million
3. Amount equivalent to unexpired lease payment of leased assets as of the end of the term under review
¥74 million

(Translation)

Notes to Related Party Transactions Subsidiaries, etc.

Attribute	Company name	Location	Capital	Business	Voting right ratio	Relationship with related party	Description of transactions	Transaction amount (mil. yen)	Account item	Ending balance (mil. yen)
Subsidiary	OKI Software Co., Ltd.	Warabi, Saitama Pref.	¥400 million	Development, design, manufacture and maintenance of software, system building services, SI/solution services, consulting outsourcing and sales of information equipment	(Direct) 100%	Production of software on a contract basis, etc., lending of funds	Purchase of services	18,093	Accounts payable, trade	6,557
									Other accrued expenses	737
Subsidiary	Oki Hong Kong, Ltd.	Hong Kong	60,000 thousand Hong Kong dollars	Holdings company, material procurement	(Direct) 57% (Indirect) 43%	Supply products etc., lending of funds, concurrent assumption of office of officer	Sales of products	8,854	Accounts receivable-trade	3,443
							Lending of funds	1,974	Short-term loans	3,532
Subsidiary	Oki Data Corporation	Minato-ku, Tokyo	¥19,000 million	Sales of printers	(Direct) 100%	Purchase of products, lending of funds, concurrent assumption of office of officer	Lending of funds	69,990	Short-term loans	28,812
							Consideration for use of the corporate brand	871	-	-
Subsidiary	Oki Customer Adtech Co., Ltd.	Koto-ku, Tokyo	¥1,800 million	Maintenance, construction, monitoring, operation, manufacture and sale of equipment and systems	(Direct) 100%	Purchase of services, lending of funds, concurrent assumption of office of officer	Lending of funds	30,400	Short-term loans	1,100
Subsidiary	Oki Communication Systems Co., Ltd.	Tokorozawa, Saitama Pref.	¥300 million	Design, manufacture, development and sale of electronic, information and telecommunications device and related parts	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	5,250	Short-term loans	1,530
Subsidiary	Nagano Oki Electric Co., Ltd.	Komoro, Nagano Pref.	¥400 million	Manufacture, inspection and repair for boards and devices	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	3,690	Long-term loans to subsidiaries and affiliates	2,920
Subsidiary	Oki Proserve Co., Ltd.	Minato-ku, Tokyo	¥321 million	Facility business, human resource management, design business, logistics business	(Direct) 100%	Purchase of services, lease and brokerage of real estate, lending of funds	Lending of funds	3,500	Short-term loans	700
									Long-term loans to subsidiaries and affiliates	2,800

Notes:

- The transactions amount excludes consumption tax, while the ending balance includes consumption tax.
- Conditions of transactions and policy in determining conditions
 - The Company determines conditions regarding purchase of services and products based on market prices.
 - The Company determines the interest rate for the lending of funds by taking the market rate of interest into consideration.
 - The Company determines the amount of consideration for the corporate brand royalty by reference to a general model.
- For the loans to four subsidiaries, the Company recorded an allowance for doubtful receivables of ¥1,551 million in total. For the fiscal year under review, ¥968 million of reversal of allowance for doubtful receivables was recorded, and ¥4,739 million of allowance for doubtful receivables was reversed due to liquidation of subsidiaries.

Notes to Per-share Information

- Net assets per share: ¥50.13
- Net income per share: ¥5.25

(Translation)

Transcript of Account Auditors' Report

Independent Auditors' Report

May 17, 2012

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC
Yasutoyo Imai (seal),
Engagement Partner, Certified Public Accountant
Yasuhiro Tamura (seal),
Engagement Partner, Certified Public Accountant
Yukiyasu Yamakawa (seal),
Engagement Partner, Certified Public Accountant

We have audited the non-consolidated financial statements – the non-consolidated balance sheets, the non-consolidated statement of operations, the non-consolidated statement of changes in shareholders equity and notes to the non-consolidated financial statements – and its supporting schedules of Oki Electric Industry Co., Ltd. for the 88th term from April 1, 2011 to March 31, 2012 in accordance with Article 436 Paragraph 2 Item 1 of the Companies Act.

Responsibility of management for preparing non-consolidated financial statements and its supporting schedules
Oki Electric Industry's management is responsible for preparing and presenting fairly these non-consolidated financial statements and its supporting schedules in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present these non-consolidated financial statements and its supporting schedules that are without material misstatement due to fraud or errors.

Responsibility of auditors

Our responsibility is to express our independent opinion regarding these non-consolidated financial statements and its supporting schedules based on audits by Ernst & Young ShinNihon LLC. We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we prepare audit plans and implement audit based on them to obtain reasonable assurance as to whether the non-consolidated financial statements and its supporting schedules are without material misstatement.

The audit requires procedures to obtain audit evidence about amounts and disclosure of these non-consolidated financial statements and its supporting schedules. The audit procedures are selected and applied based on evaluation of risks about material misstatement of these non-consolidated financial statements and its supporting schedules due to fraud or errors. Although the purpose of the audit is not to express our opinion about the effectiveness of internal control, we consider the internal control associated with preparation and fair presentation of these non-consolidated financial statements and its supporting schedules, in order to plan appropriate audit procedures in line with actual situations at the time of risk evaluation. Also, our audit includes reviews of accounting policies, and methods that the management adopts, and an evaluation of management estimates and the presentation of the non-consolidated financial statements and its supporting schedules as a whole.

We believe we have obtained enough and appropriate audit evidence as the basis for our opinion.

Audit opinion

We concluded that the non-consolidated financial statements and its supporting schedules fairly present in all aspects Oki Electric Industry's assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Conflict of interest

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

Transcript of Corporate Auditors' Report

Corporate Auditors' Report

We, the Board of Corporate Auditors, have prepared upon consultation this Audit Report based on reports compiled by each Corporate Auditor with respect to Directors' performance of their duties during the 88th fiscal year from April 1, 2011 to March 31, 2012, as follows:

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit

The Board of Corporate Auditors specified an audit policy, compiled audit plans and received reports from each Corporate Auditor on the status of implementation and results of audits and also received reports from Directors and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.

Each Corporate Auditor, according to the audit standards, policy and plans set up by the Board of Corporate Auditors, has maintained good communications with Directors, the internal audit division and other employees and strived to collect information and improve the audit environment as well as attending meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and principal operating offices. In addition, we have periodically received reports from Directors and employees, among others, required explanation when necessary, and made opinions with regard to the status of operations and the systems established thereon (internal control systems) made by the Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Companies Act as necessary for ensuring compliance with laws and the Company's Articles of Incorporation in the performance of duties by Directors, described in the Business Report, and for ensuring appropriateness of duties of a joint stock company. Also, we have maintained good communications and exchanged information with directors, Corporate Auditors and others of the subsidiaries of the Company, and received from the subsidiaries reports on their business conditions as needed. Based on the methods mentioned above, we have reviewed the financial statements for the said fiscal year and their supplementary schedules.

We have also monitored and verified whether the auditors maintained their independence and properly implemented audits, received from the auditors reports on the performance of their duties and asked them for explanations as necessary. The accounting auditors reported to us that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Corporate Calculation Regulations) have been established in accordance with the quality control standards concerning audits (Business Accounting Council, October 28, 2005), and asked them for explanations as necessary. Based on the methods mentioned above, we have reviewed financial statements for the said fiscal year (balance sheet, statement of operations, statement of changes in shareholders' equity, and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in shareholders' equity, and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report

- 1) We consider that the business report and its supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
- 2) With respect to the Directors' performance of their duties, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Articles of Incorporation.
- 3) We consider that the details of the resolution made by the Board of Directors concerning internal control procedures are proper. With respect to the details described in the Business Report and the Directors' performance of their internal control duties, we have found no issues to be pointed out.

(2) Results of audit of financial statements and their supplementary schedules

We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

(3) Results of audit of consolidated financial statements

We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

May 21, 2012

The Board of Corporate Auditors, Oki Electric Industry Co., Ltd.
Keiichi Fukumura, Standing Auditor (seal)
Shuichi Kawano, Standing Auditor (seal)
Noriyuki Kandori, Outside Auditor (seal)
Seiji Nishi, Outside Auditor (seal)

(Translation)

Reference Documents for the General Meeting of Shareholders

Agenda and Reference Matters

Agenda 1: Appropriation of Surplus

The Company places returning profits stably and continuously to our shareholders as the most paramount task and determines the dividend amount for common stock based on the Company's performance. Although our financial situation has improved, we have not completed establishing a financial base that enables us to stably and continuously pay dividends. For this reason, we deeply regret to say that there will be no payment of dividends for the fiscal year under review.

As for Class A Preferred Stock dividends, the Company proposes the following in accordance with the terms and conditions for Class A Preferred Stock stipulated at the time of issuance.

- 1. Type of dividend asset**
Cash

- 2. Allocation of dividend assets and total amount of dividends**
¥44,047 per Class A Preferred Stock
Total amount of dividends is ¥1,321,410,000.

- 3. Effective date of dividend of surplus**
June 29, 2012

(Translation)

Agenda 2: Election of Four (4) Directors

The tenure of office for six Directors Naoki Sato, Masao Miyashita, Masasuke Kishi, Sei Yano, Harushige Sugimoto and Takuma Ishiyama will expire at the end of this general meeting of shareholders.

Four candidates for directors are shown as follows.

Candidates for Directors (Four):

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions	Number of Oki shares held
1	Naoki Sato (October 27, 1948)	<p>Apr. 1972 Joined The Fuji Bank, Limited</p> <p>May 1999 Senior Manager, Sales Division No.5, Fuji Bank, Limited</p> <p>Jun. 2001 Executive Officer, Senior Manager, Sales Division No.5, Fuji Bank Limited</p> <p>Apr. 2002 Senior Executive Officer, Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2004 Managing Executive Officer, Oki Electric Industry Co., Ltd.</p> <p>Jun. 2004 Senior Vice President</p> <p>Apr. 2007 Executive Vice President</p> <p>Jun. 2008 Director and Vice President</p> <p>Jun. 2009 Senior Executive Vice President and Member of the Board (incumbent)</p>	94,000 shares
2	Sei Yano (April 28, 1955)	<p>Apr. 1978 Joined Oki Electric Industry Co., Ltd.</p> <p>Jul. 1997 Manager, Business Promotion Department, Open System Integration Center, System Business Group</p> <p>Apr. 2007 Executive Officer</p> <p>Apr. 2009 Senior Vice President</p> <p>Jun. 2009 Chief Information Officer (incumbent)</p> <p>Jun. 2010 Senior Vice President and Member of the Board</p> <p>Apr. 2012 Executive Vice President and Member of the Board (incumbent)</p>	42,000 shares
3	Takao Hiramoto (July 31, 1952)	<p>Apr. 1975 Joined Nihon Denshikiki Kabushiki Kaisha</p> <p>Sep. 1977 Joined Sony Corporation</p> <p>Jun. 2003 Executive Officer; President of Storage Company, Sony Corporation</p> <p>Jun. 2006 President and CEO, Sony Facility Management Corporation</p> <p>Sep. 2007 Vice President, Systems Hardware Company, Info-telecom Business Group, Oki Electric Industry Co., Ltd.</p> <p>Apr. 2008 Executive Officer</p> <p>Apr. 2011 Senior Vice President (incumbent)</p> <p>(Significant concurrent position) President & CEO, Oki Data Corporation</p>	24,000 shares

(Translation)

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions	Number of Oki shares held
4	Takuma Ishiyama (February 17, 1947)	<p>Mar. 1975 Obtained scores for doctorate degrees and resigned from Graduate School of Law, Waseda University</p> <p>Jul. 1978 Assistant Professor, Faculty of Law, Aichi Gakuin University</p> <p>Dec. 1985 Obtained doctorate degree</p> <p>Apr. 1986 Professor, Faculty of Law, Dokkyo University</p> <p>Apr. 1991 Professor, School of Commerce, Waseda University</p> <p>May 2003 Registered as lawyer (Dai-ichi Tokyo Bar Association)</p> <p>Apr. 2004 Professor, Law School, Nihon University (incumbent)</p> <p>Jun. 2010 Director, Oki Electric Industry Co., Ltd. (incumbent)</p>	-

Notes:

1. Mr. Takuma Ishiyama is currently an outside director of the Company and will have served as an outside director for a period of two years at the conclusion of this General Meeting of Shareholders.
2. The reason Mr. Takuma Ishiyama is being put forward as a candidate for director is as follows:
Although he has no experience of being directly engaged in corporate management, he has experience and professional knowledge as a lawyer and Doctor of Laws, and the Company judges that he would be able to appropriately provide supervision of the Company's corporate management, especially from the objective standpoint as a professional in the area of the Companies Act.
3. The Company has entered into a liability limitation agreement with Mr. Takuma Ishiyama, the details of which are stated in "Outline of Liability Limitation Agreements" (page 16). If the reappointment of Takuma Ishiyama is approved, the Company will continue this agreement with him.
4. Mr. Takuma Ishiyama is an independent officer pursuant to the requirements set by the Tokyo Stock Exchange and Osaka Stock Exchange. If his reappointment is approved, he will continue to be an independent officer.

(Translation)

Agenda 3: Election of Two (2) Corporate Auditors

The tenure of office of Corporate Auditors Noriyuki Kandori and Seiji Nishi will expire at the end of this general meeting of shareholders. Two candidates for corporate auditors are shown as follows.

This agenda has been approved by the Board of Corporate Auditors.

Candidates for Corporate Auditors (Two):

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions	Number of Oki shares held
1	Kuninori Hamaguchi (November 21, 1946)	Apr. 1970 Joined Tateisi Electric Manufacturing Co. (currently OMRON Corporation) Sep. 2000 Manager, Semiconductor Division, OMRON Corporation Jun. 2001 Senior Vice President, OMRON Corporation Oct. 2007 Executive Vice President, ADM Inc. Jan. 2008 Senior Vice President, ADM Inc. Jun. 2009 Advisor, ADM Inc. (incumbent)	-
2	Kaoru Yoshida (February. 16, 1951)	Apr. 1974 Joined Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company) Apr. 2000 Branch Manager, Tokyo Office, Yasuda Mutual Life Insurance Company Apr. 2005 Senior General Manager, Branch Manager, Ginza Office, Meiji Yasuda Life Insurance Company, Apr. 2008 Senior Managing Director, MY Sougou Kikaku Co., Ltd. Apr. 2011 Representative Director, President, MY Sougou Kikaku Co., Ltd. Apr. 2012 Director, MY Sougou Kikaku Co., Ltd. (incumbent)	-

Notes:

1. Mr. Kuninori Hamaguchi and Kaoru Yoshida are both candidates for outside corporate auditors. If their appointment is approved, they will be independent officers pursuant to the requirements provided for by the Tokyo Stock Exchange and Osaka Stock Exchange.
2. Mr. Kuninori Hamaguchi has been engaged in the management of OMRON Corporation and ADM Inc. for many years. The Company is requesting his appointment as outside auditor based on the judgment that he would be able to appropriately provide audits on the execution of duties by directors of the Company based on his extensive experience and knowledge.
3. Mr. Kaoru Yoshida has been engaged in the management of Meiji Yasuda Life Insurance Company and MY Sougou Kikaku Co., Ltd. for many years. The Company is requesting his appointment as outside auditor based on the judgment that he would be able to appropriately provide audits on the execution of duties by directors of the Company based on his extensive experience and knowledge. He is scheduled to resign from the position of director of MY Sougou Kikaku Co., Ltd. on June 21, 2012.
4. If the appointment of Mr. Kuninori Hamaguchi and Mr. Kaoru Yoshida is approved, the Company will enter into a liability limitation agreement with each of them. The details of the agreement are as stated in "Outline of Liability Limitation Agreements" (page 16).

(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 Internet is only possible by accessing the voting site designated by the Company (please refer to the following URL). It is also possible to access this site with a mobile phone. You will need to enter your voting rights exercise code and password (valid only for purposes of this general meeting) provided in the lower right corner of the voting rights exercise form, enclosed with the Notice.
- 2) If you exercise your voting rights both in writing and via the Internet, we will regard the vote cast via the Internet to be effective.
- 3) If you exercise your voting rights more than once, we will regard the last vote you cast via the Internet to be the effective one.
- 4) You will bear all connection charges for using the Internet (service provider access fees, communication charges, etc.)

2. Instructions for voting via the Internet

- 1) Access <http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>.
(Please note that the above URLs 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.”
- 3) Proceed to vote in accordance with the onscreen instructions.

3. Technical specifications

- 1) Operating system: Windows operating systems
- 2) Browser: Internet Explorer 5.5 or above
- 3) Internet connection: Any service providing Internet access
- 4) Mobile phones: Services should be available from any of i-mode, EZweb or Yahoo! Keitai (certain models cannot be used.) If you are using a cellular phone with bar-code scanner features we request that you use the QR Code provided in the margin.

4. Notes on information security

Please rest assured that you will be able to use our systems safely as we use cryptographic technology (128-bit SSL) in order to prevent exercise-related information from being falsified or wiretapped.

The voting rights exercise code and password provided on your voting rights exercise form are an important means of validating you as our shareholder. Please ensure that they are not disclosed to others. The Company’s staff will never ask you to disclose your password.

5. Contact

- 1) For information concerning the operation of personal computers for the electronic exercise of voting rights:
Internet Help Dial, Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
Tel: 0120-768-524 (toll-free)
From 9:00 a.m. to 9:00 p.m. excluding Saturdays, Sundays and national holidays
- 2) For address changes and other matters other than (1) above:
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

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QR Code is the registered trademark of Denso Wave Incorporated.