

OKI Business Strategies

March 10, 2009

Oki Electric Industry Co., Ltd.

Revision of Full Year Projections for the Fiscal Year end. March 2009

[Major items revised from previous projections (on Oct 31, 2008)]

- Net sales: Expected to decrease by 30.0B yen mainly due to the rapid worsening economic environment after September 2008, and impact of currency exchange.
- Though the decreasing net sales will impact operating income, OKI expects to achieve 0.5 B yen profit through thorough efforts to reduce costs, such as fixed costs.
- Operating income in the main business segments, "Info-Telecom" and "Printers," are expected to decline slightly. Operating income for the "Others" segment, which is mainly independent businesses of affiliated companies such as component business for power supplies and motors, is expected to decrease drastically due to the rapid deteriorating economic environment.

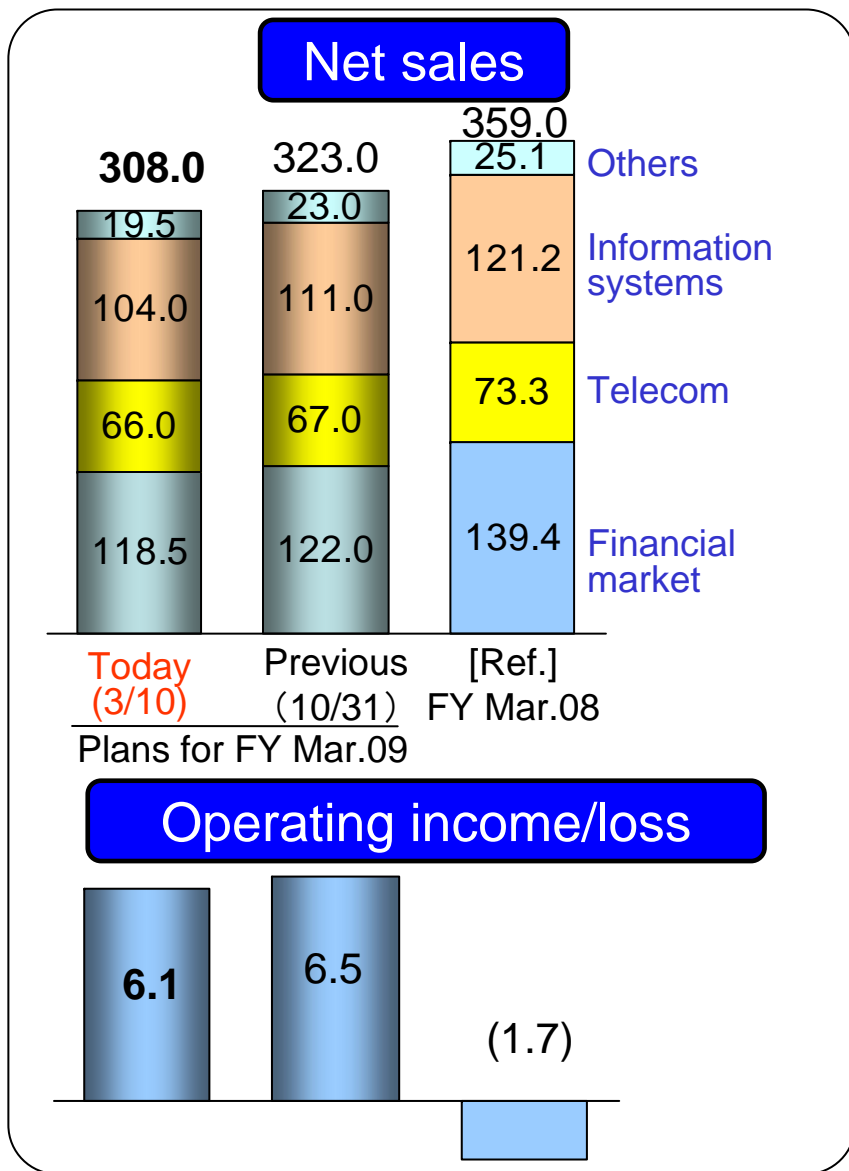
	Net sales			Operating income (loss)		
	Announced today Mar.10, 2009	Previous Projection	Variance	Announced today Mar.10, 2009	Previous Projection	Variance
Info-Telecom	308.0	323.0	(15.0)	6.1	6.5	(0.4)
Printers	164.5	173.0	(8.5)	9.0	9.5	(0.5)
Others	28.4	34.9	(6.5)	(1.5)	0.6	(2.1)
Corporate & Eliminations				(8.0)	(8.5)	0.5
Subtotal	500.9	530.9	(30.0)	5.6	8.1	(2.5)
Semiconductor	54.1	54.1	0.0	(5.1)	(5.1)	0.0
Total	555.0	585.0	(30.0)	0.5	3.0	(2.5)

Changing Factors of Operating Income

- OKI plans to achieve 0.5B yen operating income (decreasing by 2.5B yen compared with the previous projections)
- Though the company expects a 9.5B yen impact from decrease in marginal profits from the declining volume and currency exchange, it will achieve profit by thoroughly tackling reduction of costs including fixed-costs.

		(Billion yen)	Full Year
	Previous projections (Oct. 31,2008)		3.0
	Today's projections		0.5
	Variance of operating income		(2.5)
Changing factors	Change in volume and product mix		(9.0)
	Impact of currency exchange		(0.5)
	Reduction of fixed-costs		6.0
	Reduction of other costs, etc		1.0

Projections for FY end. March 2009: Info-Telecom Systems



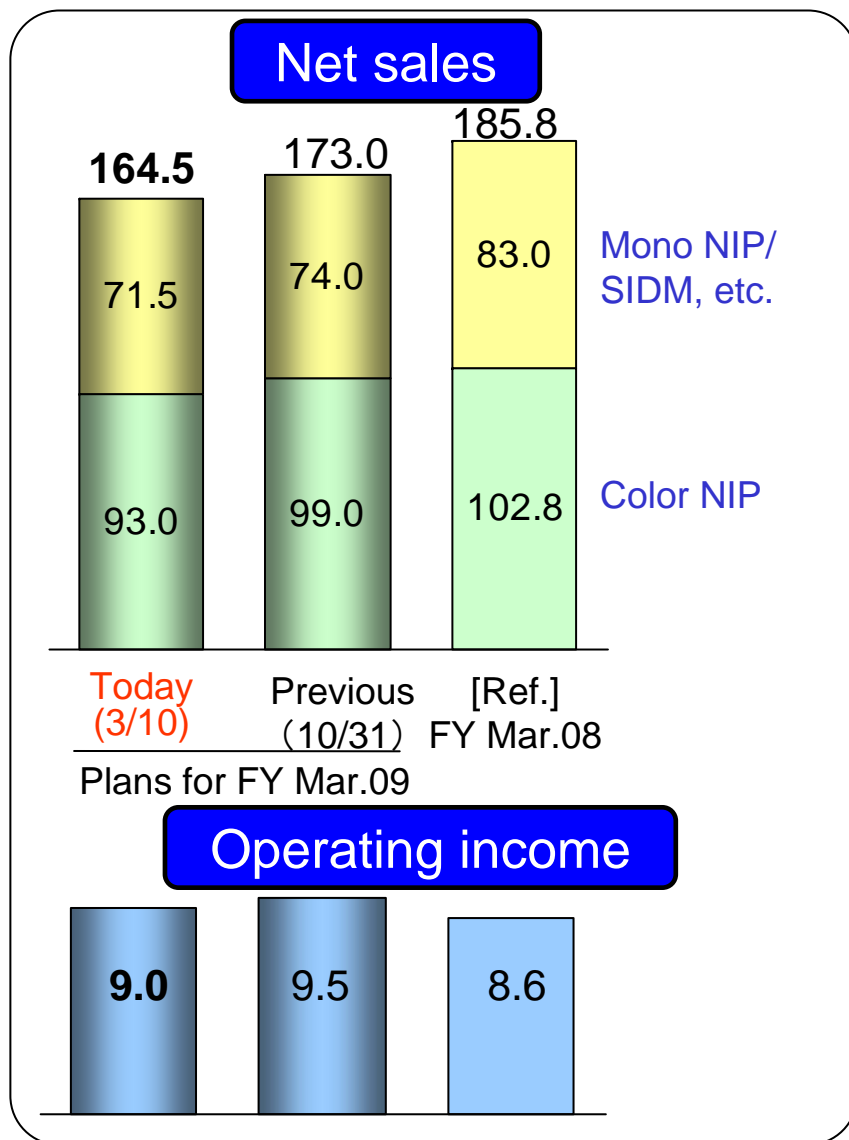
[Variance to previous projections]

- Financial business:
While sales in domestic financial institutions and Chinese market will proceed as planned, sales in Japan Post is expected to decrease. Operating income will increase.

- Telecom business:
Sales in enterprises will decrease caused by worsening economic circumstances, etc. Operating income will proceed as planned by minimizing the impact.

- Info-system:
Both sales and operating income will decrease influenced by enterprises restraining capital expenditures due to the rapid deteriorating economic circumstances, etc.

Projections for FY end. March 2009: Printers



After September 2008, business continues to be challenging due to the drastically deteriorating global economic circumstances. Price competition has become fiercer.

[Variance to previous projections]

■ **Color NIP:**

Sales will decline due to the rapid economic downturn. Sales for consumables remains steady mainly by price increasing efforts. Operating income will increase.

■ **Mono NIP/SIDM etc.:**

- Sales volume of Mono NIP will decline due to the rapid economic downturn, etc.

- Sales volume of SIDM will decrease as the overall market shrinks.

- Operating income will decrease due to decline in volume.

NIP: Non-Impact Printer SIDM: Serial Impact Dot Matrix

Revision of Projections for the FY end. March 2009: Profit and Loss

[Summary of revision from previous projections (on Oct 31, 2008)]

- Operating income: Already explained
- Extraordinary loss: In addition to the 7.4B yen reversal of foreign currency translation adjustments which occurred in the Q3, write-down of securities, etc is expected. (Loss to increase by 10.0B yen)
- Net loss will increase by 15.0B yen mainly due to revision of operating loss and extraordinary loss.

	Projections for FY end. March 2009			[Reference] FY end. Mar. 08
	Today's projections	Previous projections	Variance	
Net sales	555.0	585.0	(30.0)	719.7
Operating income (loss)	0.5	3.0	(2.5)	6.2
Recurring income (loss)	(6.5)	(3.0)	(3.5)	(3.9)
Extraordinary income (loss)	(35.0)	(25.0)	(10.0)	8.9
Income before income taxes	(41.5)	(28.0)	(13.5)	5.0
Net income (loss)	(48.0)	(33.0)	(15.0)	0.6

Toward the FY end. March 2010 [Economic Environment Recognition]

[Fiscal Year end. March 2009]

- Completed laying the groundwork to “Revamp Business Structure”
 - As part of its measures to "accelerate business selection and concentration," OKI transferred 95% of its semiconductor subsidiary share.
- From the latter half of FY end. March 2009, economic circumstances drastically deteriorated
 - Global recession and business downturn triggered by the financial crisis in the U.S.
 - Slump in exporting companies owing to the appreciation of the yen and emerging the employment uncertainty
 - Negative spiral; decreasing capital expenditure in enterprises, sliding stock price, and weakening consumer spending, etc.



ATM: Automated Teller Machine

[Fiscal Year end. March 2010]

- Focus on info-telecom convergence business and mechatronics business (ATM, printers, etc.)
- Accelerate efforts to enhance profitability as this challenging business environment is expected to continue
 - Steadily implement measures based on the three strategies to “Revamp Business Structure”
 - Promptly respond to the rapidly changing economic circumstances: Thoroughly reduce fixed-costs
- Achieve target operating income(14.0B yen) announced in October 2008

Measures Based on the Three Policies to Revamp Business Structure

- Further accelerate the revamping of the business structure based on the three basic policies

[Basic policy 1] Accelerate business selection and concentration

- Conduct further business selection and shift resources to focusing businesses
- Maintain growth in printer business/ Achieve profit in telecom business
- Concentrate on deploying overseas business: ATM, key telephone systems and printers

[Basic policy 2] Revamp towards a more efficient management style

- Thoroughly reduce outsourcing costs
- Accelerate elimination and consolidation of affiliated companies: Reassess profitability, create new businesses through consolidation, create total service business

[Basic policy 3] Develop strong businesses with strong products

- Deploy new total service businesses: Financial LCM (Life Cycle Management) service/ Total network services
- Accelerate product development in each business/ Enhance the development of energy-saving-related technologies
- Focus technologies and products on info-telecom and mechatronics

Main Measures (policies) by Each Business for the FY end. March 2010

[Financial business]

- **Enhance global deployment of mechatronics biz. and accelerate alliances**
 - In addition to favorable sales in China and South Korea, develop European and N. American markets through alliance with global vendors.
- **Strengthen financial online system business**
 - Increase market share in financial retail field through the deployment of GS21NAVI, the next generation branch office solution
- **Strengthen service business**
 - In addition to ATM monitoring service (achieved No.1 market share), expand LCM service business leveraging operation know-how and collaboration with group companies

[Telecom business]

NGN: Next Generation Network GE-PON: Gigabit Ethernet-Passive Optical Network

- **Improve profitability through business selection and concentration**
- **Focus on growth-expecting three edge domains with NGN**
 - Completed the development of WiMAX-WiFi gateways/ Enter mobile network business market/ Fully deploy GE-PON business, etc.
- **Increase profit in existing network biz. and ensure biz. opportunity for network migrations**
 - Establish migration business structure and strengthen cooperation with telecom carriers

Main Measures (policies) by Each Business for the FY end. March 2010

[Info-system]

- **Enhance profit base through strong core technologies**
Deliver kiosk terminals to German healthcare market / Deploy new model air traffic control system/ Expand share in Free Flow ETC and Smart Inter-Change markets/ Implement large-scale field trial of safety drive support
- **Create safe, reliable and environmentally-friendly solutions**
 - Deploy equipment maintenance solution for energy saving
 - Join photovoltaic power conditioner market to provide to enterprises
- **Conduct efficient business**
 - Accelerate and enable more efficient system development through alliance towards digitization of wireless technology

[Printers]

ETC: Electronic Toll Collection SMB: Small and Medium Business LED: Light-Emitting Diode DTP: Desktop Publishing

- **Enhance product competitiveness in SMB market**
 - Enhance product lineup based on standardizing LED engine platform
- **Strengthen sales force:** Enhance business in areas of strengths with little impact of economic changes
 - Domestic market: Add products to its office model lineup and enhance alliance with major distributors.
 - Overseas markets: Deploy business in vertical (in particular DTP and retail) markets in addition to SMB market leveraging the LED printer characteristics
- **Revamp business structure for future growth**
 - Improve profitability by continuing to revamp business structure in N. American business
 - Accelerate the shifting of its business model to MPS (Managed Print Service) business both in Japan and overseas

Thorough Reduction of Fixed Costs

- Nearly achieve “measure to adjust fixed cost” (6.0B yen),” announced in Oct. 2008
- To improve profitability, implement following additional measures to reduce fixed costs (13.0B yen)
 - ✓ Outsourcing costs: Thoroughly reduce cost from a total expenditure of 60.0B yen
 - Bringing businesses in to OKI Group (reallocating resources) through efficient utilization of personnel
 - Conduct more efficient investments (facilities and R&D)
 - ✓ Streamline corporate functions
 - Reduce about 30% of the workforce including relocation to business segments
 - Research division will shift its focus in creating businesses to enhance product development
 - ✓ Eliminate and consolidate business sites
 - Reorganize business locations/ Use office space more efficiently
 - ✓ Consolidate and reorganize group companies
 - Consolidate group companies based on efficiency
 - ✓ Personnel costs
 - Cut executive managements’ monthly compensation (by 20%-40%)
 - Reduce wage: Those in managerial-level positions (by 10%), regular employees (under discussion with labor union)
 - Accelerate further mobilization of human resources

Deploy Business Original to OKI

During the FY end. March 2009, OKI completed establishing the base to “Revamp Business Structure.” In the coming FY end. March 2010 and after, OKI aims to deploy business that is original to OKI.

- Focus on info-telecom convergence business and printer business, which are the core competence of OKI
 - Steadily promote the offering of “Ubiquitous Services” (announced in July 2006)
- ✓ Thoroughly offer “Ubiquitous Services,” which OKI advocates
Offer services, whenever, wherever with whatever, in the users’ desired format
 - ✓ The foundation to offer Ubiquitous Services is established, as NGN spreads and seamless connection is enabled between fixed and wireless network (announced by NTT in May 2008)
 - ✓ Establish a structure to develop products and services that respond to:
 - Enterprise and telecom carrier network convergence
 - Collaboration of network service and applications
 - ✓ Further enhance strong business and products through alliances
 - Secure mobile network with ARUBA Networks/ Enhance collaboration with ACCESS, etc.
 - ✓ Shift from offering individual service to total service that consolidates each individual service
 - Total network service/ LCM service, full outsourcing service/ Managed Printer Service, etc.