(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 2, 2017

NOTICE OF 93RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Oki Electric Industry Co., Ltd. (the "Company") would hereby like to inform you that the 93RD 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 "Instructions for the Exercise of Voting Rights" on page 2 and exercise their voting rights no later than 5:15 p.m., June 22 (Thursday), 2017 (JST).

Yours faithfully,

Hideichi Kawasaki,
Chairman of the Board, Representative Director
Oki Electric Industry Co., Ltd.
1-7-12 Toranomon, Minato-ku, Tokyo

(Translation)

1. Date and Time: Friday, June 23, 2017, from 10:00 a.m.

2. Location: Nikkei Hall, 3F Nikkei Building, 1-3-7 Otemachi, Chiyoda-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 Accounting Auditor and the Audit & Supervisory Board for the 93rd fiscal year (from April 1, 2016 to March 31, 2017)
2. Non-consolidated Financial Statements for the 93rd fiscal year (from April 1, 2016 to March 31, 2017)

Items to be resolved:

Agenda 1: Appropriation of Surplus
Agenda 2: Election of Seven (7) Directors
Agenda 3: Election of One (1) Audit & Supervisory Board Member
Agenda 4: Election of Accounting Auditor

Instructions for the Exercise of Voting Rights

Exercise of voting rights via attending the general meeting of shareholders:
Please bring the enclosed ballot and submit at the reception desk of the meeting.

Exercise of voting rights via postal mail:
Please indicate your approval or disapproval in the space provided on the ballot and return the ballot to the Company no later than 5:15 p.m., June 22 (Thursday), 2017 (JST).

Exercise of voting rights via the Internet:
Please read "Instructions for the Exercise of Voting Rights via the Internet" on page 12, and indicate your approval or disapproval no later than 5:15 p.m., June 22 (Thursday), 2017 (JST).

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* The Company has provided the Notice of 93rd Ordinary General Meeting of Shareholders on its Internet website (http://www.oki.com/jp/). 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 will be announced on the website.

(Translation)

Reference Documents for the General Meeting of Shareholders

Agenda and Reference Matters

Agenda 1: Appropriation of Surplus

The Company has determined to pay the following year-end dividend for the fiscal year under review with the emphasis on continuing stable distribution of profits to shareholders by giving consideration to its business results and business developments, etc. for the period under review.

1. Type of dividend asset

Cash

2. Allocation of dividend assets and total amount of dividends

Common stock of the Company	¥30 per share
Total dividends	¥2,605,847,550

3. Effective date of dividend of surplus

June 26, 2017

(Translation)

Agenda 2: Election of Seven (7) Directors

The tenure of office of Directors Hideichi Kawasaki, Shinya Kamagami, Toshinao Takeuchi, Toshiya Hatakeyama, Masayuki Hoshi, Takuma Ishiyama and Minoru Morio will expire at the end of this general meeting of shareholders.

Seven candidates for directors are shown as follows.

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions
[Re-election] 1	Hideichi Kawasaki (January 10, 1947) Number of years in office as Director: 12 years (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): 15 out of 15 times (100%) Number of Oki shares held: Common stock 14,900 shares	Apr. 1970 Joined Oki Electric Industry Co., Ltd. Apr. 2001 Executive Officer Apr. 2004 Senior Vice President Jun. 2005 Managing Director Apr. 2009 Senior Executive Vice President, Representative Director Jun. 2009 President, Representative Director Apr. 2016 Chairman of the Board, Representative Director (incumbent) **Reason for the selection of candidate for Director** Based on his past experience as President and Representative Director, Mr. Hideichi Kawasaki has the knowledge and experience to decide important matters and supervise the business execution of Directors and Executive Officers in an appropriate, fair, and efficient manner. Since 2016, Mr. Kawasaki has been assisting and advising the new management team as Representative Director and Chairman of the Board. He has been nominated as a candidate for Director because it is expected that, as a member of the board, he will continue to enhance information sharing among directors and strengthen the Board of Director's decision making functions.
[Re-election] 2	Shinya Kamagami (February 9, 1959) Number of years in office as Director: 3 years (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): 15 out of 15 times (100%) Number of Oki shares held: Common stock 4,500 shares	Apr. 1981 Joined Oki Electric Industry Co., Ltd. Apr. 2001 Manager, Hardware Development Department No. 2, Terminal Systems Division, Systems Solution Company Apr. 2005 Manager, Systems Hardware Development Division, Systems Hardware Company, Systems Networks Business Group Apr. 2011 Executive Officer Apr. 2012 Senior Vice President Jun. 2014 Senior Vice President and Member of the Board Apr. 2016 President, Representative Director (incumbent) **Reason for the selection of candidate for Director** Based on his past experience serving in business divisions and headquarters divisions, Mr. Shinya Kamagami has the knowledge and experience to decide important matters and supervise the business execution of Directors and Executive Officers in an appropriate, fair, and efficient manner. Mr. Kamagami has been engaging in management of OKI Group as President and Representative Director since 2016. He has been nominated as a candidate for Director because it is expected that, as a member of the board and the Chairman, he will continue to enhance information sharing among directors and strengthen the Board of Director's decision making functions.

(Translation)

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th>Brief personal profile, position and responsibility in the Company and significant concurrent positions</th></tr>
<tr><td rowspan="2">[Re-election]
3</td><td rowspan="2">Toshinao Takeuchi
(May 20, 1957)

Number of years in office as Director:
3 years
(as of the conclusion of this general meeting of shareholders)

Number of attendance at meetings of the Board of Directors
(the year under review):
15 out of 15 times
(100%)

Number of Oki shares held:
Common stock
5,400 shares</td><td>Apr. 1980 Joined Oki Electric Industry Co., Ltd.
Jul. 1997 Manager, E-commerce System Engineering Department, Financials Systems Division, System Business Group
Apr. 2002 President, Net Business Solution Company
Nov. 2008 Manager, Financials Systems Division
Apr. 2009 Executive Officer
Apr. 2012 Senior Vice President
Jun. 2014 Senior Vice President and Member of the Board
Apr. 2016 Executive Vice President and Member of the Board
General Manager, ICT Business Division
Apr. 2017 Senior Executive Vice President (incumbent), General Manager, Corporate Management Group (incumbent), Chief Internal Control Officer (incumbent), and Chief Compliance Officer (incumbent)</td></tr>
<tr><td>Reason for the selection of candidate for Director
Mr. Toshinao Takeuchi is well versed in the circumstances of the sales and business of the Company through his experience in development and planning in the ICT business, as president of venture companies, and as Manager of Marketing & Sales Division. In his position serving concurrently as Senior Executive Vice President and Member of the Board, and General Manager of Corporate Management Group, he has been engaging in management of the Company from fiscal 2016. He has been nominated as a candidate for Director because it is expected that, as a member of the board, he will continue to enhance information sharing among directors and strengthen the Board of Director’s decision making functions.</td></tr>
</table>

(Translation)

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th>Brief personal profile, position and responsibility in the Company and significant concurrent positions</th></tr>
<tr><td rowspan="2">[Re-election]
4</td><td rowspan="2">Masayuki Hoshi
(March 9, 1960)

Number of years in office as Director:
1 year
(as of the conclusion of this general meeting of shareholders)

Number of attendance at meetings of the Board of Directors
(the year under review):
11 out of 11 times
(100%)

Number of Oki shares held:
Common stock
2,000 shares</td><td>Apr. 1982 Joined The Fuji Bank, Limited
Apr. 2007 General Manager of Global Trade Finance Division, Mizuho Corporate Bank, Ltd.
Apr. 2009 Executive Officer, General Manager of Corporate Banking Division No.17, Mizuho Corporate Bank, Ltd.
Apr. 2011 Managing Executive Officer, Head of Global Transaction Banking Unit
Apr. 2014 Managing Executive Officer
May 2015 Senior Vice President, Oki Electric Industry Co., Ltd.
Apr. 2016 Chief Risk Management Officer
General Manager, Corporate Planning Group (incumbent)
Jun. 2016 Senior Vice President and Member of the Board
Apr. 2017 Executive Vice President and Member of the Board (incumbent), Chief Financial Officer (incumbent)</td></tr>
<tr><td>Reason for the selection of candidate for Director
Mr. Masayuki Hoshi has abundant experience gained as Managing Executive Officer at Mizuho Financial Group, which the candidate comes from, and has a deep understanding of governance and the Company’s aim to become a global business. He is playing a core role in management by concurrently serving as Executive Vice President and Member of the Board and General Manager, Corporate Planning Group from this fiscal year. He has been nominated as a candidate for Director because it is expected that, as a member of the board, he will enhance information sharing among directors and strengthen the Board of Director’s decision making functions.</td></tr>
</table>

(Translation)

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth)</th><th>Brief personal profile, position and responsibility in the Company and significant concurrent positions</th></tr>
<tr><td rowspan="2">[Outside]
[Re-election]
5</td><td rowspan="2">Takuma Ishiyama
(February 17, 1947)

Number of years in office as Director:
7 years
(as of the conclusion of this general meeting of shareholders)

Number of attendance at meetings of the Board of Directors
(the year under review):
15 out of 15 times
(100%)

Number of Oki shares held:
Common stock
0 shares</td><td>Mar. 1975 Obtained scores for doctorate degrees and resigned from Graduate School of Law, Waseda University
Jul. 1978 Assistant Professor, Faculty of Law, Aichi Gakuin University
Dec. 1985 Obtained doctorate degree
Apr. 1986 Professor, Faculty of Law, Dokkyo University
Apr. 1991 Professor, School of Commerce, Waseda University
May 2003 Registered as lawyer (Dai-ichi Tokyo Bar Association)
Apr. 2004 Professor, Law School, Nihon University
Jun. 2010 Director, Oki Electric Industry Co., Ltd. (incumbent)
Apr. 2017 Visiting Professor, Law School, Nihon University (incumbent)</td></tr>
<tr><td>Reason for the selection of candidate for Outside Director
Mr. Takuma Ishiyama possesses experience and advanced knowledge as a lawyer and Doctor of Laws. Considering also his high ethical standard, the Company judges that he is able to perform appropriate supervising over the business management at the Company from his objective standpoint and in line with the trend toward strengthening governance. He has been nominated as a candidate for Director because it is expected that, as a member of the board, he will continue to enhance information sharing among directors and strengthen the Board of Director’s decision making functions.</td></tr>
<tr><td rowspan="2">[Outside]
[Re-election]
6</td><td rowspan="2">Minoru Morio
(May 20, 1939)

Number of years in office as Director:
9 years
(from 2001 to 2010)
2 years
(from 2015)

Number of attendance at meetings of the Board of Directors
(the year under review):
15 out of 15 times
(100%)

Number of Oki shares held:
Common stock
1,000 shares</td><td>Apr. 1963 Joined Sony Corporation
Jun. 1988 Director, Sony Corporation
Jun. 1993 Executive Deputy President, Sony Corporation
Jun. 2001 Outside Director, Oki Electric Co., Ltd.
Apr. 2006 Executive Alumnus, Sony Corporation (incumbent)
Jun. 2010 Resigned as Director, Oki Electric Co., Ltd.
Jun. 2013 Outside Director, the Bank of Yokohama, Ltd. (incumbent)
Jun. 2015 Outside Director, Oki Electric Industry Co., Ltd. (incumbent)
Apr. 2016 Outside Director, Concordia Financial Group, Ltd. (incumbent)
(Significant concurrent positions)
Outside Director, the Bank of Yokohama, Ltd.
Outside Director, Concordia Financial Group, Ltd.</td></tr>
<tr><td>Reason for the selection of candidate for Outside Director
Mr. Minoru Morio has a wealth of experience and knowledge cultivated through his career at Sony Corporation and high ethical standard. Based on his track record at Oki Electric and other companies, the Company judges that he is able to provide appropriate supervision on management, business, and governance issues. He has been nominated as a candidate for Director because it is expected that, as a member of the board, he will continue to enhance information sharing among directors and strengthen the Board of Director’s decision making functions.</td></tr>
</table>

(Translation)

Candidate number	Name (Date of birth)	Brief personal profile, position and responsibility in the Company and significant concurrent positions
[Outside] [Newly-nominated] 7	Shigeru Asaba (May 21, 1961) Number of years in office as Director: – Number of attendance at meetings of the Board of Directors (the year under review): – Number of Oki shares held: Common stock 0 shares	Apr. 1992 Associate Professor, Faculty of Economics, Gakushuin University Mar. 1994 Ph.D., Economics, University of Tokyo Apr. 1997 Professor, Faculty of Economics, Gakushuin University Apr. 2013 Professor, Graduate School of Commerce, Waseda University Apr. 2016 Professor, Waseda Business School (Graduate School of Business and Finance) Jun. 2016 Outside Director, Nippon Beet Sugar Manufacturing Co., Ltd. (incumbent) Sep. 2016 Dean, Waseda Business School (Graduate School of Business and Finance) (incumbent) **Reason for the selection of candidate for Outside Director** As a professor of economics, Mr. Shigeru Asaba has academic expertise in business in general though his specialist knowledge in the fields of industrial organizations, corporate strategy, competitive strategy, ownership structures and strategies, and family-run businesses as well as high ethical standards. He also has experience as Outside Director at Nippon Beet Sugar Manufacturing Co., Ltd. He has been nominated as a candidate for Director because it is expected that, as a member of the board, he will enhance information sharing among directors and strengthen the Board of Director's decision making functions.

Notes:

1. There is no special conflict of interest between each candidate and the Company.
2. Mr. Takuma Ishiyama, Mr. Minoru Morio, and Mr. Shigeru Asaba are candidates for outside directors.
3. Mr. Minoru Morio was an outside director of the Company from June, 2001 to June, 2010.
4. The Company has entered into the liability limitation agreement with candidates for outside directors Takuma Ishiyama and Minoru Morio. The outline of the agreement is provided in "Outline of Liability Limitation Agreements" (on page 28) in the Business Report. If their reappointment is approved, the Company will continue this agreement with them. If the appointment of Mr. Shigeru Asaba, a candidate for outside director, is approved, the Company will enter into the same agreement with him.
5. Mr. Takuma Ishiyama and Mr. Minoru Morio are independent officers based on the terms of the Tokyo Stock Exchange. If their reappointment is approved, they will continue to be independent officers. If the appointment of Mr. Shigeru Asaba, a candidate for outside director, is approved, he will be an independent officer.
   The volume of transactions between Sony Corporation, the Bank of Yokohama, Ltd., Concordia Financial Group, Ltd., and the Company accounts for less than 1% of the OKI Group's net sales, and accounts for less than 1% of the each said company's net sales. Accordingly, Mr. Minoru Morio meets the criteria for independent officers.
   The Company has no business relations with Nippon Beet Sugar Manufacturing Co., Ltd. Accordingly, Mr. Shigeru Asaba meets the criteria for independent officers.
6. On February 2, 2017, when Mr. Takuma Ishiyama and Mr. Minoru Morio served as Outside Director, the Company received cease and desist orders and orders for payment of surcharge from the Japan Fair Trade Commission with respect to antitrust law violations related to digitalizing wireless communication systems for firefighting and emergency use.
   Both of Mr. Ishiyama and Mr. Morio have proactively made recommendations at the meetings of the Board of Directors from the viewpoint of legal compliance. In addition, subsequent to the revelation of the matter, they have made recommendations on measures to prevent reoccurrence and on securing effectiveness of the measures while checking and confirming the status of implementation of the measures.

(Translation)

Agenda 3: Election of One (1) Audit & Supervisory Board Member

The tenure of office of Audit & Supervisory Board Member Tsutomu Tai will expire at the end of this general meeting of shareholders. The candidate for Audit & Supervisory Board Member is shown as follows.

This agenda has been approved by the Audit & Supervisory Board.

Name (Date of birth)	Brief personal profile, position and significant concurrent positions
[Newly-nominated] Sei Yano (April 28, 1955) Number of years in office as Audit & Supervisory Board Member: – (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): – Number of attendance at meetings of the Audit & Supervisory Board (the year under review): – Number of Oki shares held: Common stock 6,400 shares	Apr. 1978 Joined Oki Electric Industry Co., Ltd. Apr. 2001 General Manager of Strategy Planning Office, Net Business Solution Company Apr. 2007 Executive Officer and General Manager of Corporate Strategy Planning Office Apr. 2009 Senior Vice President and CIO Apr. 2010 Manager, IT Solution & Services Business Division Jun. 2010 Senior Vice President and Member of the Board Apr. 2012 Executive Vice President and Member of the Board Apr. 2014 President, Oki Customer Adtech Co., Ltd. Apr. 2017 Advisor (incumbent) **Reason for the selection of candidate for Audit & Supervisory Board Member** Based on Mr. Sei Yano's personality, insights, and wealth of business experience cultivated over many years at the OKI Group, the Company judges that he is able to provide appropriate supervision for the Company's management. He also has management experience as Executive Officer and Member of the Board of the Company and President of Oki Customer Adtech Co., Ltd. He has been nominated as a candidate for Audit & Supervisory Board Member because it is expected that, as a member of the Audit & Supervisory Board, he will enhance information sharing among Audit & Supervisory Board members and strengthen the Board of Director's business execution functions.

Notes:

1. There is no special conflict of interest between the candidate and the Company.
2. If the appointment of Mr. Sei Yano is approved, the Company will enter into the liability limitation agreement with him. The outline of the agreement is provided in "Outline of Liability Limitation Agreements" (on page 28) in the Business Report.

(Translation)

(Reference) The Company's stance towards independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company elects Outside Directors and Outside Audit & Supervisory Board Members based on the following policies

1) Persons who are not business executers*[1] of the OKI Group
2) Parties for whom the OKI Group is not a major business partner (parties whose sales to OKI Group exceeds 2% of the total sales of the parties' group) or business executers thereof
3) Parties who are not major businesses partners of the OKI Group (parties to whom OKI Group' sales exceeds 2% of the total sales of the OKI Group) or business executers thereof
4) Parties who are not major shareholders of the Company (parties who holds 10% or more of the total voting rights directly or indirectly) or business executers thereof
5) Persons who are not business executers of parties of whom the OKI Group is a major shareholder
6) Persons who are not consultants, accounting specialist such as certified public accountants, or legal experts such as attorney-at-law receiving significant amount of money (more than ¥10 million annually) or other property (property worth more than ¥10 million annually), except for compensation paid to Directors and Audit & Supervisory Board Members, from the OKI Group (or if the entity receiving such property is an organization including corporation and association, persons belonging to the organization)
7) Persons who do not belong to the accounting firm conducting statutory audits of the Company
8) Persons who have not fallen under any of items 1) through 7) in the past 10 years
9) Persons who are not relatives within two degrees of kinship of the following persons
   a. Persons who fall under any of the above 2) through 7) (however, for the "business executers" in 2) through 5), this applies only to principal business executers*[2], for the "persons belonging to the organization" in 6), this applies only to principal business executers thereof or persons with professional certificates or license such as certified public accountants and attorney-at-law if the relevant organization is an audit firm or law firm, and for "persons who belong to the accounting firm" in 7), this applies only to principal business executers thereof or persons with professional certificates or license such as certified public accountants.)
   b. Principal business executers of the OKI Group
   c. Persons who have fallen under the above b in the past 10 years

*1 "Business executers" refer to persons who perform executive roles among Directors (excluding Outside Directors), Executive Officers, and employees etc.

*2 "Principal business executers" refer to persons who perform important business execution among Directors (excluding Outside Directors), Executive Officers, and General Managers etc.

In addition to these policies, the Company elects Outside Directors and Outside Audit & Supervisory Board Members, on the ground of each candidate's experience and knowledge in respective professional fields being beneficial to the Company at present.

(Translation)

Agenda 4: Election of Accounting Auditor

The term of office for the accounting auditor of the Company, Ernst & Young ShinNihon LLC, will expire at the conclusion of this General Meeting of Shareholders. Shareholders are kindly requested to approve the appointment of PricewaterhouseCoopers Aarata LLC as successor of the aforementioned, subject to the resolution for approval by the Audit & Supervisory Board.

The Audit & Supervisory Board selected PricewaterhouseCoopers Aarata as a candidate for the accounting auditor of the Company, as it expected that the candidate may conduct audit from fresh viewpoints after years of service by the incumbent accounting auditor, and it judged that the candidate is appropriate, based on the overall evaluation of its independence as well as quality control systems, etc.

The outline, etc. of the candidate for the accounting auditor is as follows.

(As of March, 31, 2017)

Name	PricewaterhouseCoopers Aarata LLC	
Office	Principal office:	8-21-1 Ginza, Chuo-ku, Tokyo
	Other offices:	Nagoya, Osaka, and Fukuoka
History	June 2006	PricewaterhouseCoopers Aarata was incorporated
	July 2015	Changed its corporate name in Japanese from “Aarata Kansa-houjin” to “PwC Aarata Kansa-houjin”
	July 2016	Renamed to PricewaterhouseCoopers Aarata LLC with the transition to a limited liability accounting firm
Profile	Capital: ¥1,000 million Number of members Partners: 129 Certified public accountants: 883 Assistant-certified public accountants and passers of all subjects: 495 U.S. CPAs and other professionals: 768 Clerks: 476 Total: 2,751 Number of audit clients (as of June 30, 2016): 930	

(Translation)

Instructions for the Exercise of Voting Rights via the Internet

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

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

1) Exercise of voting rights via the Internet is only possible by accessing the voting site designated by the Company (http://www.it-soukai.com/) via a PC or a mobile phone. When exercising the voting right using this site, you are requested to log in to the site using your voting rights exercise code and password provided in the right corner of the voting rights exercise form, enclosed with the Notice, then follow the guidance on the screen. To ensure security, you are requested to enter the password when executing the first log-in.
2) You are requested to complete entries by 5:15 p.m., June 22 (Thursday), 2017 (JST), which is the deadline for execution. Please exercise your voting rights at your earliest convenience.
3) 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.
4) 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.
5) You will bear all connection charges for using the Internet (service provider access fees, communication charges, etc.).

2. Technical specifications

1) Internet environment: an environment, where the Internet can be used, such as conclusion of a contract with an Internet provider, is required.
2) Browser: Internet Explorer Ver. 7 or above
3) Software
   Adobe Reader Ver. 9 or later
4) Screen resolution
   800x600 dots (SVGA) or more

3. Notes on information security

Please rest assured that you will be able to use our systems safely as we use cryptographic technology (SHA-2) 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.

4. Contact

1) For information concerning the operation of personal computers for the electronic exercise of voting rights:
   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

Internet Explorer is registered trademarks or trademarks of Microsoft Corporation (U.S.).
Adobe Reader are registered trademarks or trademarks of Adobe Systems Incorporated.

(Translation)

(Attachment)

Business Report

(From April 1, 2016 to March 31, 2017)

1. Status of the OKI Group

(1) Operating progress and results

Economic situation

Looking at the global economy during fiscal 2016, in the U.S. there were worries about uncertainties regarding the policies of the new administration but private consumption and the number of employed persons increased. In Europe, recovery continued in such areas as a downward trend in the unemployment rate. Economic conditions also firmed slightly in China and other emerging economies. The Japanese economy also continued its moderate recovery supported by improvement in the employment situation and corporate earnings.

Operating results for the fiscal year under review

Under this business environment, OKI Group reported net sales of ¥451.6 billion, a ¥38.7 billion or 7.9% decrease year-on-year, due to decrease in overseas sales volume in Mechatronics systems business and Printers business despite the sales for Japanese market mainly for ICT business roughly as planned. Operating income was ¥2.5 billion, a ¥16.1 billion decrease year-on-year, due to the provisions of allowance for doubtful accounts related to the receivables in Chinese ATM business.

Ordinary loss was ¥2.4 billion, a ¥13.8 billion worsen year-on-year, due to recording foreign exchange loss of 4.8 billion yen in non-operating expenses. Profit attributable to owners of parent was ¥4.7 billion, a ¥1.9 billion decrease year-on-year, as the recording of ¥12.6 billion from gain on sales of shares of subsidiaries and affiliates and ¥7.8 billion from gain on return of assets from retirement benefits trust in extraordinary profit were offset by the recording of ¥2.4 billion from loss on sales of non-current assets and ¥2.5 billion from loss on Anti-Monopoly Act in extraordinary loss.

Looking at non-consolidated business performance, net sales were ¥212.2 billion, down ¥14.7 billion (6.5%) from the previous fiscal year. Operating income was ¥5.0 billion, a decrease of ¥4.9 billion year-on-year. Ordinary income decreased by ¥9.0 billion year-on-year to ¥10.3 billion. Loss was ¥18.7 billion, a ¥25.1 billion worsen year-on-year, mainly due to the posting of loss on valuation of shares of subsidiaries and affiliates.

Return of profit to Shareholders

OKI's top management priorities are to strengthen its financial position and ensure retained earnings in order to continually improve the OKI Group's corporate value, as well as to increase shareholder returns so that shareholders are encouraged to hold its shares over the medium- to long-term. OKI will reinforce its financial condition and management foundations by applying retained earnings to investments in research & development and facilities that are critical to future growth. In addition, OKI will attach the highest importance to maintaining stable profit distributions to shareholders and decide dividends after taking business performance into

consideration. Based on this policy, OKI proposes to pay ¥30 per common stock as a dividend from the surplus (year-end dividend) in the current fiscal year.

The following provides a summary of each segment.

- Net Sales by Segments

(Unit: Billions of yen)

Segment	FY2015 (reference: previous fiscal year)	FY2016 (the year under review)	Changes (amount)	Changes (%)
ICT	191.2	177.4	(13.8)	(7.2)
Mechatronics Systems	113.7	100.9	(12.8)	(11.2)
Printers	124.6	112.4	(12.2)	(9.8)
EMS	42.4	43.2	0.8	1.9
Others	18.5	17.8	(0.7)	(3.9)
Total	490.3	451.6	(38.7)	(7.9)

Notes:

1. Figures less than ¥100 million for each item are rounded to the nearest ¥100 million. The amounts of "changes (amount)" are calculated on the basis of figures in units of ¥100 million. Accordingly, in some cases the sum of individual figures presented for each item may not equal the respective "total" stated.
2. From the fiscal year under review, the segments has been changed from "Info-telecom systems," "Printers," "EMS," and "Others" to "ICT," "Mechatronics Systems," "Printers," "EMS," and "Others."

ICT

Net sales were ¥177.4 billion, down ¥13.8 billion (7.2%) from the previous fiscal year. The decline reflected the end of sales to telecom carriers concerning existing network system in the previous fiscal year and a decline in demand for digitalizing wireless communication systems for firefighting use.

Operating income rose by ¥2.8 billion year-on-year to ¥14.4 billion despite the impact of a decline in sales volume, thanks to profitability improvement supported by structural reforms.

Mechatronics Systems

Net sales were ¥100.9 billion, down ¥12.8 billion (11.2%) from the previous fiscal year. Sales declined, as although sales centering on cash handling systems were essentially in line with projections in the Japan business and in Brazil and other overseas businesses, sales volume of ATMs to China fell owing to the disappearance of sales to local partners in China, which amounted to two months' worth in the previous fiscal year, and demand remaining subdued.

OKI incurred operating losses of ¥11.8 billion, a deterioration of ¥17.8 billion year-on-year, owing to provision of allowance for doubtful accounts relating to the Chinese ATM business and lower sales volume and the impact of production adjustments to bring inventories to an appropriate level.

(Translation)

Printers

Net sales were ¥112.4 billion, down ¥12.2 billion (9.8%) from the previous fiscal year. There was a contribution from the consolidation of the wide format printer business company established in October 2015, but color and monochrome LED printers were affected by exchange rate movements as well as ongoing contraction in office printing demand.

The business managed to generate operating income of ¥1.0 billion, a decline of ¥0.4 billion year-on-year, despite the decrease in sales volume, thanks to benefits from product mix improvements and a review of fixed costs.

Electronics manufacturing services (EMS) and others

Net sales of the EMS business rose ¥0.8 billion, or 1.9%, year-on-year, to ¥43.2 billion, a result that reflected partly delays in consignment from an existing major customer. Operating income declined by ¥0.2 billion to ¥2.1 billion.

Net sales of the Others business segment were ¥17.8 billion, a ¥0.7 billion or 3.9% year-on-year decrease. Operating income declined by ¥0.8 billion to ¥3.4 billion owing to lower sales volume.

(2) Capital expenditure

Capital expenditures for the fiscal year equaled ¥8.7 billion.

Investment amounts by segment were as follows.

(Unit: Billions of yen)

Segment	Amount of capital expenditure	Major investments
ICT	1.7	Investments in R&D, development of new products and production activities for financial systems, systems related to traffic and disaster-prevention, network, etc.
Mechatronics Systems	3.1	Investments in R&D, development of new products and production activities related to automation equipment systems
Printers	1.9	Investments in R&D, development and production activities relating to business-use printers
EMS	0.7	Investments in electronic manufacturing services for telecommunications and industrial equipment
Others	1.3	
Total	8.7	

(3) Financing

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

(4) Future challenges

The information communication market in which the OKI group operates is constantly evolving, and at an ever-faster rate. To respond to such changes in the business environment, we recognize that we face major challenges to develop new products, accelerate advances into growth fields, and improve profitability.

Faced with these challenges, the OKI Group aims to secure stable earnings and sustained improvement in corporate value. In existing businesses, we will strive to maintain

and improve profitability through efforts centering on strengthening cost competitiveness. In addition, we intend to expand our business by actively promoting strategic investments in the development of new products and businesses. Besides developing business making use of the OKI Group's key strengths in networks and sensing and our highly reliable manufacturing technologies, we aim also actively to use business alliances and M&A investments to support growth. While enhancing products and services that respond to diversifying market needs, we intend to expand sales by improving quality and productivity, strengthening collaboration between production and sales bases in Japan and overseas, and bolstering our service structure. At the same time, we will strive to raise capital efficiency by improving asset efficiency and realize stable shareholder returns.

From the perspective of corporate social responsibility, we regard environmental issues as a vital management issue. We are actively pressing forward with initiatives on energy-saving, resource conservation, reducing and recycling waste, and reducing the environmental load.

To meet the expectations from all stakeholders, we are also striving to ensure reliable business continuity by strengthening internal control systems through reinforcing corporate governance, compliance systems, and risk management systems.

(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.

	90th year (FY2013)		91st year (FY2014)		92nd year (FY2015)		93rd year (the year under review, FY2016)	
Sales	483.1	billion yen	540.2	billion yen	490.3	billion yen	451.6	billion yen
Profit attributable to owners of parent	27,359	million yen	33,091	million yen	6,609	million yen	4,691	million yen
Basic earnings per share	362.07	yen	400.34	yen	76.10	yen	54.03	yen
Total assets	412.5	billion yen	439.4	billion yen	411.8	billion yen	360.7	billion yen
Net assets	91.9	billion yen	121.4	billion yen	107.4	billion yen	97.2	billion yen
Net assets per share	793.19	yen	1,377.44	yen	1,229.09	yen	1,115.68	yen

Notes:

1. Basic earnings per share is computed based on the average number of shares during the year (weighted average). Net assets per share are computed based on the number of shares outstanding at the year-end. These figures exclude treasury stocks.
2. The Company consolidated ten shares of common stock into one share of common stock as of October 1, 2016. Basic earnings per share and net assets per share are calculated assuming that the shares were consolidated at the beginning of the 90th fiscal year ended March 31, 2014.

(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 construction of electronic works and electronic telecommunications works
Oki Data Americas, Inc.	10 million U.S. dollars	100*	Sales of printers
Oki Data Manufacturing (Thailand) Co., Ltd.	420 million baht	100*	Manufacturing of printers
Oki Europe Ltd.	141 million euro	100*	Sales of printers
Oki Electric Industry (Shenzhen) Co., Ltd.	66 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.

(7) Major businesses

The OKI Group develops its core businesses in the fields of ICT, Mechatronics Systems, Printers and EMS (entrusted manufacturing services).

Major business items in each business include the following.

Segment	Business items
ICT	Traffic infrastructure-related systems, Disaster-related systems, Self-defense-related systems, communications equipment for telecom carriers, bank branch systems, centered-administration systems, ticket reservations and issuing systems, IP-PBX, business telephones, contact centers, 920MHz band wireless multi-hop communication systems, and support and maintenance services for them
Mechatronics Systems	ATMs, cash handling equipment, bank branch terminals, ticket reservations and issuing terminals, check-in terminals, currency exchange machines, and ATM monitoring and operations services
Printers	Color and monochrome LED printers, color and monochrome LED multifunction printers, wide format ink jet printer, and dot impact printers.
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, U.S.A.
Oki Data Manufacturing (Thailand) Co., Ltd.	Head office	Ayutthaya, Thailand
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
ICT	6,838
Mechatronics Systems	4,767
Printers	4,875
EMS	1,309
Others	1,219
Company-wide (shared)	456
Total	19,464

(ii) Employees of Oki Electric Industry

Number of employees	Average age	Average years of service
4,063 (increased by 149 from the end of the previous fiscal year)	43.5	19.0

(10) Major creditors

Major creditors of the OKI Group are as follows:

(Unit: Billions of yen)

Creditor	Loan balance
Mizuho Bank, Ltd.	24.7
Sumitomo Mitsui Banking Corporation	14.8
Mizuho Trust & Banking Co., Ltd.	4.2
The Norinchukin Bank	3.2
Aozora Bank, Ltd.	2.3

(11) Corporate governance

(i) Basic policy

Guided by the corporate philosophy of "The people of OKI, true to the company's enterprising spirit, are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age," the OKI Group recognizes sustainable growth and increases corporate value over mid- and long-term as its most important management priorities in earning the trust of its various stakeholders. To this end, we are working to enhance corporate governance based on our fundamental policies, including "enhancement of management fairness and transparency," "timely decision-making processes," and "full compliance and fortification of risk management."

(ii) Structure

The Company has chosen a company with the Audit & Supervisory Board, as a structure to ensure stable realization of its fundamental policies for corporate governance. Specifically, it establishes the Board of Directors and Audit & Supervisory Board members and an Audit & Supervisory Board in charge of supervision and auditing and adopts an executive officer system, aiming to promote

timely decision-making processes by separating business execution and oversight.

In addition, it endeavors to improve the fairness and transparency of management by nominating outside directors as well as setting up the "Personnel Affairs and Compensation Advisory Committee" as a voluntary committee concerning on appointment, compensation, etc. and Chairman of the Board, so as to ensure effective supervision from an independent and objective standpoint. In addition to objective audits by Audit & Supervisory Board members and the Audit & Supervisory Board on the premises of its strong authority for investigation, OKI seeks to bolster risk management and ensure rigorous compliance via the Risk Management Committee, which includes outside directors.

(iii) **Board of Directors**

The Company's Board of Directors consists of seven Directors, including two highly independent Outside Directors, with the consideration of diverse expertise and careers for the purpose of fulfilling such duties as deliberations and decisions on significant matters concerning the Company's business execution and oversight thereof. To clarify management responsibility for each fiscal year, the tenure for Directors has been set as one year.

The Company provides Directors and Audit & Supervisory Board members with such opportunities as seminars and trainings, which are necessary in fulfilling their roles and responsibilities, and conducts presentation for outside officers upon appointment aimed at deepening their understanding about the OKI Group's business, in addition to visits to offices and sites.

(iv) **Election of Board officers**

The Company has established the Personnel Affairs and Compensation Advisory Committee to secure transparency in the decision-making processes for appointments of officers as mentioned above. The Committee consists of four members including two outside officers, and the Chairman of the Committee is appointed from among Outside Directors. The Personnel Affairs and Compensation Advisory Committee deliberates on appointments of Director and executive officer from an objective viewpoint, and reports the results to the Board of Directors. In addition, the Committee delivers its opinion on appointments of candidates for Audit & Supervisory Board members to Audit & Supervisory Board members.

Upon the nomination of candidates for Directors and Audit & Supervisory Board members and appointment of executive officers, the Company takes into consideration that the candidate satisfies the following requirements, as well as legal eligibility.

- Those with excellent personality, insights, high ethical standards, fairness and integrity as well as a high-level awareness of compliance
- Those who can execute their duties towards the realization of the OKI Group's corporate philosophy and continuous improvement of the corporate value

With respect to the election of outside officers, OKI formulates its independence criteria (See page 10), and elects person who satisfies these criteria as an outside officer. All outside officers have been designated as independent officers at the Tokyo Stock Exchange.

(v) Compensation for the Board members and executive directors

In order to secure transparency in the decision-making processes concerning compensation for officers, the abovementioned Personnel Affairs and Compensation Advisory Committee deliberates on the structure and level of compensation for Director and executive officer from an objective viewpoint, and reports the results to the Board of Directors.

OKI's basic policy on compensation for Director and executive officer is to serve as incentives for the performance improvement with the aim of the continuous enhancement of the corporate value and enforcement of the corporate competitiveness while being the compensation structure that can attract excellent human resources.

The compensation system consists of basic compensation, annual incentive compensation linked to the performance of each fiscal year, and mid- to long- term incentive compensation.

These changes have been implemented as part of efforts to develop an environment for a shift to the management focused on "more aggressive goal setting" and "growth over mid- and long-term" in order to achieve "continuous growth" of the OKI Group.

Type	Content of compensation
Basic compensation	When serving as Executive Officer concurrently, monetary compensation shall be paid, determined individually tailored to position, followed by duties.
Annual incentive compensation	Monetary compensation shall be paid, determined individually with a linkage with the past year's consolidated business performance of the OKI Group and that of the division each Director is responsible for.
Mid- to long- term incentive compensation	Stock option for stock-liked compensation shall be granted, at certain ratio of basic compensation amount, in the view of value sharing with shareholders and the enhancement of corporate value as well as shareholders' value over the mid-to long-term.

Compensation for Outside Directors consists only of basic compensation. In addition, the appropriateness of the structure and level of compensation is validated utilizing objective evaluation data from external organizations and others.

(12) Other significant events of the OKI Group

(i) On February 2, 2017, the Company received cease and desist orders and orders for payment of surcharge from the Japan Fair Trade Commission with respect to antitrust law violations related to digitalizing wireless communication systems for firefighting and emergency use.

The Company takes this incident extremely seriously, and the President has given strict orders to the entire OKI Group to reassure compliance. The "Basic Regulations for Compliance with Competition Act" has also been developed and training based on the regulation is being conducted. The Company will continue to conduct training and audit on

a regular basis, and ensure thorough compliance awareness in a top-down approach.

(ii) Oki Banking Systems (Shenzhen) Co., Ltd., a subsidiary of the Company, filed a request for arbitration against Shenzhen Yihua Computer Industrial Co., Ltd. in October 2015, demanding payment of RMB1,115,463 thousand (¥18.2 billion if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) which includes the proceeds from sale of ATM. The arbitration proceeding is currently under review by the South China International Economic and Trade Arbitration Commission. Although the Company has recorded a provision of allowance for doubtful receivables regarding this case, there is no change in the Company's policy of collecting the total amount of receivables.

(Translation)

2. Shareholders' Equity

(1) Number of shares authorized to be issued by the Company:

240,000,000 shares

(2) Number of outstanding shares:

87,217,602 shares
(including 356,017 shares of treasury stock)

(3) Number of shareholders:

76,771

(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,982	4.58
MSIP Client Securities	3,781	4.35
Japan Trustee Services Bank, Ltd. (trust account)	3,436	3.96
Macquarie Bank Limited – MBL London Branch	2,959	3.41
Chase Manhattan Bank GTS Clients Account Escrow	2,345	2.70
Oki Denki Group Employees' Shareholdings Committee	1,830	2.11
Japan Trustee Services Bank, Ltd. (trust account 9)	1,601	1.84
Japan Trustee Services Bank, Ltd. (trust account 5)	1,591	1.83
Mizuho Bank LTD.	1,419	1.63
Hulic Co., Ltd.	1,407	1.62

Note: The percentages of shares held are calculated after deducting treasury stock.

(5) Other important matters relating to shares

With an effective date of October 1, 2016, the number of shares constituting one unit of shares was changed from 1,000 to 100, and a 10:1 share consolidation of common stock was implemented. Based on this, the "Number of shares authorized to be issued by the Company" is 240,000,000 shares and the "Number of outstanding shares" is 87,217,602 shares.

(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
205

(ii) Type and number of shares subject to equity warrants
20,500 shares of the Company's common stock (100 shares per equity warrant)

(iii) Status of equity warrants held by the Company's officers

Issued Number (Exercise Price)	Exercise period	Directors (excluding outside Directors)	
		Number of equity warrants	Number of holders
No. 7 equity warrant (2,480 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	23	1
No. 8 equity warrant (2,480 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	8	1
FY2016 equity warrant (1 yen) (Issued on August 16, 2016)	August 17, 2016 to August 16, 2041	174	4

Note: With an effective date of October 1, 2016, the number of shares constituting one unit of shares was changed from 1,000 to 100, and a 10:1 share consolidation of common stock was implemented. Based on this, "Type and number of shares subject to equity warrants" and "Exercise Price" were adjusted.

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

Issued Number	Exercise period	Directors (excluding outside Directors)	
		Number of equity warrants	Number of holders
FY2016 equity warrant (1 yen) (Issued on August 16, 2016)	August 17, 2016 to August 16, 2041	383	13

(Translation)

4. Corporate Officers

(1) Names, etc. of Directors and Audit & Supervisory Board Members

Note 1	Position	Name	Status or main duties
	Representative Director and Chairman of the Board	Hideichi Kawasaki	Chairman of the Board
X	President, Representative Director	Shinya Kamagami	Supervision
X	Executive Vice President and Member of the Board	Toshinao Takeuchi	General Manager, ICT Business Division
X	Senior Vice President and Member of the Board	Toshiya Hatakeyama	Chief Compliance Officer Chief Financial Officer General Manager, Corporate Management Group
X	Senior Vice President and Member of the Board	Masayuki Hoshi	Chief Risk Management Officer General Manager, Corporate Planning Group
	Director	Takuma Ishiyama	
	Director	Minoru Morio	Outside Director of Concordia Financial Group, Ltd., Outside Director of the Bank of Yokohama, Ltd.
Standing Audit & Supervisory Board Member		Hisao Suzuki	
Standing Audit & Supervisory Board Member		Tsutomu Tai	
Audit & Supervisory Board Member		Kuninori Hamaguchi	
Audit & Supervisory Board Member		Yoichi Nitta	

Notes:

1. X indicates executive officer.
2. Directors Takuma Ishiyama and Minoru Morio are Outside Directors.
3. Audit & Supervisory Board Members Kuninori Hamaguchi and Yoichi Nitta are Outside Audit & Supervisory Board Members.
4. Directors Takuma Ishiyama and Minoru Morio, Audit & Supervisory Board Members Kuninori Hamaguchi and Yoichi Nitta are independent officers based on the terms of the Tokyo Stock Exchange.
5. Audit & Supervisory Board Member Hisao Suzuki has served in positions such as Officer in charge of the Accounting & Control Division and Chief Financial Officer, and has extensive knowledge in finance and accounting.
6. Audit & Supervisory Board Member Tsutomu Tai has many years of experience working in the Company's accounting divisions, and has extensive knowledge of finance and accounting.

(Translation)

7. Executive officers as of March 31, 2017 are as follows (excluding those who concurrently serve as Directors).

Position	Name	Principal duty
Senior Vice President	Kenichi Tamura	Manager, Marketing & Sales Headquarters and Manager, Business Development Division
Senior Vice President	Seiji Mouri	Manager, Mechatronics Systems Business Division
Senior Vice President	Toru Hatano	In charge of Printers Business Division (Director, Vice President, Oki Data Corporation)
Senior Vice President	Tetsuya Izaki	Chief Information Officer Manager, Information & Technologies Planning Group
Executive Officer	Yoshiyuki Nakano	Manager, EMS Business Division
Executive Officer	Masaaki Hashimoto	Manager, Government & Public Systems Marketing & Sales Division, Marketing & Sales Headquarters
Executive Officer	Hiroshi Endo	In charge of Printers Business Division (Senior Managing Director, Oki Data Corporation)
Executive Officer	Kiyoshi Yokota	Chief Technology Officer, Chief Quality Officer Assistant Manager, Information & Technologies Planning Group and Manager, Engineering Support Center
Executive Officer	Katsuhiko Koseki	In charge of Mechatronics Systems Business (Chairman, Oki Electric Industry (Shenzhen) Co., Ltd.)
Executive Officer	Masashi Tsuboi	Assistant Manager, ICT Business Division and Manager, Enterprise Solutions Division
Executive Officer	Yuichiro Katagiri	Assistant Manager, ICT Business Division
Executive Officer	Toru Miyazawa	Manager, Enterprise Systems Marketing & Sales Division and Manager, Partner Business Marketing & Sales Division, Marketing & Sales Headquarters
Executive Officer	Hiroshi Tsuchiya	Assistant Manager, ICT Business Division and Manager, Planning & Management Division
Executive Officer	Masatsugu Fuse	Manager, Accounting & Control Division, Corporate Management Group

(2) Compensation paid to Directors and Audit & Supervisory Board Members

Title	Number of persons	Amount of payment
Directors	9	¥265 million
Audit & Supervisory Board Members	5	¥61 million

Notes:

1. 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 Audit & Supervisory Board Members. The amount of compensation for Directors excludes employee wages for Directors who are also employees. The amounts of compensation related to equity warrants allotted as compensation-type stock option, approved by the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016, are within ¥100 million per year for Directors (excluding Outside Directors), separately from the above compensation.
2. The amounts paid include the remuneration of ¥14 million in the form of stock options for Directors
3. The numbers of Directors and Audit & Supervisory Board Members as of the end of the fiscal year under review are different from the number shown above, and the above numbers include those who resigned at the conclusion of the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016.

(Translation)

(3) Outside Directors and Audit & Supervisory Board Members

(i) Status of material concurrent positions at other organizations, etc. and the Company's relationship with the aforesaid organizations

Director Minoru Morio concurrently serves as Outside Director of Concordia Financial Group, Ltd. and Outside Director of the Bank of Yokohama, Ltd. The volume of transactions between the companies and the Company accounts for less than 1% of the OKI Group's net sales and accounts for less than 1% of the each said company's net sales.

(ii) Major activities in the fiscal year under review

(a) Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

	Board of Directors meeting (number of meetings in parenthesis)		Audit & Supervisory Board meeting (number of meetings in parenthesis)	
	Attendance frequency	Attendance rate	Attendance frequency	Attendance rate
Takuma Ishiyama, Director	15 (15)	100%	–	–
Minoru Morio, Director	15 (15)	100%	–	–
Kuninori Hamaguchi, Audit & Supervisory Board Member	15 (15)	100%	16 (16)	100%
Yoichi Nitta, Audit & Supervisory Board Member	11 (11)	100%	10 (10)	100%

Note: The number of meetings for Director Yoichi Nitta represents the number of meetings held since he took office in June 2016.

(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. He also contributes to strengthening compliance by providing a good example to managerial personnel through his leadership as an advisor to the Risk Management Committee and enhancing the management fairness and transparency as a Chairman of the Personnel Affairs and Compensation Advisory Committee.

b. Minoru Morio, Director

Making statements from a viewpoint nurtured through abundant experience in a corporate management, he provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. He also contributes to strengthening compliance by providing a good example to managerial personnel through his leadership as an advisor to the Risk Management Committee and enhancing the management fairness and transparency as a Chairman of the Personnel Affairs and Compensation Advisory Committee.

c. Kuninori Hamaguchi, Audit & Supervisory Board Member
With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using his extensive experience and knowledge as a director at other companies, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and carrying out, when necessary, adequate activities concerning performances of the Audit & Supervisory Board.

d. Yoichi Nitta, Audit & Supervisory Board Member
With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using his execution of business, and extensive experience and knowledge as a director at other companies, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and carrying out, when necessary, adequate activities concerning performances of the Audit & Supervisory Board.

(iii) Outline of measures relating to inappropriate and illegal business execution of the Company during the fiscal year under review

On February 2, 2017, the Company received cease and desist orders and orders for payment of surcharge from the Japan Fair Trade Commission with respect to antitrust law violations related to digitalizing wireless communication systems for firefighting and emergency use.
Outside Directors Mr. Takuma Ishiyama and Mr. Minoru Morio, and Outside Audit & Supervisory Board Member Mr. Kuninori Hamaguchi have proactively made recommendations at the meetings of the Board of Directors from the viewpoint of legal compliance. In addition, subsequent to the revelation of the matter, they have made recommendations on measures to prevent reoccurrence and on securing effectiveness of the measures while checking and confirming the status of implementation of the measures. Furthermore, Outside Audit & Supervisory Board Member Mr. Yoichi Nitta was appointed subsequent to the revelation of the matter, and has requested thorough legal compliance at the meetings of Board of Directors. He has proactively made recommendations on measures to prevent reoccurrence and on securing its effectiveness while checking and confirming the implementation status of the measures.

(iv) Total amount of compensation, etc.
¥34 million (for the five individuals)

(4) Outline of Liability Limitation Agreements

The Company concluded agreements to limit liabilities with outside officers (Takuma Ishiyama, Minoru Morio, Kuninori Hamaguchi and Yoichi Nitta) and Standing Audit & Supervisory Board Members (Hisao Suzuki and Tsutomu Tai) under the provisions of Article 427 of the Companies Act. The outline of the agreements is as follows:

- In cases where outside officers and Standing Audit & Supervisory Board Members 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 and Standing Audit & Supervisory Board Members have executed their duties that caused the liabilities in good faith and without gross negligence.

(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	135 million yen
2. Total sum of cash and profits on other assets that the Company and its subsidiaries should pay to the accounting auditor	246 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 Act. The total of these amounts is recorded above.
2. Among major subsidiaries, Oki Data Americas, Inc., Oki Data Manufacturing (Thailand) Co., Ltd., 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. After having performed the necessary verification as to the appropriateness of matters such as the content of the accounting auditor's audit plan, the status of performance of duties by the accounting auditor, and the basis for the calculation of the estimated compensation for the accounting auditor, the Audit & Supervisory Board has decided to consent to the amount of compensation, etc. to be paid to the accounting auditor.

(3) Content of non-auditing services

The Company has also hired the accounting auditor for "advisory services on the transition, etc. to International Financial Reporting Standards," which is a service other than the audits specified in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pays the auditor compensation for that service.

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

The Audit & Supervisory Board, in principle, will determine the detail of the proposal to be submitted to the general meeting of shareholders regarding dismissal or non-reappointment of the accounting auditor if it is deemed unlikely that the accounting auditor will be able to perform audits properly. In addition, if the accounting auditor falls under provisions of the items in Paragraph 1, Article 340 of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor upon the consent of all the Audit & Supervisory Board Members.

(5) Business suspension order to which the accounting auditor was subject during past two years

The outline of the disciplinary action announced by the Financial Services Agency on December 22, 2015

(i) Subject of administrative order
Ernst & Young ShinNihon LLC

(ii) Content of administrative order
- Suspension from accepting new engagements for three months from January 1, 2016 to March 31, 2016
- Order for improvement of business operations

(iii) Reason for administrative order
- In regard to the audit of financial statements of TOSHIBA CORPORATION for

FY2009, FY2011 and FY 2012 (for fiscal years that ended March 31, 2010, 2012 and 2013), the above-mentioned audit corporation's certified public accountants had, in negligence of due care, attested that the financial statements contained no material misstatement, when in fact the statements contained material misstatement.

- The audit corporation's operation of services was found to be grossly inappropriate.

6. Policies and procedures of the Company

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

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

(a) As the foundation for ensuring compliance, the Company has established the "OKI Group Charter of Corporate Conduct" and "OKI Group Code of Conduct." In addition, officers take the initiative in compliance activities in conformance with the "Compliance Commitment."

(b) The Company has established a Compliance Committee chaired by the Chief Compliance Officer to decide on and examine basic policies regarding compliance programs.

(c) 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.

(d) The Company establishes whistle-blowing regulations which ensure reporting to Outside Directors and Audit & Supervisory Board Members and provides a contact point for reporting and consultation, aiming to detect any misconduct at its earliest stages.

(e) 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.

(ii) 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.

(iii) Rules concerning risk management and other procedures

(a) The Company has established a Risk Management Committee and promotes measures for appropriately grasping risks that may occur in relation to business

activities of the Company and Group companies, and preventing such risks from emerging.

(b) 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.

(c) If any risk occurs, the Company will set up an emergency countermeasure headquarters to handle the risk.

(iv) Procedures to secure efficient business performance by Directors

(a) The Company holds regular meetings of the Board of Directors once a month to decide important matters including basic management policies and supervise the work of Directors.

(b) The Company appoints executive officers to execute business based on basic management policies determined by the Board of Directors so as to separate the functions of business execution and oversight, and promote timely decision-making processes. In addition, the Company holds meetings of the Management Committee consisting of executive officers, etc. to assist the President in making decisions.

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

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

(a) To ensure that the Company and each subsidiary 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 should comply with, and is striving to make the code known to all of them.

(b) The division responsible for compliance implements various measures for promoting compliance common to the Group through each subsidiary'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.

(c) Each subsidiary establishes whistle-blowing regulations that ensure reporting to their Outside Directors and Audit & Supervisory Board Members, provides a contact point for reporting and consultation, and aims to detect any misconduct at its earliest stages after reporting to the Company.

(d) The Company, in accordance with Subsidiaries and Affiliates Management Rules, determines the status of each subsidiary's management activities through receiving reports regularly from each subsidiary and provides necessary advice and guidance including organization designing, rules and regulations, and business plannings.

(e) To secure the reliability of financial reporting, the Company and each subsidiary establish an internal control system for financial reporting in accordance with related laws and regulations, and strive to maintain and improve that system.

(vi) Procedures for employees who assist Audit & Supervisory Board Members; independence of employees from Directors

(a) The Company assigns employees as staff to assist Audit & Supervisory Board Members.

(b) The Company assigns employees, who are not subject to Directors' instructions and orders, as staff to assist Audit & Supervisory Board Members, and any change in such staffing and personnel evaluation requires the prior consent of the Audit & Supervisory Board.

(vii) Procedures for Directors and employees to report to Audit & Supervisory Board Members; procedures for Audit & Supervisory Board Members to receive other reports

(a) If Directors discover anything that may cause significant damage to the Company, they are required to report the matter immediately to the Audit & Supervisory Board Members pursuant to applicable laws and regulations.

(b) Standing Audit & Supervisory Board Members attend meetings of the Management Committee in order to understand important decision-making processes and the status of business operations, as well as to inspect important documentation.

(c) Audit & Supervisory Board Members attend the Risk Management Committee as advisors and receive the necessary reports.

(d) Audit & Supervisory Board Members receive whistle-blowing reports based on whistle-blowing regulations, and receive reports biannually on the status of operation of the regulations from relevant divisions.

(e) Audit & Supervisory Board Members 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.

(f) The Company ensures that a person who made a whistle-blowing report to Audit & Supervisory Board Members will not be treated unfavorably on account of making such report.

(viii) Other procedures to secure effective audits by Audit & Supervisory Board Members

(a) In conducting inspections on the Company's operations and assets and performing other audit duties, Audit & Supervisory Board Members shall conduct audits efficiently and effectively in close cooperation with the internal audit section.

(b) Audit & Supervisory Board Members implement efficient audits by closely cooperating with the accounting auditor. To this end, Audit & Supervisory Board Members 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.

(c) The Company pays all the expenses necessary for the execution of the duties of Audit & Supervisory Board Members.

(2) Overview of Status of Operations

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

(a) The Company ensures forums for training for each grade, including officers, on the content of the "OKI Group Code of Conduct" and the "Compliance Commitment," which form the foundation for compliance.

(b) The Compliance Committee, chaired by the Chief Compliance Officer, meets twice each fiscal year to establish the basic policies for activities in addition to reviewing the content of activities.

(c) In accordance with the basic policies formulated by the Compliance Committee, OKI conducts e-learning for all OKI Group employees in Japan and group training for the compliance managers in each department in addition to providing training tools such as a compilation of compliance case studies. The Company conducts an annual compliance awareness survey in order to check on the increase in awareness resulting from these measures and any issues.

(d) The Company has established and operates the whistle-blowing regulations which enable anonymous reporting as well as reporting to the Outside Directors and the Outside Audit & Supervisory Board Members, and the status of these operations is reported to the Board of Directors and the Audit & Supervisory Board.

(e) The Company assigns members of staff with responsibility for preventing unjust demands who have received legal training to each business office and branch office to continuously maintain a structure for responding to anti social groups as an entire organization.

(f) The Company takes the orders from the Japan Fair Trade Commission extremely seriously, and the President has given strict orders to the entire OKI Group to reassure compliance. The "Basic Regulations for Compliance with Competition Act" has also been developed and training based on the regulation is being conducted.

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

Important documents are retained and managed appropriately in accordance with the rules and regulations. In addition, the Information Security Committee, chaired by Chief Information Officer, meets twice each fiscal year to determine company-wide policy and plans for information security and conduct reviews of activities. With regard to personal information protection, the Company received PrivacyMark certification in February 2007, which it renews every two years.

(Translation)

(iii) Rules concerning risk management and other procedures

(a) The Company has established the Risk Management Committee chaired by the President with the Outside Directors and the Audit & Supervisory Board Members as advisors, and Committee meetings are held regularly and whenever necessary. The Committee receives timely reports from executive officers and divisions on risk information accompanying business activities and deliberates on measures to prevent risks from actualizing.

(b) The risk management rules clarify the scope of supervisory section to deal with risks and responsibilities, and as for risks that require common management across the Group, the supervisory section delivers and promotes preventative measures for each division and monitors the results.

(c) The Company has established and operated the rules, which stipulate that the Company sets up an emergency countermeasure headquarters to handle the risk when a risk occurs.

(iv) Procedures to secure efficient business performance by Directors

(a) In fiscal 2016, the Company held 15 meetings of the Board of Directors, to decide important matters such as basic management policies and supervised the execution of business operations by the Directors. The Board of Directors consists of seven Directors including two Outside Directors.

(b) In fiscal 2016, the Company held 43 meetings of the Board of Executive Officers and the Management Committee to deliberate on proposals and reports concerning business execution.

(c) The Company has clarified responsibility and authority for execution of business in the Rules on Division of Duties and Authorities.

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

(a) The Board of Directors has adopted the OKI Group Code of Conduct for the OKI Group as a whole, and the Company continuously works to ensure awareness through training, etc.

(b) With regard to compliance risks that require common management across the Group, the division at the Company with responsibility for the relevant risk implements systematic management shall deliver and promote preventative measures for each Group division and monitor the results as well as report on the status to the Compliance Committee.

(c) The Company has established and operates whistle-blowing regulations which enable anonymous reporting as well as reporting to the Outside Directors and the Outside Audit & Supervisory Board Members at all OKI Group companies. The Company provides guidance, etc. as necessary when receiving the content of reports.

(d) Each division at the Company receives regular and timely reports on the status of management, etc. from the subsidiaries for which it has responsibility in accordance with the Subsidiaries and Affiliates Management Rules to assess the actual business situation in addition to providing the necessary advice and guidance.

(e) The OKI Group has established a specialist department related to the internal

control over financial reporting required under the Financial Instruments and Exchange Act, and endeavors to develop, maintain and improve the internal control system related to financial reporting.

(vi) Procedures for employees who assist Audit & Supervisory Board Members; independence of employees from Directors

(a) To assist the Audit & Supervisory Board Members, the Company has assigned one member of staff, who is not subject to Directors' instructions and orders.

(b) In order to ensure independence and effectiveness of instructions, transfer and evaluations of the member of staff for the Audit & Supervisory Board Members requires the prior agreement of the Audit & Supervisory Board.

(vii) Procedures for Directors and employees to report to Audit & Supervisory Board Members; procedures for Audit & Supervisory Board Members to receive other reports

(a) When Directors discover anything that may cause significant damage to the Company, they have reported the matter immediately to the Audit & Supervisory Board Members pursuant to applicable laws and regulations.

(b) The Standing Audit & Supervisory Board Member assesses important decision-making processes and the status of business operations by attending meetings of the Board of Directors, the Board of Executive Officers and the Management Committee in addition to reading resolution approval documents.

(c) The Audit & Supervisory Board Members have attended the Risk Management Committee as advisors and received reports as well as stating their opinions when it is necessary.

(d) The Audit & Supervisory Board Members have received whistle-blowing reports based on whistle-blowing regulations, and received reports biannually on the status of operation.

(e) In addition to receiving reports on the development and operational status of the internal control system at the meetings of the Board of Directors, the Audit & Supervisory Board Members exchange opinions with the President, executive officers, general managers of divisions and representatives of the subsidiaries, confirming the development and operation of the internal control system in the process.

(f) The Company has established a policy that there shall be no discrimination against a person who makes a report to the Audit & Supervisory Board Members on the grounds of having made the relevant report and rigorously enforces this policy.

(viii) Other procedures to secure effective audits by Audit & Supervisory Board Members

(a) The Audit & Supervisory Board Members hold discussions and exchanges of opinion with the Internal Auditing Division by taking part in site visits and meetings to report on the results of audits held by the Internal Auditing Division, and utilize the results of audits in audits by Audit & Supervisory Board Members.

(b) The Audit & Supervisory Board Members have maintained close cooperation with the Accounting Auditor including meeting and exchanging opinions with the Accounting Auditor and attending site visits by the Accounting Auditor, to

implement effective audits.

(c) The Company has promptly processed the expenses required for the execution of the duties of the Audit & Supervisory Board Members.

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, 2017)

(Unit: Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	231,506	Current liabilities	176,559
Cash and deposits	54,164	Notes and accounts payable	58,685
Notes and accounts receivable	101,572	Short-term borrowings	56,882
Lease investment assets	5,430	Other accrued expenses	29,499
Finished goods	20,423	Other current liabilities	31,492
Work in process	19,656	Long-term liabilities	86,949
Raw materials and supplies	22,502	Long-term debt	30,129
Deferred tax assets	5,454	Lease obligations	7,135
Other current assets	9,679	Deferred tax liabilities	14,683
Allowance for doubtful receivables	(7,377)	Provision for Directors' retirement benefits	490
Non-current assets	129,218	Liability for retirement benefits	26,199
Property, plant and equipment	44,783	Other long-term liabilities	8,310
Buildings and structures	20,449	Total liabilities	263,509
Machinery, equipment and vehicle	7,337	(Net Assets)	
Tools, furniture and fixtures	10,004	Shareholders' equity	107,757
Land	6,780	Capital stock	44,000
Construction in progress	211	Additional paid-in capital	19,799
Intangible assets	10,891	Retained earnings	44,434
Investments and other assets	73,544	Treasury stock, at cost	(477)
Investments in securities	49,576	Accumulated other comprehensive income	(10,878)
Asset for retirement benefits	9,511	Net unrealized holding gain/loss on other securities	5,337
Long-term trade receivables	18,659		
Other investments and other assets	7,768	Loss on deferred hedges	(2)
Allowance for doubtful receivables	(11,971)	Translation adjustments	(11,702)
		Retirement benefits liability adjustments	(4,511)
		Subscription rights to shares	94
		Non-controlling interests	242
		Total net assets	97,215
Total assets	360,724	Total liabilities and net assets	360,724

(Translation)

Consolidated Statement of Operations

(From April 1, 2016 to March 31, 2017)

(Unit: Millions of yen)

Account title	Amount	
Net sales		451,627
Cost of sales		337,393
Gross profit		114,233
Selling, general and administrative expenses		111,688
Operating income		2,545
Non-operating income		
Interest income	354	
Dividend income	827	
Share of profit of entities accounted for using equity method	473	
Dividend income of insurance	355	
Other	503	2,514
Non-operating expenses		
Interest expense	1,794	
Foreign exchange loss, net	4,764	
Other	868	7,426
Ordinary loss		(2,366)
Extraordinary profit		
Gain on sale of property, plant and equipment	178	
Gain on sale of investments in securities	1,034	
Gain on sales of subsidiaries and affiliates' stock	12,567	
Gain on return of assets from retirement benefits trust	7,822	21,602
Extraordinary loss		
Loss on sales of non-current assets	2,405	
Loss on abandonment of non-current assets	680	
Loss on Anti-Monopoly Act	2,477	5,563
Profit before income taxes		13,672
Income taxes	2,704	
Income taxes deferred	6,530	9,235
Profit		4,437
Loss attributable to non-controlling interests		(254)
Profit attributable to owners of parent		4,691

(Translation)

Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2017)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2016	44,000	21,673	44,255	(468)	109,460
Changes during the term under review					
Dividends from surplus			(4,343)		(4,343)
Profit attributable to owners of parent			4,691		4,691
Purchases of treasury stock				(8)	(8)
Change of scope of consolidation			(168)		(168)
Change in ownership interest of parent due to transactions with non-controlling interests		(1,873)			(1,873)
Net changes in items other than shareholders' equity during the term under review					
Net changes during the term under review	–	(1,873)	179	(8)	(1,702)
Balance at March 31, 2017	44,000	19,799	44,434	(477)	107,757

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gain/loss on other securities	Loss / Gain on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at April 1, 2016	4,642	(562)	(12,835)	6,028	(2,726)	79	572	107,384
Changes during the term under review								
Dividends from surplus								(4,343)
Profit attributable to owners of parent								4,691
Purchases of treasury stock								(8)
Change of scope of consolidation								(168)
Change in ownership interest of parent due to transactions with non-controlling interests								(1,873)
Net changes in items other than shareholders' equity during the term under review	695	559	1,133	(10,540)	(8,151)	15	(329)	(8,466)
Net changes during the term under review	695	559	1,133	(10,540)	(8,151)	15	(329)	(10,168)
Balance at March 31, 2017	5,337	(2)	(11,702)	(4,511)	(10,878)	94	242	97,215

(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: 94 companies

Names of major consolidated subsidiaries:

Oki Data Corporation; Oki Customer Adtech Co., Ltd.; Oki Wintech Co., Ltd.; OKI Software Co., Ltd.; Oki Proserve Co., Ltd.; Nagano Oki Electric Co., Ltd.; Oki Data Americas, Inc.; Oki Data Manufacturing (Thailand) Co., Ltd.; Oki Europe Ltd.; Oki Electric Industry (Shenzhen) Co., Ltd.; and OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A.

(2) Changes in scope of consolidation:

Oki BR Argentina S.A. and 6 other companies were included within the scope of consolidation because of an increase in its relative importance of these subsidiaries. Oki Sensor Device Corporation and Oki Sensor Device (Shanghai) Co., Ltd. were excluded from the scope of consolidation as a result of the transfers of all the shares of Oki Sensor Device Corporation as of March 31, 2017.

2. Application of equity method

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

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

Oki Electric Cable Co., Ltd.

(2) Name of affiliated company to which the equity method is not applied:

TOWN NETWORK SERVICE Corporation

Reason for not applying the equity method:

The company has little influence and have no significance on profit or loss and retained earnings.

3. Matters concerning account settlement dates of consolidated subsidiaries

Although the account settlement date of a consolidated subsidiary OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A. and other seven companies is December 31 each year, which differs from the consolidated account settlement date, financial statements as of the company's settlement date are used. However, necessary adjustments for consolidated accounting are made to reflect material transactions that occurred between the respective settlement dates.

(Translation)

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.

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:

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 (3 years). For software for internal use, the straight-line method, based on the estimated durable years (mainly 5 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.

(ii) 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 and currency swap 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

(Translation)

Forward exchange contracts and currency swap 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 long-term debt.

(iii) Hedging policy

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

(iv) Assessment method of the effectiveness of hedges

To determine the effectiveness of hedges, the Company compares the accumulated 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) Method of accounting for retirement benefits

a. Attributing expected retirement benefits to a period

When calculating retirement benefit obligations, the Company applies the benefit formula basis to attribute expected retirement benefits to the period until the end of the fiscal year under review.

b. Accounting for actuarial gains and losses, and prior service costs

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.

(ii) Accounting processing of consumption tax

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

(iii) Application of consolidated tax payment

The consolidated tax payment is applied.

(Translation)

Changes in Accounting Policies

Following the revision to the Corporation Tax Act, some subsidiaries in Japan have applied the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) from the fiscal year under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of these changes on the consolidated financial statements is immaterial.

Additional Information

(Filing a request by the consolidated company)

Oki Banking Systems (Shenzhen) Co., Ltd., an OKI Group consolidated subsidiary, has filed a request for arbitration against Shenzhen Yihua Computer Industrial Co., Ltd. on October 10, 2015, demanding payment of accounts receivable of RMB1,115,463 thousand (¥18,170 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) and compensation of damages.

Currently, the South China International Economic and Trade Arbitration Commission continues to review the matter.

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from the fiscal year under review, the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral

Investments in securities	¥14,957 million
Liabilities collateralized by the above assets:	
Short-term borrowings	¥3,500 million

2. Accumulated depreciation on property, plant and equipment ¥145,631 million

3. Liabilities for guarantee

Guarantee for borrowings by employees	¥229 million

(Translation)

Notes to Consolidated Statement of Changes in Net Assets

1. Matters concerning class and total number of shares outstanding as of the end of FY2016

   Common Stock 87,217 thousand shares

   Note: The Company consolidated ten shares of common stock into one share of common stock as of October 1, 2016.

2. Matters concerning appropriation of surplus

   (1) Dividends paid

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 24, 2016	Common Stock	Retained earnings	2,606	3.00	March 31, 2016	June 27, 2016
Board of Directors Meeting on October 28, 2016	Common Stock	Retained earnings	1,737	2.00	September 30, 2016	December 5, 2016

Note: The Record date for dividends per share resolved at the Board of Directors Meeting on October 28, 2016 is September 30, 2016. Therefore, the amount before the share consolidation made on October 1, 2016 is presented.

   (2) Dividends for which the record date falls in the fiscal year under review and the effective date falls in the following fiscal year.

Proposal	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 23, 2017	Common Stock	Retained earnings	2,605	30.00	March 31, 2017	June 26, 2017

3. 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. 7 Equity Warrants (issued on July 27, 2007)	Common stock	28,700
	No. 8 Equity Warrants (issued on July 27, 2007)	Common stock	22,200
	FY2016 Equity Warrants (issued on August 16, 2016)	Common stock	55,700

(Translation)

Notes on Financial Instruments

1. 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 and foreign currency risk, the Group applies derivative instruments (interest rate swap transactions and currency swap transactions) to hedge its risk.

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, 2017 (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	54,164	54,164	–
(2) Notes and accounts receivable	101,572		
Allowance for doubtful receivables (*1)	(6,580)		
	94,992	94,992	–
(3) Investments in securities	42,302	41,829	(472)
(4) Long-term trade receivables	18,659		
Allowance for doubtful receivables (*1)	(11,747)		
	6,911	6,911	
(5) Notes and accounts payable	(58,685)	(58,685)	–
(6) Short-term borrowings (*2)	(37,986)	(37,986)	–
(7) Other accrued expenses	(29,499)	(29,499)	–
(8) Long-term debt (*2)	(49,025)	(49,454)	428
(9) Derivative transactions	(90)	(90)	–

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

(*2) Long-term debt (¥18,895 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 equal to their book value. Hence, their fair value is based on the relevant book value.

(3) Investments in securities
The fair value of investments in 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) Long-term trade receivables
Fair value of long-term trade receivables is based on the amount after deducting the present estimated doubtful receivables from the balance sheet values on the consolidated account settlement date, as estimated doubtful receivables are calculated based on the present value of loans / receivables.

(5) Notes and accounts payable, (6) Short-term borrowings, and (7) Other accrued expenses
These items are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

(8) Long-term debt
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 debt 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 debt 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.

(9) Derivative transactions
Derivative transactions subject to allocation treatment applicable to currency swaps, and to special accounting treatment applicable to interest rate swaps are treated in combination with long-term debt as hedged items. Hence, their fair value is included in that of long-term debt.

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

Unlisted equity securities (¥7,274 million on the consolidated balance sheet) are not included in (3) Investments in securities because they have no market price and it is deemed extremely difficult to assess their fair values.

Notes to Per-share Information

1. Net assets per share: ¥1,115.68
2. Earnings per share: ¥54.03

Note: The Company consolidated ten shares of common stock into one share of common stock as of October 1, 2016. Net assets per share and earnings per share are calculated as if the consolidation of shares was conducted at the beginning of the fiscal year under review.

(Translation)

Other Notes (Notes on Securities)

1. Other negotiable securities

(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	19,867	11,165	8,702
Subtotal	19,867	11,165	8,702
(Securities whose amounts recorded in consolidated balance sheet are not more than their acquisition costs) Equity Securities	18,816	19,962	(1,145)
Subtotal	18,816	19,962	(1,145)
Total	38,684	31,128	7,556

2. Other securities sold during the consolidated fiscal year under review
(From April 1, 2016 to March 31, 2017)

(Unit: Millions of yen)

Type	Sales amount	Total gain on sales	Total loss on sales
Equity Securities	1,409	908	0
Total	1,409	908	0

3. Impaired securities

Impairment has not been applied to securities for the fiscal year under review.

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.

(Translation)

Other Notes (Notes on Business Combination)

1. Transactions, etc. under Common Control

The Company resolved to additionally acquire shares of OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A., a consolidated subsidiary, at the Board of Directors Meeting on December 27, 2016, and acquired the shares on January 11, 2017.

(1) Outline of transactions

(i) Name and content of business of the company involved in the merger

Name of the company involved in the merger:

OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A.

Content of business:

Design, manufacture, sales and maintenance and services of automation equipment

(ii) Date of business combination

January 11, 2017

(iii) Legal forms of business combination

Purchases of stock

(iv) Name of the company after combination

No change in name

(v) Other items regarding outline of transaction

The Company additionally acquired 4.99% shares of OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A., and the ownership ratio of the Company is 88.77%.

(2) Outline of accounting procedures applied

The transaction was accounted for as transactions with non-controlling shareholders in the category of transactions under common control, etc. in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

(3) Matters listed in the case of acquisition of additional shares of a subsidiary

Acquisition cost of acquired company and breakdown

Consideration for the acquisition	Cash and deposits	¥1,930 million
Acquisition cost		¥1,930 million

(4) Matters concerning change in the Company's ownership interest of subsidiaries due to transactions with non-controlling shareholders

(i) Major factor of change in additional paid-in capital

Acquisition of additional shares of a subsidiary

(ii) Amount of additional paid-in capital decreased by transactions with non-controlling shareholders

¥1,866 million

2. Business Divestitures

The Company resolved to transfer all shares of Oki Sensor Device Corporation ("Oki Sensor Device" hereafter) to Mold-Tech Singapore Pte., Ltd. which is under the control of Standex

(Translation)

International Corporation (“Standex” hereafter) at the Board of Directors Meeting on February 2, 2017, and transferred the shares on March 31, 2017.

(1) Outline of business divestitures

(i) Name of the buyer

Mold-Tech Singapore Pte., Ltd.

(ii) Content of business of the divested subsidiary

Development, manufacture and sales of reed switches and its applied products

(iii) Main reason for business divestiture

The OKI Group is reviewing its business portfolio as part of its growth strategy to enhance its resources for focus areas.

Reed switch business of Oki Sensor Device holds top share in the automobile and home electronics market worldwide, and has contributed to the Group in the past. As a result of reviewing the position of the reed switch business in the future Oki Group as well as its further business enhancement, the Company judged that it is most appropriate to transfer the shares to Standex Group where synergy effect can be expected.

(iv) Date of business divestiture

March 31, 2017

(v) Other matters including legal form of business divestiture

Share transfer with the consideration in cash only

(2) Summary of accounting procedures applied

(i) Amount of gain on the share transfer

Gain on sale of subsidiaries and affiliates’ stocks: ¥12,567 million

(ii) Book values and breakdown of the assets and liabilities of the business transferred

	(Unit: Millions of yen)
Current assets	3,110
Non-current assets	1,419
Total assets	4,529
Current liabilities	(1,784)
Long-term liabilities	(152)
Total liabilities	(1,936)

(iii) Accounting procedures

The transaction was accounted for in accordance with the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013).

(3) Approximate amounts of profit or loss of the transferred business included in the consolidated statement of operations for the fiscal year under review

Net sales: ¥5,983 million

Operating income: ¥1,567 million

(Translation)

Transcript of Accounting Auditors' Report on Consolidated Financial Statements

Independent Auditors' Report

May 17, 2017

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

Ernst & Young ShinNihon LLC
Yoshimi Kimura,
Engagement Partner, Certified Public Accountant
Akira Sato,
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 net assets equity and notes to the consolidated financial statements – of Oki Electric Industry Co., Ltd. for the 93rd term from April 1, 2016 to March 31, 2017 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, 2017)

(Unit: Millions of yen)

Account title	Amount		Account title	Amount
(Assets)			(Liabilities)	
Current assets			Current liabilities	
Cash and deposits		32,280	Notes payable	2,299
Notes receivable		1,333	Accounts payable, trade	34,774
Accounts receivable, trade		49,525	Short-term borrowings	29,089
Lease investment assets		5,378	Current portion of long-term debt	17,991
Finished goods		3,256	Lease obligations	1,576
Work in process		13,924	Accounts payable, others	9,984
Raw materials and supplies		5,484	Other accrued expenses	15,283
Prepaid expenses		510	Income taxes payable	916
Short-term loans		9,992	Advances received	2,041
Accounts receivable-other		6,517	Deposits received	8,285
Deferred tax assets		2,011	Provision for directors' bonuses	75
Other current assets		252	Provision for loss on construction contracts	45
Allowance for doubtful receivables		(7)	Provision for loss on Anti-Monopoly Act	2,086
Total current assets		130,462	Asset retirement obligations	2
Non-current assets			Other current liabilities	3
Property, plant and equipment			Total current liabilities	124,455
Buildings	34,230		Long-term liabilities	
Accumulated depreciation	(24,701)	9,529	Long-term debt	26,762
Structures	2,243		Lease obligations	6,186
Accumulated depreciation	(1,863)	380	Deferred tax liabilities	9,161
Machinery and equipment	11,662		Retirement benefits	9,785
Accumulated depreciation	(9,913)	1,748	Provision for loss on business of subsidiaries and affiliates	1,776
Vehicle	70			
Accumulated depreciation	(52)	17	Asset retirement obligations	983
Tools, furniture and fixtures	35,783		Long-term accounts payable-other	2,810
Accumulated depreciation	(28,992)	6,790	Other long-term liabilities	67
Land		2,302	Total long-term liabilities	57,533
Construction in progress		60	Total liabilities	181,989
Total property, plant and equipment		20,828	(Net Assets)	
Intangible assets			Shareholders' equity	
Goodwill		9	Capital stock	44,000
Right of using facilities		114	Additional paid-in capital	21,553
Software		7,012	Capital reserve	15,000
Total intangible assets		7,136	Other additional paid-in capital	6,553
Investments and other assets			Retained earnings	12,900
Investments in securities		42,367	Other retained earnings	12,900
Investments in and advances to subsidiaries and affiliates		48,212	Retained earnings carried forward	12,900
Contribution		88	Treasury stock, at cost	(463)
Contribution in subsidiaries and affiliates		98	Total shareholders' equity	77,990
Long-term loans receivable from subsidiaries and affiliates		23,135	Valuation, translation adjustments and others	
Claims provable in bankruptcy, rehabilitation and other		39	Net unrealized holding gain/loss on other securities	4,538
Long-term prepaid expenses		561	Total valuation, translation adjustments and others	4,538
Lease and guarantee deposits		3,182	Subscription rights to shares	94
Other investments and other assets		262	Total net assets	82,623
Allowance for doubtful receivables		(11,761)		
Total investments and other assets		106,185		
Total non-current assets		134,150		
Total assets		264,613	Total liabilities and net assets	264,613

(Translation)

Non-Consolidated Statement of Operations

(From April 1, 2016 to March 31, 2017)

(Unit: Millions of yen)

Account title	Amount	
Net sales		212,198
Cost of sales		168,057
Gross profit		44,140
Selling, general and administrative expenses		39,115
Operating income		5,025
Non-operating income		
Interest income	970	
Interest income on securities	0	
Dividend income	5,033	
Royalty income from corporate brand	772	
Other	486	7,262
Non-operating expenses		
Interest expense	1,293	
Foreign exchange loss, net	350	
Share-related expenses	238	
Other	89	1,973
Ordinary income		10,314
Extraordinary profit		
Gain on sale of investments in securities	1,002	
Gain on sale of subsidiaries and affiliates' stocks	14,804	
Reversal of provision for loss on business of subsidiaries and affiliates	26,571	
Gain on return of assets from retirement benefits trust	7,822	
Gain on reversal of subscription rights to shares	32	50,232
Extraordinary loss		
Loss on sales of non-current assets	2,404	
Loss on abandonment of non-current assets	517	
Write-downs of investments in unconsolidated subsidiaries and other securities.	30	
Loss on valuation of shares of subsidiaries and affiliates	28,367	
Write-downs of shares of subsidiaries and affiliates	518	
Loss on abandonment of claims of subsidiaries and affiliates	25,500	
Provision for loss on business of subsidiaries and affiliates	1,062	
provision of allowance for doubtful receivables	11,550	
Loss on Anti-Monopoly Act	2,477	72,428
Loss before income taxes		11,881
Income taxes	1,949	
Income taxes deferred	4,860	6,809
Loss		18,691

(Translation)

Non-Consolidated Statement of Changes in Net Assets

(Year ended March 31, 2017)

(Unit: Millions of yen)

	Shareholders' equity							
	Capital stock	Additional paid-in capital			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Other retained earnings Retained earnings carried forward	Total retained earnings		
Balance at April 1, 2016	44,000	15,000	6,553	21,553	35,935	35,935	(454)	101,034
Changes during the term under review								
Dividends from surplus					(4,343)	(4,343)		(4,343)
Loss					(18,691)	(18,691)		(18,691)
Purchases of treasury stock							(8)	(8)
Net changes in items other than shareholders' equity during the term under review								
Net changes during the term under review	–	–	–	–	(23,034)	(23,034)	(8)	(23,043)
Balance at March 31, 2017	44,000	15,000	6,553	21,553	12,900	12,900	(463)	77,990

	Valuation, translation adjustments and others			Subscription rights to shares	Total net assets
	Net unrealized holding gain/loss on other securities	Loss / Gain on deferred hedges	Total valuation, translation adjustments and others		
Balance at April 1, 2016	3,884	–	3,884	79	104,997
Changes during the term under review					
Dividends from surplus					(4,343)
Loss					(18,691)
Purchases of treasury stock					(8)
Net changes in items other than shareholders' equity during the term under review	653	–	653	15	669
Net changes during the term under review	653	–	653	15	(22,374)
Balance at March 31, 2017	4,538	–	4,538	94	82,623

(Translation)

Note to Non-consolidated Financial Statements

Significant Accounting Policies

1. Standards and valuation methods for negotiable securities

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 (mainly 5 years)

Others: Straight-line method

Lease assets

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

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.

Provision for directors' bonuses

To prepare for the payment of bonuses to officers (includes executive officers, the same applies below), the Company records the amount attributable to the current fiscal year out of the amount of bonuses expected to be paid to officers.

Provision for loss on construction contracts

To prepare for any losses on construction contracts, the estimated amount of losses for the following fiscal years are calculated for some of the orders backlog as of the end of the fiscal year under review, which are likely to incur losses and for which the amounts thereof can be reasonably estimated.

Provision for loss on Anti-Monopoly Act

To prepare for any losses relating to the Anti-Monopoly Act, the estimated amount for the current fiscal year end is recorded.

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.

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 one in which it arises.

Provision for loss on business of subsidiaries and affiliates

To prepare for any losses on business of subsidiaries and affiliates, the estimated amount of loss on business is calculated in consideration of the financial position and operating results of the relevant subsidiaries and affiliates.

6. Hedge accounting methods

(1) Method of hedge accounting

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

(2) Means of hedging and hedged item

Forward exchange contracts and currency swap 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 and long-term debt.

(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 accumulated 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 for retirement benefits

The methods of accounting for unappropriated amounts of unrecognized prior service costs and unrecognized actuarial gains and losses for retirement benefits differ from those in the consolidated financial statements.

(2) Accounting processing of consumption tax

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

(3) Application of consolidated tax payments

Consolidated tax payments are applied.

(Translation)

Notes to Non-consolidated Balance Sheets

1. Assets provided as collateral

Investments in securities	¥14,957 million
Liabilities collateralized by the above assets	
Short-term borrowings	¥3,500 million

2. Guarantee liabilities:

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

Oki Data Americas, Inc.	¥3,366 million ($30,000 thousand)
Oki Europe Ltd. and its subsidiaries	¥1,444 million (10,000 thousand pounds sterling, 375 thousand euro)
Oki Data Manufacturing (Thailand) Co., Ltd.	¥1,141 million (350,000 thousand baht)
Oki Printed Circuits Co., Ltd.	¥975 million
Oki Wintech Co., Ltd.	¥726 million
Oki Data Corporation	¥541 million
Five other entities:	¥744 million
Total:	¥8,940 million

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

Short-term monetary claims receivable from subsidiaries and affiliates:	¥19,507 million
Long-term monetary claims receivable from subsidiaries and affiliates:	¥1,161 million
Short-term monetary claims payable to subsidiaries and affiliates:	¥25,983 million
Long-term monetary claims payable to subsidiaries and affiliates:	¥67 million

Notes to Non-consolidated Statement of Operations

Transactions with subsidiaries and affiliates

Sales:	¥18,677 million
Purchases:	¥49,531 million
Non-operating transactions:	¥15,815 million

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:	356 thousand shares

(Translation)

Notes to Deferred Tax Accounting

Major factors giving rise to deferred tax assets and liabilities

Deferred tax assets	
Nondeductible write-downs of shares of subsidiaries and affiliates	¥16,167 million
Nondeductible retirement benefits	¥5,765 million
Loss carry forwards	¥3,882 million
Allowance for doubtful receivables	¥3,647 million
Adjustments of losses on transfers among consolidated subsidiaries	¥3,452 million
Nondeductible accounts payable-other due to changes in retirement benefit plans	¥1,271 million
Nondeductible accrued bonuses	¥1,250 million
Nondeductible foreign tax credit	¥1,057 million
Nondeductible loss on impairment of fixed assets	¥791 million
Nondeductible write-downs of inventories	¥663 million
Provision for loss on Anti-Monopoly Act	¥646 million
Nondeductible provision for loss on business of subsidiaries and affiliates	¥550 million
Bad debts expenses	¥358 million
Others	¥1,886 million
Subtotal deferred tax assets	¥41,394 million
Valuation allowance	¥(38,706) million
Total deferred tax assets	¥2,688 million
Deferred tax liabilities	
Gain on valuation of investment securities	¥(5,793) million
Nondeductible unrealized gain on contribution of securities to the pension trust	¥(1,981) million
Net unrealized holding gain/loss on other securities	¥(1,936) million
Others	¥(127) million
Total deferred tax liabilities	¥(9,838) million
Net deferred tax assets	¥(7,149) 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 ¥28 million
2. Amount equivalent to accumulated depreciation of leased assets as of the end of the term under review ¥25 million
3. Amount equivalent to unexpired lease payment of leased assets as of the end of the term under review ¥2 million

(Translation)

Notes to Related Party Transactions

1. Subsidiaries, etc.

Attribute	Name of company, etc.	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 and embedded 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	17,553	Accounts payable, trade	4,621
									Other accrued expenses	703
Subsidiary	Oki Hong Kong, Ltd.	Hong Kong	HK$80,000 thousand	Holdings company, material procurement	(Direct) 100%	Supply products etc., lending of funds, concurrent assumption of office of officer	Lending of funds	22,475	Long-term loans receivable	20,296
Subsidiary	Oki Data Corporation	Minato-ku, Tokyo	¥19,000 million	Development, manufacture and sales of printing equipment and related solutions	(Direct) 100%	Purchase of products, lending of funds, concurrent assumption of office of officer	Abandonment of claims	25,500	–	–
							Lending of funds	15,653	–	–
							Underwriting of capital increase	8,000	–	–
							Borrowing of funds	–	Deposits received	5,000
Subsidiary	Oki Wintech Co., Ltd.	Shinagawa-ku, Tokyo	¥2,001 million	Equipment work, designing, construction and maintenance of telecommunication, firefighting and other facilities	(Direct) 100%	Supply products etc., purchase of services, concurrent assumption of office	Sales of products	5,097	Accounts receivable, trade	2,702
Subsidiary	Oki Proserve Co., Ltd.	Minato-ku, Tokyo	¥321 million	Facility business, human resource management, advanced communication business, logistics business	(Direct) 100%	Purchase of services, lease and brokerage of real estate, lending of funds	Lending of funds	2,984	Short-term loans receivable	700
									Long-term loans receivable from subsidiaries and affiliates	2,100
Subsidiary	Oki Data Americas, Inc.	U.S.A.	US$10,000 thousand	Sales and services of printers and multi-purpose printers	(Indirect) 100%	Guarantee for borrowings	Debt guarantee	3,366	-	-
Subsidiary	OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A.	Brazil	BRL399,999 thousand	Design, development, manufacture, sales and maintenance and services of automation equipment	(Direct) 89%	Supply products etc., lending of funds, concurrent assumption of office of officer	Lending of funds	3,521	Short-term loans receivable	3,206

Notes:

1. The transactions amount excludes consumption tax, while the ending balance includes consumption tax.
2. Conditions of transactions and policy in determining conditions
   (1) The Company determines conditions regarding purchase of services and sales of products based on market prices.
   (2) The Company determines the interest rate for the lending of funds by taking the market rate of interest into consideration. However, for some subsidiaries, the Company determines the said interest rate by taking the financial position of the subsidiaries. Transaction amount shows the average balance during the fiscal year because the transactions are repetitive.
   (3) The Company provided a debt guarantee for bank borrowings of OKI DATA AMERICAS, INC. and received a guarantee commission of 0.1% p.a.

(Translation)

3. Abandonment of claims was made against short-term loans of ¥25,500 million to Oki Data Corporation.
4. Underwriting of capital increase: The Company underwrote a capital increase carried out by Oki Data Corporation, purchasing new shares at ¥32,000 per share.
5. Borrowing of funds is a transaction with an objective of capital efficiency within the Group.
6. For the loans to two subsidiaries, the Company recorded an allowance for doubtful receivables of ¥11,680 million. In addition, the Company recorded a provision of allowance for doubtful receivables of ¥11,549 million.

2. Corporate pension, etc. for employees

Attribute	Name of company, etc.	Location	Capital	Business	Voting right ratio	Relationship with related party	Description of transactions	Transaction amount (mil. yen)	Account item	Ending balance (mil. yen)
Corporate pension	Retirement benefits trust	–	–	–	–	Pension asset in accounting for retirement benefits	Partial return of property	18,717	–	–

Notes to Per-share Information

1. Net assets per share: ¥950.12
2. Earnings per share: ¥215.18

Note: The Company consolidated ten shares of common stock into one share of common stock as of October 1, 2016. Net assets per share and earnings per share are calculated as if the consolidation of shares was conducted at the beginning of the fiscal year under review.

Additional Information

Effective from the fiscal year under review, the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied.

(Translation)

Transcript of Accounting Auditors' Report

Independent Auditors' Report

May 17, 2017

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

Ernst & Young ShinNihon LLC
Yoshimi Kimura,
Engagement Partner, Certified Public Accountant
Akira Sato,
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 net assets and notes to the non-consolidated financial statements – and its supporting schedules of Oki Electric Industry Co., Ltd. for the 93rd term from April 1, 2016 to March 31, 2017 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.

(Translation)

Transcript of Audit & Supervisory Board's Report

Audit & Supervisory Board's Report

We, the Audit & Supervisory Board, have prepared upon consultation this Audit Report based on reports compiled by each Audit & Supervisory Board Member with respect to Directors' performance of their duties during the 93rd fiscal year from April 1, 2016 to March 31, 2017, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit

(1) The Audit & Supervisory Board specified an audit policy, compiled audit plans and received reports from each Audit & Supervisory Board Member 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.

(2) Each Audit & Supervisory Board Member, according to the audit standards, policy and plans set up by the Audit & Supervisory Board, has maintained good communications with Directors, the internal audit division and other employees and strived to collect information and improve the audit environment and conducted an audit by following the methods described below:

(a) We attended the 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. With respect to the subsidiaries of the Company, we have maintained good communications and exchanged information with Directors, Audit & Supervisory Board Members and others and received reports on business conditions from the subsidiaries as needed.

(b) 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 corporate group consisting of joint stock company and its subsidiaries.

(c) We have monitored and verified whether the accounting 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 the business report for the said fiscal year and their supplementary schedules, 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

(a) 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.

(b) 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.

(c) 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. As described in the Business Report, the Company received cease and desist orders and orders for payment of surcharge from the Japan Fair Trade Commission with respect to antitrust law violations on February 2, 2017. The Audit & Supervisory Board took the matter with utmost seriousness and confirmed that the entire Group has been working to ensure legal compliance even more thoroughly aiming to prevent reoccurrence. Furthermore, the Audit & Supervisory Board will monitor the status of efforts for strengthening compliance made by the Group aimed at the prevention of reoccurrence.

(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 18, 2017

The Audit & Supervisory Board, Oki Electric Industry Co., Ltd.
Hisao Suzuki, Standing Audit & Supervisory Board Member
Tsutomu Tai, Standing Audit & Supervisory Board Member
Kuninori Hamaguchi, Outside Audit & Supervisory Board Member
Yoichi Nitta, Outside Audit & Supervisory Board Member