

Casio's Originality and Technology Bring Growth to Both Society and the Company

Casio contributes to society by developing original products that never existed before, yet meet universal needs. This enables Casio to grow side-by-side with all of its stakeholders.

● Casio's Concept Development and Core Technologies Give the World Innovative Products

The driving force behind product planning at Casio is the company's unwavering practice of initiating product development from scratch, never just copying the ideas of others. Casio recognizes the unlimited potential to develop products that have yet to be invented but are needed by everyone. By identifying this latent demands and meeting it with bold, new products, Casio not only helps to create new markets and cultural phenomena, but also fosters the development of related industries.

The accumulation of technologies through daily R&D enables Casio to realize outstanding original ideas. Casio makes the most of the expertise in digital circuits it has developed since the early years to carry out its own LSI design. As a result, the company has invented

very small circuits with high performance and low power consumption. Casio utilizes these digital circuits in the EXILIM engine, an image processing module at the heart of its digital cameras. In another field, Casio began producing LCDs in 1978, and has become a master in the development of small and medium-sized panels. In addition to meeting the LCD needs of its own products, Casio also provides LCDs as product components to other companies. Casio's highly original product planning extends to many cutting-edge fields, including chip on film (COF), chip on glass (COG), and other high-density mounting technologies, as well as the water and shock resistance technologies that go into G-SHOCK watches and other products.



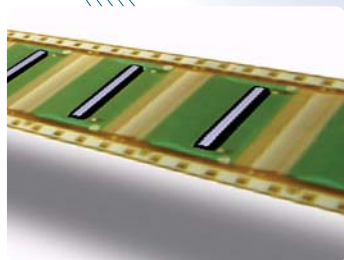
Water and shock resistance technologies



The EXILIM engine, a high-performance image processing module



Technology for radio-controlled watches



Chip on film technologies (COF)



Small and medium-size high-resolution TFT LCDs

● Business Strategy: Generate Both Profitability and Future Potential

Casio has positioned businesses that have maintained top market share and yield steady profits as Stable Businesses. It has positioned businesses that are expected to experience significant global market growth in the future, while also seeing intensifying competition as a large number of companies enter the market, as Expansive Businesses. Casio is following a successful strategy of securing stable profits from the Stable Businesses while increasing both sales and operating income

in Expansive Businesses. Going forward, this approach to management can secure both sustainable growth and profitability.

Casio is working to reduce the cost-sales ratio for product development across the entire group. Through efforts beginning in the design stage, the number of parts required to produce a product is being reduced. Common product platforms have another benefit, too: accelerated product development.

Fiscal 2006 figures (April 2005 - March 2006)

Expansive Businesses

Operating income margin: 5.7%

Sales: ¥318.2 billion
(+6.7% year-on-year)

Cellular phones

Casio's W41CA model enjoyed the highest number sold of any phone across all of Japan's wireless providers for 13 consecutive weeks.*



(February 6, 2006 to May 7, 2006)

Digital cameras

4.6 million cameras delivered worldwide.



TFT LCDs

30% of the worldwide digital camera market.

(Source: Casio survey)



Stable Businesses

Operating income margin: 11.8%

Sales: ¥262.1 billion
(+0.5% year-on-year)

Electronic dictionaries



Top market share in Japan (over 50%)*.

Timepieces

35 million units delivered worldwide.

Radio-controlled timepieces

2.4 million units delivered worldwide.
Top global market share.

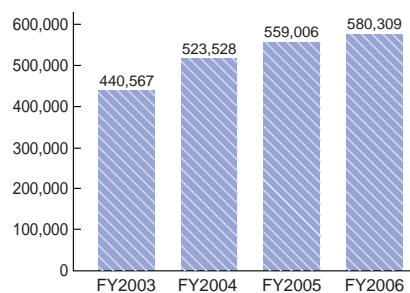
(Source: Casio survey)



Electronic musical instruments, system equipment, etc.

* Source: Survey by GfK Japan of the total sales results of over 3,000 consumer electronics dealers.

Net sales (unit: ¥ million)

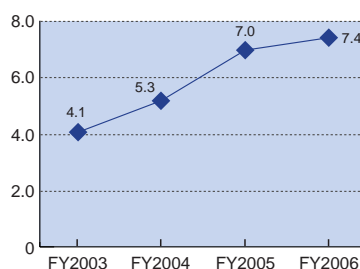


Performance Target: Fiscal 2007
¥630 billion

Development through Sustainable Growth

Since net sales will continue to grow, driven mostly by the Expansive Businesses, Casio plans to reach ¥630 billion in net sales in fiscal 2007.

Operating income margin (unit: %)

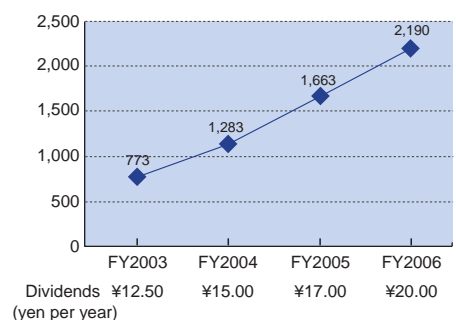


Performance Target: Fiscal 2007
8.1%

Sharp Focus on Operating Income Margin

For Casio, operating income margin is a vital management indicator. Casio has set an operating income margin target of 8.1% in fiscal 2007, and is working to achieve 10%.

Stock price (highest value, unit: ¥)



Contributing to Society by Using Capital Effectively

Casio is contributing to the development of new technologies and markets by investing the capital entrusted to it by shareholders in new business areas with future growth potential. By returning the resulting profits to shareholders, Casio is also helping to create a more affluent society.