

## Casio remains essential to society because we continually strive to live up to our corporate creed of “Creativity and Contribution.”

### It's in Casio's DNA to make something from nothing-to go from “0” to “1”

All along, Casio has been developing completely new products that have never existed before, and has created new markets and inspired cultural developments as a result. True to its identity as a company, Casio has done this time and again since its founding.

In 1957, when foreign-made calculators were dominating the Japanese market, Casio got its start with the development of the “Casio 14-A,” the world's first compact, fully electric calculator. This calculator was small, extremely quiet and had a rapid calculation speed, enabling it to instantly penetrate the calculator market.

Since then, Casio has continued to develop new calculators with ever-more advanced arithmetic elements. In 1972, the company developed the “Casio Mini,” the world's first personal calculator and the prototype of all calculators in use today. This product was an instant success, and calculators went from being a piece of office equipment, to a household item. By providing the market with a calculation tool based on a completely new concept, Casio helped to change people's lifestyles and the broader culture.

Casio did the same thing with timepieces. By transforming the conventional personal timepiece, which had to be handled as carefully as jewelry, into a tool for everyday use by adopting a strong plastic case, we created digital watches that provide various forms of time-related information. The G-Shock watch is the prime example of this, and it still enjoys widespread popularity around the world. Globally, G-Shock has sold the largest number of units of any watch under a single brand.

We repeated this kind of innovation in the field of musical instruments. It began with the desire to take an acoustic instrument sound that could only be produced by a highly practiced musician and transform it into a product that anyone could easily play. This led Casio to develop electronic keyboards that produce a variety of instrument sounds with the touch of a key. These products became popular worldwide and created a whole new market.

Casio's next innovation came in the area of digital cameras. In 1995, Casio launched the world's first digital camera with an LCD screen. This camera gained instant popularity as a convenient device for capturing digital images and transferring them to a computer. Today, this kind of technology is universal, and filmless cameras are the norm.

None of these products were created based on consumer requests. Casio developed them first, then introduced them to the world as innovations. One by one, they earned outstanding consumer support for their convenient, fun, and environmentally friendly features.

By developing products that have never existed before, and making them useful tools for everyday life, Casio has helped to make life more convenient and enriching for people the world over, while also inspiring new cultural developments. In short, this is the story of how Casio has delivered on its corporate creed of “Creativity and Contribution.”

### Strengthening management culture and continuing to fulfill the corporate creed

As you may know, Casio's business performance took a hit from the global economic recession sparked by the recent financial crisis beginning in the US. However, we are now seeing a recovery in earnings after reorganizing to focus resources on priority businesses.

Specifically, on April 1, 2010, we transferred Casio's TFT liquid crystal business to a joint venture established with Toppan Printing. This diversified risk in a field which requires massive long-term investments to succeed, where continuing independently posed heavy risks. Then, on June 1, 2010, we transferred our cellular phone business to a joint venture established with NEC. This was necessary for a variety of reasons including the enormous development costs for a single product model, the maturity of the Japanese cellular phone market and consequent difficulty of selling enough units to recoup investment, as well as the enormous size of competitors in the global market. By entering business alliances with these powerful partners, Casio aims to increase its investment efficiency so that “one plus one” equals more than “two.”

Meanwhile, we continue to see growth in our Stable Businesses, which have long enjoyed high profit rates. Timepieces, electronic dictionaries, electronic musical instruments, and system devices are businesses areas in which Casio has many years of experience. We are now developing competitive products with even more efficiency following the integration of our development and sales departments. We are also pursuing even more precisely targeted sales activities in markets outside Japan. We expect these efforts to deliver steadily growing sales and improved profit rates.

The key to Casio's business performance expansion is the digital camera business. This is one of the markets that Casio helped to create—when we introduced the world's first digital camera with an LCD screen. However, the Japanese market for compact digital cameras is currently saturated, and the unit product price is also trending downward. By providing products with new features such as high-speed and composite moving-image creation technologies, Casio is offering consumers revolutionary ways to enjoy digital photography. This is our strategy to keep expanding the digital camera market and help to broaden the culture of imaging.

Casio is also actively promoting new businesses. We have already created new markets and inspired new cultural developments through the digitization of calculation, timekeeping, music making, and photography. Now we are working on the digitization of painting by utilizing the technology and expertise that Casio has acquired over the years.

Decade after decade, Casio has created new markets and cultural gems by fulfilling our corporate creed of "Creativity and Contribution." The key to it all has been developing unique products that only Casio can create. I believe this is Casio's reason for existence. Going forward, we will continue striving to be a company valued by society.

While promoting our business activities, we will continue to listen with sincerity to public opinion by communicating with our stakeholders. At the same time, we will be sensitive to the changes in society, and move forward with society in a suitably responsive way.

In terms of environmental issues, I am deeply aware that global warming is a great concern. Casio has set medium and long-term reduction targets for the total volume of greenhouse gases generated by our global business activities. We are also working to accelerate our current environmental initiatives.

In closing, let me invite you, as a valued stakeholder, to share with us your comments and suggestions for improvement.



President and CEO

A handwritten signature in black ink that reads "Kazuo Kashio".

Kazuo Kashio