

Business Performance for the Term Ended March 2009

During the reporting term, we worked to achieve our management goals through vigorous measures to promote Casio's strategic businesses — digital cameras, timepieces, electronic dictionaries, and cell phones. Accompanying these efforts, we reformed the Company's business structure by writing off impairment losses on noncurrent assets in the Electronic Components category, and by revising the amortization periods for facilities in the cell phone business.

From the autumn of 2008, however, the business downturn accelerated further as the full effect of the global financial crisis was felt in the real economy, and net sales by Casio for fiscal 2009 fell 16.9% year-on-year to ¥518.0 billion on a consolidated basis.

By segment, sales in the Electronics segment dropped 12.3% year-on-year to ¥461.8 billion. Revenues from the digital camera business posted a year-on-year decline owing to a fall in market selling prices and the impact of losses on translation due to the depreciation of the euro and other European currencies. Despite these operating conditions, in the fourth quarter (January – March 2009) Casio aggressively launched new models with groundbreaking, unique features, and undertook global sales promotion campaigns. These models included the Exilim Zoom EX-Z400, the world's first camera that combines moving images and still photos with the Dynamic Photo function, and the High Speed Exilim EX-FC100, a stylish

model capable of ultra-high-speed burst shooting, at 30 shots per second. In the field of electronic dictionaries, sales of a high-value-added model of the EX-word electronic dictionary were strong, maintaining the top position in the Japanese electronic dictionary industry. Sales of non-radio-controlled timepieces fell, but radio-controlled watches were strong performers thanks to the robust growth of high-value-added models featuring the Multi Band 6 radio wave receiver system. Notable among these high-performing models were the full-metal high-end Oceanus and the global brand G-Shock. In the field of cell phones, Casio launched the Exilim W63CA, a stylish cell phone with an 8.1-megapixel camera made for *au* (a major telecom services network in Japan), followed by the Exilim SoftBank 930CA in the second half of the fiscal year. Sales of our shock-resistant, waterproof G'zOne model for US-based Verizon Wireless remained firm as this cell phone made a name for itself in the North American market.

In the Electronic Components and Others segment, sales declined by 41.7% to ¥56.1 billion, due to sluggish demand for TFT LCD digital cameras and cell phones around the world, as well as falling unit prices for TFT LCDs brought on by the intense competition. The selloff of unprofitable operations by Casio Micronics Co., Ltd. in the reporting term was also a negative factor.

Turning now to profit/loss figures for the reporting term, ended March 2009, in the Electronics segment operating income fell 66.5% year-on-year to ¥15.6 billion, for a 3.4% operating income margin. This drop in operating income was recorded despite the continued high profitability of strategic businesses such as time-pieces and electronic dictionaries, and was primarily due to the deteriorating business environment for digital cameras from the second half of the fiscal year, as well as the depreciation in the value of European currencies.

The Electronic Components and Others segment posted a ¥5.8 billion operating loss, primarily attributable to lower sales of TFT LCDs. As a result, total operating income on a consolidated basis, allowing for elimination or unallocated amounts, fell 89.4% year-on-year to ¥4.0 billion, for an operating income margin of 0.8%. Casio posted a net loss of ¥23.1 billion due to extraordinary losses including business structure improvement expenses (such as impairment losses on noncurrent assets) and non-recurring depreciation on noncurrent assets (such as software and facilities). These extraordinary losses were recognized to reinforce the Company's earning structure.

A dividend of ¥23 per share has been paid for the reporting term.



Kazuo Kashio, President & CEO

Medium- and Long-Term Management Policy

To achieve continuous growth in enterprise value despite today's difficult economic environment, we are improving our global cost competitiveness in every business to build a robust earnings base that will allow the Company to secure high profits, while at the same time strengthening its financial position. We also fully recognize that better performance in the area of corporate social responsibility (CSR) is an important issue. To achieve these aims, all of us at Casio are working together to execute the following strategies.

(1) Developing New Product Fields

Casio positions businesses that have maintained a top market share and are expected to realize stable cash flows as Stable Businesses. These businesses include timepieces and electronic dictionaries. The Company has positioned businesses whose markets have significant growth potential — but also feature intensifying competition as a large number of companies enter — as Expansive Businesses. These include the digital camera and cell phone businesses.

In our efforts to more firmly establish the position of Casio's Stable Businesses and to overcome intense competition in the Expansive Businesses in order to generate stable earnings, we will develop new types of products that meet market needs while also lowering the ratio of cost of sales to sales in each of these

businesses. This can be accomplished by integrating Casio's unique technology with its product planning skills, which pinpoint the market's changing needs.

(2) Creating New Strategic Businesses

In the past, Casio has drawn on unique ideas and advanced technology to bring the world a range of exciting new products. To achieve steady growth in the future, we are determined not only to succeed in existing businesses, but also to create value in new business fields that leverage Casio's inimitable technologies. To achieve this, we will focus Casio's management resources on new business fields even more than in the past, with the aim of establishing businesses that can quickly deliver robust earnings.

(3) Strengthening the Financial Structure

We are moving ahead strongly with improvements in the equity ratio and debt/equity (D/E) ratio, with the aim of strengthening Casio's financial foundations for future growth. The recent credit crunch has reaffirmed our conviction that retaining a sufficient level of cash on hand is a key financial priority. Accordingly, we will flexibly adapt as we monitor changes in our operating environment.



In the future, we will continue to pursue efficient cash flow management even more thoroughly, and strive to generate free cash flow with the aim of building a completely strong, stable financial structure.

(4) CSR-focused Management

At Casio, we understand that sustainable corporate growth will only come about with the sustainable development of the global community, and we have therefore positioned corporate social responsibility (CSR) as a priority management issue.

Based on the Charter of Creativity for Casio, which articulates the code of conduct for employees, we strive to enhance compliance by ensuring that all employees and officers understand and comply with laws and regulations, as well as generally accepted ethical standards, and that they contribute to society at large. It is our belief that stricter compliance will contribute to the improvement of corporate governance.

Through the execution of the four strategies described above, we seek to deliver original products and services with high added value, increase enterprise value, and contribute to the building of a society blessed with an abundance of creativity.

Since the founding of Casio, our corporate creed has been "Creativity and Contribution." Our mission is to pursue growth as a company, and to increase

enterprise value by contributing to society as a whole. We have accomplished this through the creation of truly innovative concepts and outstanding solutions based on the Company's proprietary advanced technologies.

At Casio, we will continue to deliver the values of function, quality, economy, speed, productivity, ethics, safety, and compatibility with the environment in our products and services. In the months and years ahead, we intend to provide products and services that exceed the greatest expectations of the Company's stakeholders. Being a stakeholder of Casio will become a truly rewarding experience.

We ask our shareholders and investors to continue their support.

July 2009

Kazuo Kashio, *President & CEO*