

## **Management Policy**

### **Basic Management Policy of the Company**

Since Casio's foundation, its corporate creed has been "Creativity and Contribution." Casio's mission is to pursue growth as a company and increase corporate value by contributing to society. The company is accomplishing this by introducing innovative ideas and outstanding solutions based on its proprietary advanced technologies.

Casio will continue to deliver the values of "function, quality, economy, speed, productivity, ethics, safety, and compatibility with the environment" in its products and services. In the months and years ahead, the company looks forward to providing all of its stakeholders with more "excitement" than they anticipate, and greater inspiration than ever before.

### **Medium- and Long-Term Management Strategy and Issues to Be Addressed**

The fiscal year ending March 31, 2008 will mark the 50<sup>th</sup> anniversary of Casio's founding, and it will serve as a year of consolidation ahead of the company's "second birth," which will feature the full-scale pursuit of business expansion. Casio intends to build a robust earnings base and further strengthen its financial structure, to realize even greater corporate value. To achieve these aims, Casio is working as one to execute the following strategies.

#### **(1) Establishing Robust Profitability**

Casio aims to secure an operating income margin of 10% or more, executing management that allows it to ensure stable growth and earning capacity.

Although Casio businesses in digital cameras, solar-powered radio-controlled watches, and electronic dictionaries are already achieving stable double-digit income margins, Casio is striving to further reduce the cost of sales ratio by optimizing costs and radically reviewing expenses with a focus on productivity, in order to make these businesses even more profitable.

Business expansion into major markets in fields such as cellular phones has resulted in a steadily increasing scale of sales thanks to Casio's strategy of differentiation based on technology. However, looking ahead, Casio aims to increase the number of high value-added products to raise earning potential while simultaneously increasing sales overseas.

#### **(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. As it charts a radical course of growth in the lead-up to the company's second birth following its 50<sup>th</sup> anniversary, Casio believes that, in addition to succeeding in existing businesses, creating value in new business fields—which leverage Casio technologies that cannot be imitated by other companies—will be essential. In order to achieve this, Casio will focus its 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

Casio is moving ahead strongly with improvements in its equity ratio and debt/equity (D/E) ratio with the aim of strengthening its financial foundations for future growth.

At the end of the current fiscal year, the equity ratio stood at 42.6%, while the D/E ratio was 0.37, achieving initial targets. In the future, the company will continue to pursue even more thoroughly efficient cash flow management and strive to generate free cash flow, aiming for a complete turnaround to a strong, stable financial structure.

### (4) CSR-focused Management

Casio understands that sustainable corporate growth will only come about with the sustainable development of the global community, and is actively managing its corporate social responsibility (CSR).

Based on the Charter of Creativity for Casio, which articulates the code of conduct for employees, Casio is striving to improve corporate governance and compliance by ensuring that all employees and officers understand and comply with laws and regulations, maintain social order, and contribute to society.

Through the execution of the four strategies described above, Casio seeks to deliver original products and services with high added value, increase corporate value, and contribute to the building of a society of abundant creativity.