

Strategic Businesses



Focusing management resources on strategic businesses for higher growth and higher profitability

Casio positions digital cameras, timepieces, electronic dictionaries, and cell phones as its strategic businesses. All these products leverage Casio's core technological strengths of compactness and thinness, lightweight construction, and energy-saving features. Our timepieces and electronic dictionaries have attained significant market shares. Acting as steady earnings generators, these businesses are at the very core of Casio's overall operations. Meanwhile, our digital camera and cell phone businesses have excellent potential for future expansion. By focusing management resources on these strategic businesses, We are aiming to achieve a vigorous expansion of its overall enterprise scale and profitability.



Solar-Powered Radio-Controlled Watches



Oceanus

Sales in the timepieces business increased at a healthy rate of 9.7% in the reporting period. Expanding sales of solar-powered radio-controlled watches in Japan and overseas was a primary factor in this result. In particular, our series of solar-powered radio-controlled watches under our flagship Oceanus brand enjoy an extremely good reputation, with their combination of sophisticated functions, including a solar-power drive, the ability to receive time signals from five transmitters worldwide, as well as their class and style.

Our ultimate goal is to use radio-controlled timepieces for all its offerings in this segment in countries and regions of the world with a developed infrastructure for radio transmitters. We believe the potential market for radio-controlled timepieces is large. In the current term, in addition to the existing operating areas of Japan, Europe and North America, the Company plans to introduce its products to the Chinese market, which is building radio transmitters. Areas in which our radio-controlled timepieces can be used are steadily expanding. Compared with Japan, however, overseas recognition of radio-controlled timepieces remains low, and raising their market profile is a task we need to address. We will seek to do this, by relying mainly on the power of our G-Shock and Oceanus brands, and by expanding our overseas markets through a focus on the advantages of solar-powered, radio-controlled watches, which require no time adjustment, battery replacement or maintenance.

The mechanism of Oceanus model

The Oceanus solar-powered, radio-controlled full-metal analog watch is operated by five motors, and features reception of transmissions from five radio transmitters worldwide to ensure accuracy. This watch incorporates many technical features that are unique to Casio.

1. Its compact, high-precision antenna can receive radio waves of many different frequencies and power outputs, assuring the user of accurate and uninterrupted reception at all times.
2. Oceanus features a new IC, which is compatible with different frequencies, enabling uninterrupted reception of transmissions even through the all-metal case.
3. It features an ultra-compact, large-capacity IC with low energy consumption that controls a large number of programs, including the operation of the five motors and the radio reception functions.
4. We have dealt with the increased number of individual parts required by the sophisticated functions of this model by utilizing our unique high-density mounting technique employing six discrete layers, and a compact layout.



5. It contains five ultra-small, low energy consumption motors developed with our proprietary technology. The simultaneous operation of these five motors enables the watch to perform a wide variety of functions.

6. A solar panel is fitted underneath the top translucent clock-face.

Cellular Phones



W51CA

The cell phone number portability system was introduced to Japan in the fall of 2006. In a mature market with a high cell phone penetration rate, competition to acquire customers is intensifying among carriers. The attractiveness of handsets has become an increasingly important factor in customer acquisition.

In this market, Casio, a supplier for KDDI Corporation's *au* brand cell phones, achieved one of the leading annual sales shares among all *au* suppliers in the reporting term. Our analysis suggests that the high level of user support was attributable to our continual introduction of distinctive cell phone models that take full advantage of our core technologies. These technologies enable us to create cell phones renowned for their toughness and clear moving images, as well as their high-quality cameras. Casio products such as the G'zOne W42CA, a water-resistant and shock-proof model designed for use in tough conditions, and the W51CA, a one-segment TV broadcast-compatible phone only 22 mm thick that guarantees unprecedented viewing time of 5 hours and 30 minutes, were enormously popular as flagship *au* models.

We are also focusing on expanding its business overseas. In the second half of the reporting period, the Company began supplying a terminal to Verizon Wireless in the United States. Called G'zOne TYPE-V, the model features the same water-resistant and shock-proof technologies that made the G'zOne series a success in Japan.

Moving forward, we will seek to efficiently expand its business by continuing to be the first to introduce products featuring unique technologies to the domestic market, followed by overseas markets.

"#1 Mobile Telephone Handset in Customer Satisfaction, Two Years in a Row"

Disclaimer: J.D. Power Asia Pacific 2005 - 2006 Japan Mobile Telephone Handset Satisfaction StudiesSM. 2006 Study based on a total of 3,187 responses from mobile phone users during the first 12 months of ownership. www.jdpower.co.jp



Casio's cell phones ranked number one for the second consecutive year among eleven major cell phone manufacturers in a customer satisfaction study conducted in Japan in 2006 by J.D. Power Asia Pacific, Inc., an international organization specializing in customer satisfaction studies. Customer satisfaction was evaluated in eight factors: design/size; battery; quality; operability; e-mail; camera; display; and Internet. Our cell phones received the highest evaluations in overall satisfaction.

We estimate that the market for digital cameras expanded 15% year on year, to 91 million units in fiscal 2007. Replacement demand driven by the release of digital cameras with more advanced functions is believed to have been a primary factor in this growth. We expect the market to grow at a year-on-year rate of 7%, to 97 million units in the current term, supported by continuing replacement purchases in advanced nations and rising demand in emerging countries.

In this environment, we are steadily increasing its share by stealing a march on our rivals through the development and global marketing of new products that satisfy users' diversifying needs. In the reporting period, the Company introduced to the market the EX-Z1000, the world's first model offering 10.1-megapixel pictures in a compact body. It also released the EX-Z700, which features battery life for 460 shots and a high-luminance LCD, and the EX-V7, the thin model equipped with a 7X optical zoom lens. Each of these new models was well received by the market.

At present, the Company maintains a share that ranks it among the top suppliers in the Japanese market. To grow further, the Company needs to increase market share in overseas markets where scope for growth remains. To do this, Casio stepped up its efforts to improve and develop distribution networks in the term under review. In North America, we successfully began dealing with a major distributor. The addition of this distributor to channels developed earlier enabled us to cover almost all of North America with our distribution networks. In Europe, we established Casio Benelux B.V. in the Netherlands to cover the Benelux region, Casio Scandinavia AS in Norway to service the Scandinavian market, and Casio Espana, S. L. in Spain. With the addition of these three new marketing bases, we increased the number of our marketing bases in Europe to six. The establishment of these new bases enabled us to cover an area that accounts for approximately 70% of the total European GDP. In an additional step, we set up Casio Latin America, Inc. in Miami in the United States, with the aim of developing our markets in Central and South America. Through worldwide distribution networks, the Company plans to increase its focus on expanding shares in the digital camera markets.



product design award 2007

EXILIM EX-S770

Receives German iF Design Award

In January 2007, Casio's digital cameras EXILIM EX-Z1000 and EX-S770 have received the iF product design award 2007, a prestigious international award for industrial product designs, together with our data projector XJ-S35.

In 2007, applications for 2,293 products were made from 35 countries around the world for this award, which sponsored by iF-Industrie Forum Design Hannover in Germany. A total of 756 entries received the award based on screening that examined such aspects as quality, price and environmental consciousness, in addition to design.



EXILIM EX-Z1000

Digital Cameras

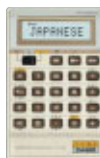
Casio secures and maintains leading shares in the Japanese market for electronic dictionaries by always being the first to develop and introduce new products that meet users' demands. In the reporting term, the Company released 18 new models together for the spring shopping season, when demand for these types of goods peaks in Japan. As common features, these new products offered a new function to recognize handwritten character input, in addition to an improved audio pronunciation function using recordings by native speakers of foreign languages.

We believe cultivating overseas markets is indispensable if we are to continue to expand our electronic dictionary business. Although the business scale remains small, we are selling our electronic dictionaries in Germany, Spanish-speaking nations, South Korea, China and other countries where there is a strong interest in foreign language study. Casio will continue to bolster its marketing organizations in Europe and East Asia, and will steadily develop overseas markets for its electronic dictionaries.



EX-word XD-SW4800

Electronic Dictionaries Incorporate Users' Needs



TR-2000

Casio's electronic dictionaries go back to 1981, when we launched our first three models, including the TR-2000. Our dictionaries are now sold under the EX-word brand-name.

Born out of the technology we developed in our electronic calculator business, the designs of our electronic dictionaries have always taken user comments carefully into consideration, and these products have undergone a steady evolution towards greater sophistication and improved performance. For example, they now incorporate panels on which the user can write characters by hand, as well as a voice-output feature. In addition, the following three new features have been included at our users' request.

- The cases have been redesigned to be stronger and thus very resistant to being dropped, stepped on, or exposed to vibrations. This makes it safer for users to carry them about in a wide variety of situations.
- Additional data can now be input from CD-ROMs or data cards, allowing the user to access a wider range of contents.
- We employ super-clarity LCDs with backlights, making even the smallest letters or the most complicated Chinese characters easy to read.

Electronic Dictionaries