

## Message from the President

### Business Performance for the Term Ended March 2008

During the term under review, ended March 31, 2008 (Fiscal 2008), Casio sought to achieve its targets with a focus on its strategic businesses, including digital cameras, timepieces, electronic dictionaries and cell phones. At the same time, we also worked to realize greater management efficiency by reorganizing the Company's business portfolio, and took steps to improve profit margins and achieve more capital efficiency.

As a result of this approach, the Company recorded a revenue increase for the sixth consecutive year on a consolidated basis, with sales at ¥623 billion, up 0.4% year-on-year.

By business segment, the Electronics Segment recorded sales of ¥526.6 billion, down by 0.1% from the previous term.

Sales of digital cameras posted another year of solid figures thanks to our aggressive marketing of new models with distinctive features, notably the Exilim Card EX-S10, which is the world's most compact and thinnest model in the 10-megapixel class.

We also saw strong growth in market share for the EX-word electronic dictionary, which enjoys the No. 1 position in the Japanese market, and for our Oceanus-brand radio-controlled luxury watches, which have already established themselves on world markets. Particularly good sales growth was posted by radio-controlled watches, notably our full-metal high-end models, which boast radio control signal reception capability from five transmission

stations worldwide (two in Japan and one each in the U.S., Germany, and Britain). Sales of radio-controlled watches rose during the reporting period to account for 50% of all timepiece sales.

In cell phones, two models proved especially popular in the market — the Exilim W53CA, which has a 5.1-megapixel camera, and the W53H, which features a 2.8-inch-wide QVGA organic EL display. Both models recorded strong sales growth in the latter half of the year.

Sales in the Electronic Components and Others Segment came to ¥96.3 billion for an increase of 3.0% over the previous term. We raised the ratio of TFT-LCDs for use in cell phones and GPS navigation equipment, and achieved generally firm sales of TFT-LCDs as a whole against the backdrop of a halt in the decline in unit selling prices, thanks to a recovery in demand.

In March 2008, Casio subsidiary Casio Micronics Co., Ltd. signed an agreement to transfer its Film Device Business to Hitachi Cable, Ltd. as part of an overall plan for business restructuring.

Regarding the Company's earnings, the Electronics Segment posted operating income of ¥46.5 billion, down 13.6% from the previous term, and the segment's operating margin was 8.8%. Through the launch of new models in the radio-controlled watch, electronic dictionary, and cell phone lines we raised the value-added of our products, while higher productivity was realized thanks to improved efficiency in R&D and general business operations. These



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President & CEO

factors made a particularly large contribution to earnings in the second half of the year, which partially offset a substantial decline in the first half.

In the Electronic Components and Others Segment, the slide in unit selling prices of TFT-LCDs combined with a loss posted by Casio Micronics to produce an operating loss of ¥3.2 billion.

As a result of the above, total operating income on a consolidated basis was down 21.5% from the previous year's figure, at ¥37.7 billion. The operating margin for the reporting term was 6.1%.

Net income was down by 51.5% year-on-year, at ¥12.1 billion, owing to the impact of extraordinary losses on the transfer to Hitachi Cable, Ltd. of the Film Device Business of Casio Micronics Co., Ltd.

For the reporting term, we plan to pay an ordinary dividend of ¥23 per share, unchanged from the previous term, plus a special commemorative dividend of ¥10 per share (in celebration of the 50th anniversary of the Company's establishment), for a total per-share dividend of ¥33.

## Medium- and Long-Term Management Strategy

The term ended March 2008 marked the 50th anniversary of establishment for Casio Computer Co., Ltd. It was also the final year of preparation for the new phase of fullscale business expansion that we have planned to start from the current term (ending March 2009) under the name of The Rebirth of Casio. During this phase, the Company is committed to raising its enterprise value on a continuous basis. To this end, we will make efforts to strengthen our cost-competitiveness on a global scale, and to realize higher profitability by forging a tough earnings structure in each business field and a stronger financial position. We will also put even greater emphasis on fulfilling our social responsibility. To achieve these goals, we will be pursuing the initiatives described below.

### Ensuring High Profitability

We aim to achieve an overall operating income margin of 10% or more. To reach this target, the Company will focus its management policies on securing stable growth with consistent profitability.

To manage a business that can produce a stable level of performance irrespective of changes in the operating environment, we must realize a profit margin of at least 10% for all business segments. This can only be done by lowering the cost to sales ratio through the pursuit of an optimal cost structure, and by implementing a radical revision of our cost structure with prime emphasis on productivity.

In addition, we are pursuing plans to strengthen our marketing overseas in all business fields, so as to expand our share of the world market and realize higher profitability through greater economies of scale.

### Creating New Strategic Businesses

In its 50-year history, Casio has brought to market many products that were the fruit of imaginative concepts and cutting-edge technology. In The Rebirth of Casio, the new phase that starts from the current business term, in order to realize our growth strategy we will have to develop new business areas in addition to our existing segments, where we can create added value. These new businesses should draw their strengths from our unique technological base, which other companies cannot match. To achieve these goals, we will be focusing even more management resources than hitherto on the development of promising new business areas, to create new businesses with tough earnings structures and get them up and running as soon as possible.

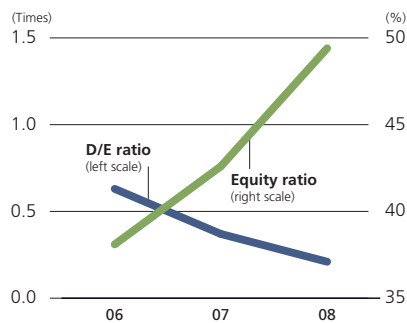
### Strengthening our Financial Structure

A strong financial position is indispensable to growth, and to reinforce the Company's financial position we aim to improve the equity ratio and debt/equity (D/E) ratio.

We will also continue rigorously pursuing efficient cash

flow management with the goal of producing an adequate free cash flow and raising the reliability and toughness of the Company's financial structure.

#### D/E ratio and Equity ratio



#### Managing CSR

A company can enjoy sustained growth only when the global community is able to achieve sustainable growth. Recognizing this, we are committed to conducting corporate social responsibility (CSR) activities. Under the Charter of Creativity for Casio, which expressly sets out action guidelines for employees, the Company is taking a number of initiatives. We ensure that every one of our employees and directors is fully aware of their role in complying with laws and regulations, upholding community values and contributing to society. At the same time, we are taking steps to improve the levels of corporate governance and compliance.

By carrying out the measures outlined above we will be able to offer our customers high-value-added products and services, and will be able to contribute to the realization of a truly creative society while simultaneously raising our enterprise value.

Since its establishment, Casio's corporate creed has been "Creativity and Contribution." This expresses our belief in the importance of leveraging original ideas and advanced technologies to create something worthwhile where there was nothing before, thereby contributing to society. One of our principal management missions is to realize continuous growth and raise our enterprise value in this way.

In line with our corporate creed, we plan to continue developing original products, and to achieve solid earnings over the long term while strengthening our corporate and earnings structures through sound and balanced management. We aim to invest actively in each of the Company's business fields to realize improved business performance and more robust fundamental management indicators.

We ask our shareholders and investors to continue their support.

July 2008

Kazuo Kashio  
President & CEO