

Relationship with our Customers



At every stage of our operations, from research and development to manufacturing, sales, customer service and management, in all sections and all hierarchies, we always strive to adhere to a PDCA management cycle based on actual facts, maintain and improve our products, customer service and the quality of our operations and put our management policies into practice.



A Brief History of Furukawa Electric's Quality Control Activities

Furukawa Electric established a Quality Control Committee in 1949 and commenced educational activities to raise employees' awareness of statistical methods and other aspects of quality control at all our plants. As a result of these activities, we started to make use of statistical methods at each of our plants, work towards operational standardization and implement efficient experiments at our laboratories based on Design of Experiments. This enabled us to significantly increase quality levels, as well as in-

creasing operational stability and efficiency. Our quality control initiatives were recognized in 1952 as Furukawa Electric was awarded the Deming Application Prize for achieving distinctive performance improvement through the application of TQM.

In an effort to maintain and improve quality levels, we have continued to set out and implement companywide Quality Control Policies every year since then. Through these and other activities, including a range of quality control educational

initiatives and our unique quality auditor training schemes, we continue to make every effort to improve our employees' quality control skills.

In addition to obtaining ISO 9001 quality management system certification in each of our manufacturing divisions and achieving operational standardization, we continue to implement internal reform in areas such as efficiency and promote activities designed to improve levels of quality and customer satisfaction.

Basic Stance of Quality

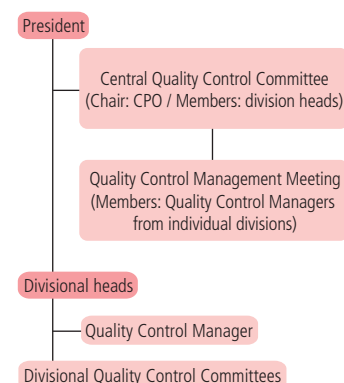
Based on our basic policy of putting quality first and implementing uniform companywide quality control, we strive every day to provide our customers with as many products and services that guarantee reliability and satisfaction as possible.

The Organization for Improved Quality Levels

To guarantee quality at every level throughout the company, we at Furukawa Electric have established a Central Quality Control Committee to oversee the companywide promotion of quality control activities. We have also set up Divisional Quality Control Committees with direct links to the heads of each division and make every effort to maintain and improve the quality of our products, services and operations so as to offer continual quality assurance.

We have appointed Quality Control Managers to promote quality control activities and quality assurance on behalf of divisional heads and strive to promote reciprocal cross-divisional efforts to improve quality levels through the Quality Control Management Meeting.

Quality Control Organizational Structure



Quality Improvement Activities

Our Central Quality Control Committee formulates companywide quality control policy for each fiscal year, with divisional quality policies then determined accordingly by each individual division. Policies are implemented and followed up in accordance with policy management methods.

For fiscal 2007, we have set out a companywide quality policy based on striving to eliminate all defects through “DAN-TOTSU (unrivalled) quality activities.” To put this policy into practice, we are promoting quality improvement activities in each division, revolving primarily around preventive activities to eliminate defects and efforts to cut costs resulting from in-house failings.

We are also implementing a range of bottom-up activities, including FR proposal and QC Circle activities.

Named after “F” for Furukawa Electric and “R” for renewal, reform and rationalization, FR proposal activities involve employees submitting ideas on how to improve op-

erations. Proposals are then implemented and improvements made in an effort to strengthen the company’s underlying structure. Improvement activities are positioned as one of the day-to-day activities carried out directly by each division and continue to yield substantial results each year.

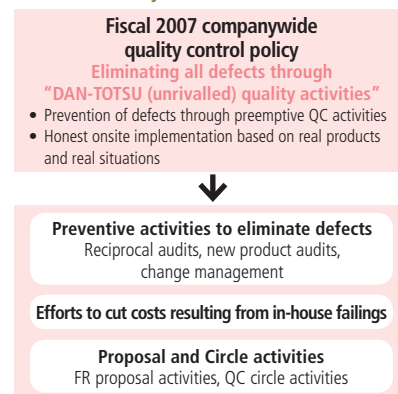
By way of ongoing improvements on the shop floor, we implement small group-based QC Circle activities involving all employees. QC Circle activities include efforts to improve yield from the production process and increase efficiency. They prove highly effective and also help motivate the employ-



QC Circle presentation meeting

ees involved. We hold debriefing sessions at individual works and on a companywide basis to report back on the results of activities. QC Circle debriefing sessions have been held on an increasingly grand scale in recent years, with even representatives from overseas subsidiaries attending.

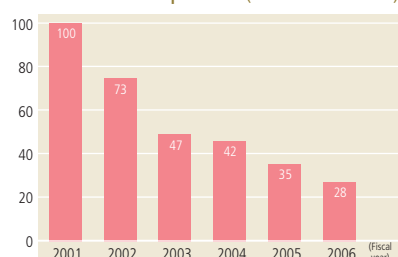
The Flow of Companywide Quality Control Policy



Progress with Quality Improvement Activities

As part of the ongoing range of quality improvement activities we are currently undertaking, we have managed to significantly reduce customer complaints. We have successfully reduced complaints to 28% of levels in fiscal 2001 (as of fiscal 2006) and are receiving glowing feedback from our customers. In an effort to address newly emerging customer needs, we are making further quality improvements and promoting activities geared towards eliminating defects through “DAN-TOTSU (unrivalled) quality activities.”

Customer Complaints (fiscal 2001 = 100)



Customer Feedback

To respond to an array of increasingly sophisticated, diverse and complex customer needs, Furukawa Electric combines a wide range of technology, products, ser-

vices and expertise to help its customers to generate value. Our efforts have been highly commended by our customers to date.

Commendations from Customers in Fiscal 2006

Award	Customer (full titles omitted) (In no particular order)
NTT West President's Award	Nippon Telegraph and Telephone West Corporation
NTT East/West Procurement and Supply Center Director's Award	Nippon Telegraph and Telephone East Corporation Nippon Telegraph and Telephone West Corporation
Superior Quality Supplier Award	Mitsubishi Electric Corporation
Cost Improvement Award	Toyota Auto Body Co., Ltd.
Best Partner Award	Suzuki Motor Corporation
Supplier Performance Award	American Honda (USA)
Aoki Katashi Best Technology Award	Japan Society of Polymer Processing

Relations with our Shareholders and Investors

Based on two-way communication with our shareholders and investors, we engage in IR (investor relations) activities in an effort to contribute to society and help enhance our value as a company. We set out specific objectives for sustainable growth in March 2006 in the form of our 2006-2009 Medium-Term Business Plan: Innovation 09 and have since started to implement a range of measures designed to meet the targets outlined therein.

Information Disclosure Policy and IR Framework

The Furukawa Electric Group Action Guidelines state that we will “maintain and improve upon solid, friendly relationships with all of our stakeholders.” Our Internal Regulations on the Timely

Disclosure of Corporate Information meanwhile set out a framework for the disclosure of appropriate information at the appropriate time.

All IR activities are overseen by the

Chief Financial Officer (CFO) and are managed by the Investor & Public Relations Unit of the Corporate Strategy Planning Department.

Relations with Institutional Investors and Securities Analysts

In addition to holding management briefings (covering interim and year-end results and medium-term plans) for institutional investors and securities analysts, both domestic and international, we actively organize meetings all year round, with the exception of the quiet period prior to the close of accounts. Through briefings, visits from overseas investors and other activities, we engaged in communication with a total of 799 institutional investors and securities analysts over the course of fiscal 2006. As of the end of March 2007, the percentage of the company shares held by overseas investors stood at 26.4%.

Main IR Activities in 2006

January	
February	Third quarter earnings announced
March	Medium-term business plan unveiled
April	Visit from European and US investors
May	Annual earnings announced
June	General Shareholders Meeting
July	
August	First quarter earnings announced
September	Visit from Asian investors; US conference
October	
November	Interim earnings announced; briefing for individual investors
December	

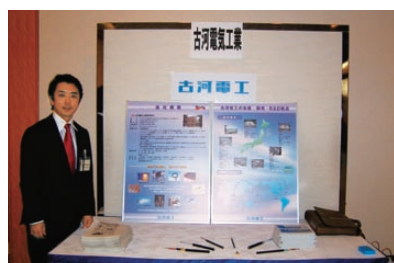


End of year briefing session

Relations with Individual Investors

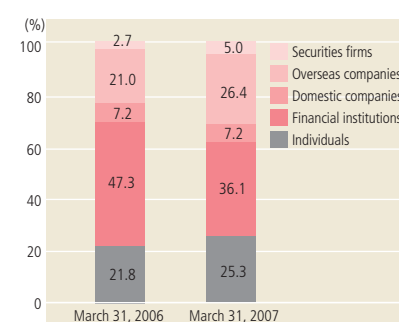
In fiscal 2006, we took part in a corporate research seminar sponsored by the Nagoya Stock Exchange, as part of which we gave business presentations to a total of 240 individual investors and sales staff from securities firms. We have also established a framework to provide important disclosure information as and when necessary, including posting the latest information on our website (<http://www.furukawa.co.jp/zaimu/index.html>) and running a registration-based email IR newsletter service (registration for our email IR newsletter service can be com-

pleted via our website). As of the end of March 2007, we had a total of 65,126 individual shareholders, accounting for 25.3% of company shares.



An individual presentation

Trends in Shareholder Distribution



Returning Profits to Shareholders

In addition to operating a stable dividend policy, we also aim to pay out dividends in line with the medium- to long-term growth strategy set out under our 2006-2009 Medium-Term Business Plan:

Innovation 09.

In the fiscal year ended on March 31, 2007, we paid out interim dividends of 3.0 yen per share and end of year dividends of 3.5 yen per share, making a total of 6.5

yen per share. This represented a year-on-year dividend increase of 3.5 yen per share over the course of the fiscal year ended on March 31, 2007.

Relations with our Suppliers

Working Together with our Suppliers

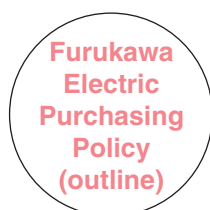
As part of our efforts to contribute to society and the environment through our business activities, including developing and manufacturing products with minimal environmental impact and reducing the volume of industrial waste generated, it is essential to ensure that our suppliers understand our purchasing policy for materials and supplies. We also make every effort to secure additional support and cooperation from our suppliers.

In addition to promoting green procurement (see relevant section) to achieve this, we also organized our first Supplier Meeting in March 2007. The

event was aimed at establishing stronger relationships and was attended by roughly 200 of our suppliers. We used this as an opportunity to explain matters such as our purchasing policy and aspects of our Action Guidelines for Company Officials and Employees and Environmental Policy relating to the procurement of materials and supplies and to ask our suppliers to promote environmental preservation, consideration for human rights and safety and compliance. We intend to continue to hold such meetings in the future in an effort to establish even closer communication with our suppliers.



Supplier Meeting



- We will establish strategic relationships with suppliers to ensure optimum purchasing
- We will guarantee the reliability and safety of materials and supplies and their steady procurement
- We will employ purchasing methods closely linked to production methods
- We will implement global procurement
- We will engage in green procurement and enforce compliance

Promoting Compliance in Relation to Procurement

Furukawa Electric promotes compliance in relation to the procurement of materials and supplies in accordance with the Furukawa Electric Group Action Guidelines.

Whereas we have always taken part in external workshops and organized in-house study sessions on legislation such as the Act Against Delay in Payment of

Subcontract Proceeds, Etc. to Subcontractors and the Waste Management and Public Cleansing Law, in view of our increasing use of overseas procurement in recent years, we plan to organize workshops and study sessions on Foreign Exchange and Foreign Trade Act, Customs and other laws as well in the future, as and when necessary. In addition to mak-

ing every effort to maintain open, fair relationships with domestic and overseas clients, we also intend to pay close attention to all forms of data provided to ensure that they are not used for any improper purposes and to maintain and improve levels of compliance as part of all procurement operations on behalf of the Furukawa Electric Group.

Relations with our Employees

Relations with our Employees

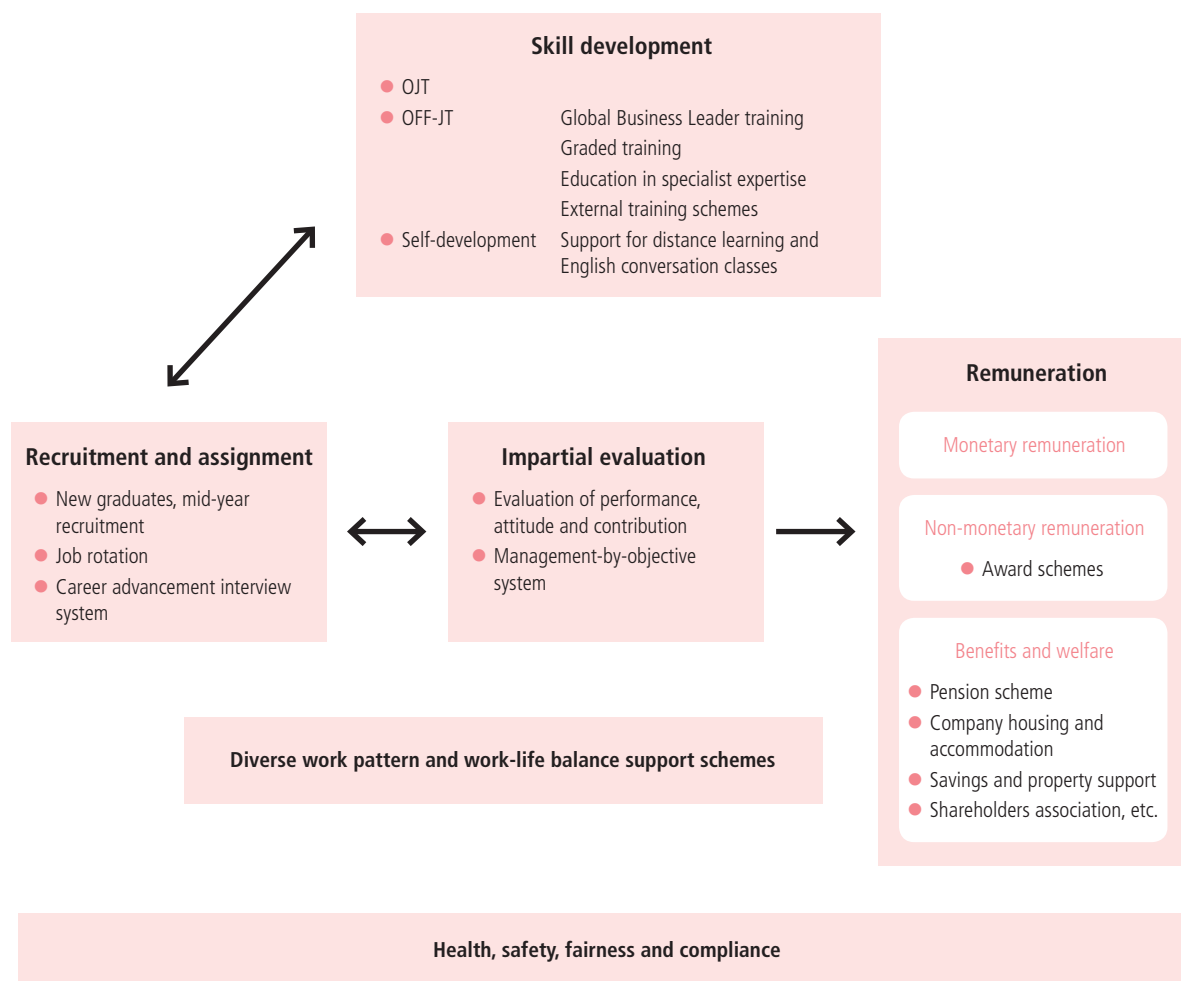
Personnel Management Policy

The Furukawa Electric Group Action Guidelines state that we will “respect human rights, cultures and traditions as a member of the international community” and that we will “create a company in which employees can feel a sense of reward, ease and fulfillment.” This encapsulates the basic approach that we employ with regard to personnel management. Above all, we believe that it is absolutely

crucial to establish safe, healthy working environments and workplaces that are free from irrational discrimination and harassment to get the most out of the abilities that our employees have to offer. Based on these foundations, we are aiming to devise a personnel system that will harness employees’ various abilities and individual personalities and bring out their creativity, through initiatives such

as equal treatment irrespective of age or gender and support schemes to enable employees to achieve a work-life balance. By combining all of our employees’ individual abilities, creating jobs suited to current needs and providing safe products, we are striving to contribute to society and create a company that both motivates its employees and fills them with pride.

Outline of Furukawa Electric's Personnel System





Diverse Work Patterns and Work-Life Balance Support Initiatives

In addition to operating a number of schemes in support of employees' diverse working patterns, we also continue to review areas such as labor management and personnel systems to enable them to reflect a similar approach in light of Japan's dwindling birth rate and aging society. As well as striving to enhance our employees' working lives, we also work together with our employees to actively support their personal lifestyles and help them stay in good health through educational and other initiatives.

Activities undertaken during fiscal 2006 included reviewing our post-retirement reemployment scheme and reforming our maternity/paternity leave system. In terms of action plans for the future, as required of all regular business operators in accordance with the Law for Measures to Support the Development of the Next Generation, we have implemented the measures set out in our first phase plan (fiscal 2005-2006) according to schedule and have been accredited as a company that is actively providing support for the development of the next generation. As

it stands, we have finished compiling and submitting our second phase action plan,

running from fiscal 2007, and are now entering the implementation stages.

Diverse Work Pattern and Work-Life Balance Support Schemes

Scheme/educational initiative	Purpose and details
Flexible working hours	We provide lifestyle support to enable employees to work efficiently in line with business demand and strike a work-life balance.
Annual paid leave	We provide employees with up to 25 days annual paid leave (e.g. if an employee has been with the company for 11 years or longer).
Consecutive leave	We allow all employees to take three days consecutive leave every year providing that it does not exceed their annual paid leave entitlement. Employees can obtain an additional two days every five years (up to a maximum of five consecutive days).
Half-day paid leave	Paid leave may be taken in half-day units to enable employees to take care of minor personal errands on week days.
Congratulatory or condolence leave	We operate a congratulatory and condolence leave scheme whereby, for example, an employee can take five days paid leave if their wife gives birth to a child.
Carried-over leave	Up to ten days of annual paid leave can be carried over, for up to five years, and can be used if an employee is ill or providing nursing care.
Maternity/paternity leave (and reduced working hours)	We provide support over and above statutory requirements to enable employees to strike a work-life balance, including partial pay during maternity/paternity leave and the option for employees to work reduced hours thereafter until their child reaches elementary school age.
Nursing care leave (and reduced working hours)	We provide support over and above statutory requirements to enable employees to strike a work-life balance, including enabling employees to take nursing care leave (or the option of working reduced hours) for up to a year at partial pay.
Reemployment after retirement	We operate a reemployment scheme for any employees aged 60 or over who are in good health and wish to remain in work. The duration of reemployment is being increased in phases, with employees currently entitled to be reemployed up to the age of 65 (in response to revised legislation in 2006).
Retirement seminars	We jointly organize seminars every year to provide support to help middle-aged and older union members (those aged 50 or older as a rule) to make the most of their time in work and plan for their life after retirement.
Middle-age seminars	We jointly organize seminars every year to provide individual support to help middle-aged employees (those aged 40 or older as a rule) to stay fit and healthy, including measures to prevent illness.

Recruitment

The table on the right shows figures for the number of employees recruited over the last five years. As we continue to expand our business in line with society's needs, we intend to continue to secure personnel to act as the driving force en-

abling us to sustain and develop our business in the future, particularly enthusiastic personnel who are willing to take on new challenges.

Recruitment Figures

Fiscal year	2003	2004	2005	2006	2007
New graduates	51	34	32	53	71
(Female new graduates)	2	3	2	6	8
Mid-year recruits	1	0	1	10	Unknown
Clerical staff	0	1	2	0	Unknown
Professional staff	0	0	0	47	29

* Figures for fiscal 2007 refer to numbers of new graduate recruits.

Employment for People with Disabilities

Although we are yet to reach the statutory target of 1.8% rate of employment for people with disabilities, in 2004 we set up Furukawa New Leaf, a special subsidiary to actively promote employment for people with disabilities. Furukawa New Leaf is subcontracted to handle cleaning operations at our Hiratsuka Works and has a workforce that includes ten employees with disabilities. There are plans

however to extend operations to our Chiba Works as well in fiscal 2007 and to expand employment further. By promoting employment for people with disabilities at Furukawa Electric and through our special subsidiary, we are aiming to meet statutory employment targets over the coming years.

Number of Employees with Disabilities (as of June 1 each year)



* In April 2004, the exclusion rate set out when the rate of employment was calculated was lowered, reducing the rate of employment.

Relations with our Employees

Employee Assignment, Evaluation and Treatment

We make every effort to assign employees and place them in specific positions based on their individual motivation and abilities based on the concept of equal opportunities. As part of such efforts, we operate a range of consultation

schemes and give employees opportunities to reflect on their career goals.

In terms of employee evaluation and treatment, we have introduced a personnel incentive scheme to enable employees to be evaluated and treated fairly de-

pending on the abilities that they display and their performance. We are also training managers in performance evaluation and are working on ways for improving the way in which the system is run.

Education and Training

We believe that our strength as a company stems from the synergy of the abilities of each and every one of our employees and that their abilities improve on a practical level through their day to day work duties.

In addition to giving individuals the chance to grow and develop through their work, we also encourage enthusiastic em-

ployees to independently develop their skills by providing opportunities such as training, distance learning and support to help them obtain qualifications.

In fiscal 2006, we launched the Global Business Leader training program to aid the development of personnel capable of handling business development and making a greater contribution on a global

scale. We are also focusing on training designed to improve manufacturing capabilities and compliance-related education.

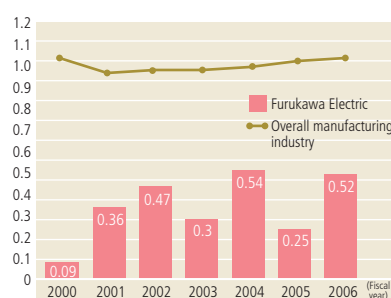
On other fronts, we organize human rights education (training for new recruits or employees being promoted to management positions, etc.) to raise awareness of the importance of respecting human rights.

Safety Efforts

Safety Record

There were four accidents that resulted in the cessation of work in fiscal 2006, making for a frequency rate of 0.52.

Frequency Rate for the Suspension of Operations



Companywide Priority Safety Activities

We set out companywide priority safety targets as part of our Companywide Safety and Health Control Guidelines for fiscal 2006 and have implemented priority safety activities accordingly.



- 1. Promotion of operational standardization to eradicate unsafe conduct (II)**
Establishing correct operational procedures and skills based on three-pronged operational standards
- 2. Comprehensive safety and health education for transferred personnel and temporary workers (II)**
Promoting OJT via a safety and health operation follow-up system

Progress with Safety Efforts

We are promoting safety efforts aimed at eliminating unsafe conduct through preemptive safety measures and foreseeing problems rather than preventing them from reoccurring.

(1) Promoting operational standardization and improved overall equipment safety

In addition to promoting operational standardization for the second fiscal year in a row, incorporating factors such as the instincts and techniques required to effectively carry out operations from the three-pronged standpoint of safety, quality and productivity and decision making criteria, we are also continuing to improve the overall safety of individual facilities and equipment.

(2) Safety and health education for transferred personnel and temporary workers

We continue to organize OJT-based education through the regular monitoring of operations, indi-

vidual safety interviews and skill assessments, focusing particularly on employees with less than one year of work experience.

(3) Auditing compliance with laws and regulations

We have conducted internal audits based on qualifications and assignments, as part of our safety management structure, and on checklists relating to handling chemical substances and heavy manual labor, as part of job-specific management.

(4) "Hiyari-Hatto" activities

We actively engage in activities designed to improve working environments, including encouraging all employees to identify residual risks, improving unsafe operations based on risk assessments and repairing malfunctioning equipment.

(5) Forklift truck safety competition

We held a companywide competition, also open to affiliated companies, in which employees tested their safe, steady forklift truck driving skills against one another.



Forklift truck safety competition

Health Initiatives

Mental Health Education

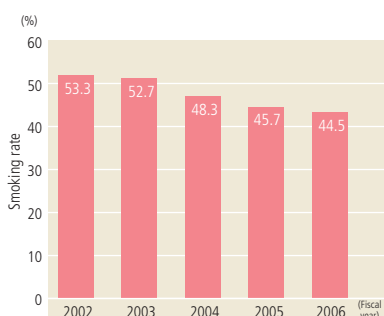
We have continued to promote companywide mental health measures ever since 2002 in accordance with the Ministry of Health, Labor and Welfare's "Guidelines for Promoting Mental Health Care in Enterprises." We provided basic mental health education sessions for all

employees during the period from fiscal 2002 to 2004. During fiscal 2005 and 2006, we have been offering an advanced course, incorporating case studies to help equip supervising managers with practical skills.

Promoting Separate Smoking Areas

In accordance with a 2003 notification "Concerning the Guidelines for Measures on Smoking in the Workplace," issued by the Director-General of the Labor Standards Bureau, we designated more than 70 smoking rooms in fiscal 2004 in an effort to isolate smoking areas. As a result, the percentage of smokers amongst male employees on a companywide basis fell from 53.3% in fiscal 2002 to 44.5% by fiscal 2006. We intend to continue to make every effort to prevent passive smoking in the future, as well as actively promoting nonsmoking.

Smoking Rate (Male Employees)



Healthcare for Employees Working Long Hours

In line with the Labor Standards Bureau's guidelines, "Measures to be Taken by Employers to Prevent Health Impairment Due to Overwork," we are focusing on efforts to ensure that any of our employees working long hours stay in good health, through measures such as (1) enforcing strict work restrictions based on the results of medical examinations and (2) operating a consultation system whereby employees working long hours are seen by a medical officer.

Responding to Asbestos-Related Health Issues

During the period from fiscal 2005 to 2006, we have once again investigated workplaces that have previously been used to handle asbestos products and organized special medical examinations for all relevant employees. We have also sent out notices urging retired employees who worked at the relevant sites to undergo special medical examinations. Although no products containing asbestos are handled at any of our workplaces at present, illnesses caused by asbestos tend to take a long time, up to 20 or 30 years, to develop. We will therefore continue to undertake such activities and monitor all relevant employees.

Involvement with Local Communities

The Furukawa Electric Group fulfills its responsibilities as a member of society through activities such as disaster relief support and exchanges with the local community.

Support and Assistance

We provide support and assistance for victims of natural disasters and through environmental foundations and other such organizations.

Name	Details of support/assistance
Donation Campaign for the Indonesian Earthquake Victims	1 million yen
Keidanren Nature Conservation Fund	1 million yen
Chiba Environmental Restoration Fund	147,000 yen

* We are also involved in and provide support for soil pollution funds and various other environmental organizations. In other areas, we are engaged in activities such as providing support for welfare facilities and to enable people with disabilities to be a part of and reintegrate themselves into society.

Awards from Outside Sources

Aoki Katashi Best Technology Award

We received the Aoki Katashi Best Technology Award from the Japan Society of Polymer Processing for the development of micro-cellular foam PET sheets and their use in light-reflecting sheets.

We became the first company in the world to apply micro-cellular foam technology to PET resin and successfully achieve industrial production. Due to the outstanding optical reflective properties of the micro-cellular PET foam developed as a result, we have expanded our business operations into areas such as electrical billboards made using MCPET



and reflective sheets for backlighting LCD TVs. Our efforts were acclaimed as a major breakthrough in terms of practical application and a remarkable achievement in the field of polymer processing.

JSAI Invention Awards: Achievement Award

At the 32nd JSAI Invention Awards, Mitsuo Inoue from the Technical Department of Asahi Electric Works received an Achievement Award for inventing (patenting) a method of minimizing galloping vibration by improving the way in which loose spacers grip power transmission lines. When snow or ice form along a conductor, strong winds cause the snow or ice to act like an airfoil and can cause the conductor to experience a type of vibration known as galloping. To prevent this from happening, Inoue came up with the idea of fitting a rotating mechanism to the gripping part of spacers (devices

used to maintain spaces between cables in multi-conductor transmission lines) and limiting the angle of rotation, thereby minimizing snow or ice buildup and subsequent vibrations. His invention has been adopted by six power companies to date.



Local Community Clean-up Activities

We carry out clean-up activities in and around the local communities in the vicinity of each of our bases, as well as nearby coastal, riverside and other locations. In the district where our Head Office is located, we also take part in community activities in areas such as Otemachi and Marunouchi and collect garbage along local streets once a month as part of our efforts to keep local environments clean.



Cleanup activities at individual works and companies

Communicating with the Community

- We invited students and teachers from local elementary and junior high schools to come and take a tour of plants at our works and affiliated companies. We also invited employees' families to take a tour of our Chiba Works.



A family tour (Chiba Works)



A tour for social studies teachers
(Furukawa Circuit Foil)



A tour for elementary school students (Nippon Foil Mfg)

- We play an active part in community events in the local areas where our works and affiliated companies are located. We try to establish involvement with the local community through initiatives such as opening up recreational areas and other facilities to local people on holidays and inviting employees' families and local people to take part in festivals and other events held on company premises.



Nikko Waraku Odori Dance (Nikko Works)



Summer Festival (Chiba Works)



Assisting with Nikko Volunteer Festival
(Furukawa Circuit Foil)

- At our Hiratsuka Works, we take part in the local Environmental Fair, an event organized by Hiratsuka City and the Forum for Environmental Symbiosis Corporations, in an effort to inform local residents about our environmental initiatives.



Exhibiting at the Hiratsuka Environmental Fair

Social Contribution Activities at Individual Works

Chiba Works A Beacon Sending Out an Environmental Message



Toru Kumabe
Manager, Chiba Works

In an effort to improve the landscape and create a tranquil environment around the Chiba Works, we have set up a Beautiful Natural Environment Committee. Its activities include MIC (*Minna-de Issho-ni Clean* (everyone cleaning together)) cleanup activities involving all employees, support for environmental patrols and efforts to improve green space management. Our aim is to send out an environmental message through such activities, not only to our onsite employees but also to our customers and local residents. I encourage anyone to come and take a look at the results of our hard work here at the Chiba Works. Having achieved our target of zero emissions two years ago, once again thanks to the involvement of all of our employees, we went a step further and turned our attention to the percentage of waste products recycled. We have already achieved a recycling rate of 95% and are now work-

ing towards a target of at least 99%.

To contribute to and work in harmony with the local community, we are also actively involved in an ongoing series of initiatives such as environmental education as part of plant tours for local elementary school children and employees' families, helping to raise funds for the Chiba Environmental Restoration Fund and taking part in the Yawata Seaside Festival.



Nikko Works Acting in Accordance with our One-Phrase Environmental Declaration



Hiroyuki Kamishiro
Manager, Nikko Works

There are no borders when it comes to the environment. It is my hope that we can all act in an environmentally sustainable manner both at work and at home based on a universal acceptance of the fact that our actions have the same impact no matter where we are. In accordance with our "one-phrase environmental declaration" based on the notion that causing pollution is the same whether at work or at home, each and every Nikko employee carries around an environmental policy card outlining their own personal declarations.

Whereas we have previously taken waste products offsite for permanent disposal over the course of our 100 years in business, we started waste recovery and processing work in 2003. In June 2007 we completed the relevant work after a period of five years. As a demonstration of our gratitude to everyone in the local community

for their support over the years, we have planted grass seeds on the former work site to restore it to its natural state. My personal one-phrase environmental declaration is to "learn from the lessons of the past and to strive to create an environmentally friendly works."



Hiratsuka Works Promoting the 3Rs and Striving to Become an Eco-Works



Toshio Kikuta
Manager, Hiratsuka Works

Thanks to our efforts to carefully sort waste and scout out companies that reuse materials, we managed to achieve our zero emissions target in fiscal 2006. Having reached a recycling rate of 97.6%, we intend to pull together to promote the 3Rs across all plant and research operations to enable us to run at the target rate of 99.1% by fiscal 2009. As you can see from the photograph, we have started to chop up fallen or removed branches, which had previously been thrown away as industrial waste, into woodchips and lay them around the bases of trees to help prevent weeds and minimize the heat island effect.

In terms of conserving energy, in addition to using climbing plants as sunshields, we have also created a sweet potato garden on the roof of our network building in an attempt to help lower rooftop temperatures during the summer months. As an added bonus, we may even be able to hold a yaki-imo baked potato party

when fall comes!

Half of the west side of our magnet wire plant has now been demolished, creating a wide open space to the left hand side of the main gate. We plan to continue to push ahead with refining plans, revolving largely around the reuse of vacant land, and to complete development work by 2009 to mark the 50th anniversary of the works' opening.



Mie Works

A Turning Point in our Environmental Preservation Activities



Nobuo Arai
Manager, Mie Works

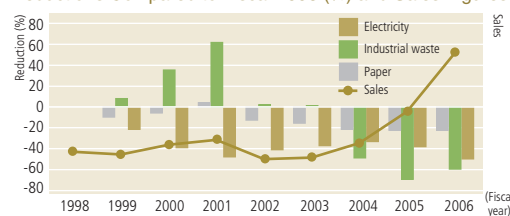
Over the course of the ten years since the Mie Works was granted ISO 14001 certification in November 1998, we have engaged in a wide range of environmental conservative activities and have achieved significant reductions in paper, waste, power consumption, chemical substances, atmospheric pollutants, water pollutants and other substances causing environmental impact, taking our sales figures into account. For example, we have achieved a 23% reduction in the volume of paper purchased, a 61% reduction in the volume of outsourced industrial waste disposal and a 51% reduction in specific energy consumption compared to levels in fiscal 1998.

In an effort to step up our environmental activities even further, we have also continued to engage in activities designed to help protect the environment by addressing improvements relating to positive environmental activities as part of our general business operations. As of fiscal 2006, we have started to put the framework in place for an environmental system that will include running environmental impact assessments on our general business operations. In terms of specifics, we are striving to conserve resources and energy, (including cutting CO₂ emissions) through measures such as reduc-

ing or reusing raw materials, improving product yield and reducing defect rates, and make a contribution through measures such as reducing waste.

In addition to continuing to make every effort to reduce the essential environmental impact of the Mie Works, we plan to expand activities designed to help preserve the environment through improvements in our general business operations in the future.

Reductions Compared to Fiscal 1998 (%) and Sales Figures



Osaka Works

Contributing to Involvement with the Local Community



Tatsuo Yoshisue
Manager, Osaka Works

The grounds of the Osaka Works come to life with the voices of excited children at the weekend. Our employees play an active role in training sessions for youth baseball and soccer teams, serving as their managers or coaches. We also get parents coming onto company grounds to watch their children play, always with serious expressions. Our policy of opening up our grounds in this manner is welcomed by the local community as it helps with the development of well-rounded human resources.

In October, we provide the use of our grounds for the annual softball tournament hosted by the Amagasaki Employers' Association, of which we are a member. Over five Sundays, with four matches played each day, a total of around 100 participants give their all, whether playing or just offering their support. All of the companies that take part, large or small, do their bit to help

strengthen the bonds of friendship between member companies belonging to the association.

We will continue to engage in activities designed to contribute to the local community in the future as we strive to win a place in the hearts of local people.



Yokohama Works

Establishing Ourselves as a Works that Puts Environmental Preservation First



Hisaharu Yanagawa
Manager, Yokohama Works

In April 2006, the Yokohama R & D Laboratories were incorporated into the Yokohama Works, with a newly added admin division also commencing full-scale EMS activities from 2007 onwards. In addition to raising divisional standards in view of our newly added EMS activities, we intend to continue to focus on environmentally friendly research and development over the course of 2007 on a priority basis, as we have done up to now. Our research and development division is actively engaged in environmentally friendly research and development, including support initiatives to reduce the content of harmful substances in our products, efforts to minimize the usage of harmful substances within the research and development process and making full use of DfE to enable environmentally friendly design from the design stages onwards. Our admin division meanwhile is addressing priority issues in the form of saving energy,

reducing waste and reducing consumption of paper.

We also engage in a range of initiatives that take the local environment into consideration, including offsite environmental patrols during environmental months and cleanup activities in the vicinity of our premises. We intend to continue to make the most of what the Yokohama Works has to offer in the future to establish ourselves as a works that puts environmental preservation first.

