



Furukawa Electric Group

C S R

Report

2007

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Editorial Policy

Scope of this Report

Organizations Covered

This Report covers The Furukawa Electric Co., Ltd. and all members of the Furukawa Electric Group, including affiliated companies.

Scope of Themes Covered

1) The economy

Furukawa Electric and its consolidated subsidiaries (108 companies)

2) The environment and society

Furukawa Electric and all companies participating in the Liaison Meeting for Consolidated Environmental Management*

* Refer to the List of Companies Participating in the Liaison Meeting for Consolidated Environmental Management.

Period Covered

From April 1, 2006 to March 31, 2007

Includes selected information on past initiatives and activities during fiscal 2007.

Editorial Policy

Furukawa Electric first started to issue Environmental Reports in fiscal 2000. Reflecting the growing need to also disclose information relating to social matters in recent years however, we decided to change the name of our fiscal 2006 publication to the Environmental and Social Report. Following organizational reforms in February 2007, we established a CSR Division and have since stepped up our CSR management activities. We have consequently renamed this year's publication the "CSR Report," and have included information covering a broader range of areas, including both social and financial matters.

This Report has been compiled with reference to the Environmental Reporting Guidelines (Fiscal 2003 version) published by the Ministry of the Environment.

List of Companies Participating in the Liaison Meeting for Consolidated Environmental Management

Company Name	Environmental Accounting
Access Cable Company	○
Asahi Electric Works Co., Ltd.	○
Inoue Manufacturing Co., Ltd.	○
NTEC Ltd.	○
F-CO Co., Ltd.	○
FCM Co., Ltd.	
Okano Electric Wire Co., Ltd.	○
Okumura Metals Co., Ltd.	○
Kyowa Electric Wire Co., Ltd.	
The Zaikoo Co., Ltd.	
Sunsunny Industry Co., Ltd.	
Shodensha Co., Ltd.	○
Seiwa Giken Inc.	
Totoku Electric Co., Ltd.	○
T.H. Furukawa Electric Co., Ltd.	
Nikkei Kakoh. Co., Ltd.	
Nippon Foil Mfg. Co., Ltd.	○
Furukawa Infonet Products Co., Ltd.	

Company Name	Environmental Accounting
FITEC Corporation	
Furukawa Automotive Parts Inc.	○
Furukawa Circuit Foil Co., Ltd.	○
Furukawa Sangyo Kaisha Ltd.	○
Furukawa Industrial Plastics Co., Ltd.	○
Furukawa-Sky Aluminum Corporation	○
Furukawa Precision Engineering Co., Ltd.	
Furukawa Engineering & Construction Inc.	○
Furukawa Techno Material Co., Ltd.	○
The Furukawa Electric Engineering Service Co., Ltd.	○
Furukawa Electric Industrial Cable Co., Ltd.	○
The Furukawa Battery Co. Ltd.	○
Furukawa Logistics Corporation	
Furukawa Life Service Inc.	
Broad Wireless Corporation	
Miharu Communications Inc.	○
Riken Electric Wire Co., Ltd.	○

Companies marked with a "○" in the Environmental Accounting column implement environmental accounting

Inquiries

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CSR Division
The Furukawa Electric Co., Ltd.
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Message



Toward a more profitable, innovative, and dynamic global presence

A handwritten signature in black ink, reading "H. Ishihara". The signature is fluid and cursive, with a long horizontal stroke at the end.

Hiroshi Ishihara

President, Chief Executive Officer & Chief Operating Officer

This year marks the 123rd year since Furukawa Electric was first established. Through the years, we have consistently provided products and services essential to economic and industrial development, operating in line with our corporate philosophy of helping to create a peaceful, enjoyable, affluent society (the 1974 management philosophy). Looking back over the road that the Company has taken to date and thinking about the direction the Company should choose in the future, I am reminded that developing a precise understanding of society's needs and expectations by communicating with all of our stakeholders, from our customers and shareholders to our employees, and responding accordingly through our business and other activities to establish trust from society is crucial if we are to continue to grow and develop as a company. I also believe that, by operating in this way, we can contribute to the sustainable development of society.

Whilst continuing to adhere to our existing philosophy, we have also adopted a new Furukawa Electric Group Philosophy to promote Group-wide efforts to create an affluent, genuinely sustainable society through technical innovation. To establish a universal awareness of this as the basis for all of our activities, we have adopted a Furukawa Electric Group Basic CSR Policy as well.

In line with this basic policy, we have stepped up activities in areas such as legal compliance, safety, environmental conservation and risk management. We have also established a new CSR Division, through which we intend to promote initiatives on an integrated groupwide basis to further our social activities and fulfill our responsibilities to society.

As specific initiatives during fiscal 2006, in addition to boosting business and operational efficiency within the Group, promoting strategic alliances and reviewing and expanding our overseas operations, we have also tightened our compliance activities and improved our risk management and internal control capabilities. We intend to continue to push ahead with these activities in the future.

As part of our new Innovations 09 initiative, which was launched in fiscal 2006, we are aiming to focus on technical innovation and become a creative, highly profitable company with a global presence. Working towards a consolidated sales target of 1 trillion yen and an operating margin of 7% by fiscal 2009, we have pursued initiatives geared towards strategic investment in priority areas and generating capital, by reviewing and reducing inventory assets, to fund creative activities such as research and development. Despite negative factors such as the impact of rising copper prices during fiscal 2006, we nonetheless recorded 1.1 trillion yen in consolidated sales and managed to achieve operating profit totaling 53.6 billion yen, the second highest in our history. We will continue to push ahead with operations in fiscal 2007 in an effort to achieve all of the targets under Innovations 09, based around CSR activities as the cornerstone of our business.

We are planning to hold a comprehensive Furukawa Electric Group technology exhibition, FURUKAWA INNOVATION EXPO '07, in October 2007. In addition to showcasing the Group's overall technical capabilities and our ability to offer our customers optimum solutions, we intend to show the market and society as a whole the role that Furukawa Electric is capable of playing in terms of resolving social, environmental and other issues through measures such as the provision of products and services designed to provide wide ranging support for social infrastructure.

We have published this CSR Report, in place of our previous Environmental and Social Report, to report back on the details of activities such as these. I hope you can all appreciate our reasons for doing so.

We look forward to hearing your frank opinions regarding our initiatives, both now and in the future.

Furukawa Electric Group Philosophy

CORPORATE PHILOSOPHY

Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.

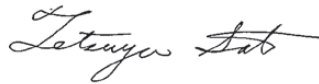
MANAGEMENT PHILOSOPHY

With an eye to the future, the Furukawa Electric Group management team pledges to:

- Live up to the expectations and trust invested in us by society, with fairness and integrity.
- Apply the sum total of our expertise to satisfy our customers and grow with them.
- Continuously strive to achieve world-class technological innovation, and transform ourselves in every area of endeavor.
- Nurture human resources at every level, so that we can become a more diverse and creative organization.



Stepping up CSR activities based on a three-way balance between profitability, environmental protection and social contribution



Tetsuya Sato

Director, Member of the Board
Corporate Vice President
Chief Social Responsibility Officer, CSR Division

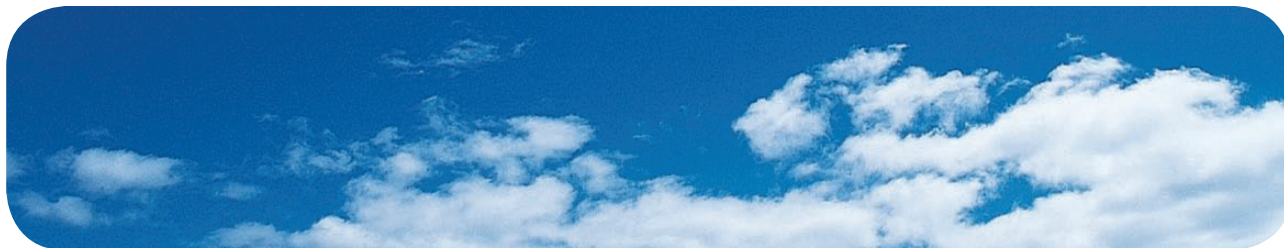
With issues ranging from compliance and product safety to environmental protection, companies are finding themselves facing stricter requirements to fulfill their social responsibilities than ever before. All corporate activities undertaken by Furukawa Electric is based on compliance with the rules of society and corporate ethics, consideration for the environment and safety, in terms of our products, employees and local communities. We also consider it our duty as a company to provide products and services that are capable of contributing to the development of society and improving people's everyday lives. To fulfill our social responsibility as a company to the fullest possible extent, we have set out the Furukawa Electric Group Basic CSR Policy and established the necessary structure to oversee its implementation in the form of our new CSR Division and the position of Chief Social Responsibility Officer (CSRO). We have also started to monitor corporate activity in general from the standpoint of CSR and are promoting a range of other CSR-related activities on a standardized basis.

The CSR Division incorporates an Auditing Department, the Export Security Administration Department and features a newly established Administration Department. The Headquarters is responsible for carrying out CSR activities in areas ranging from compliance and risk management to safety, environmental protection and social contribution. At a higher level, we have established a new CSR and Risk Management Committee under the supervision of the Board of Directors. Consisting of members of the Management Committee and chaired by the Chief Social Responsibility Officer (CSRO), the CSR and Risk Management Committee is based on special committees in the form of the Central Committee for Environmental Management, the Central Safety and Health Committee, the Central Compliance Committee and the Central Quality Control Committee. Its role is to make any necessary adjustments to new measures and ar-

eas in need of improvement proposed by the individual special committees, from the standpoint of CSR or in the interests of companywide standardization, and then implement them accordingly. Now that we have reinforced our CSR framework in this way, we will be able to take any necessary action to deal with issues that conflict with CSR or that are at risk of doing so, including investigating allegations and the causes of problems, implementing emergency or preventive measures and releasing statements, more precisely and quicker than ever before.

The principle CSR activities that we are undertaking at present include organizing training in areas such as legislation and corporate ethics, undertaking initiatives designed to bolster safety education and improve safety levels throughout the Group, expanding the range of eco-products on a Group basis, promoting green supplier schemes, cutting transport-related energy consumption, achieving further reductions in waste products, implementing soil pollution measures (at Group companies also), practicing risk management for issues such as earthquakes and other major disasters, addressing quality issues and information security and stepping up social contribution activities. We intend to improve communication with all of our stakeholders, who represent the cornerstone of our CSR activities, to further develop the Furukawa Electric Group's CSR activities and take them to an even higher level in the future. Through efforts such as these, we hope to strike a three-way balance within our activities themselves between profitability, environmental protection and social contribution. We regard initiatives such as this CSR Report and FURUKAWA INNOVATION EXPO '07 as forms of communication and seek to take every possible opportunity to broaden communication with all of our stakeholders as we move into the future. We look forward to hearing your honest opinions.

The Furukawa Electric Group Basic CSR Policy



Each of the companies that make up the Furukawa Electric Group undertakes CSR activities in accordance with the following basic Group policy.

Basic Policy

We fully recognize the responsibilities of the Furukawa Electric Group to society and will strive to maintain and improve on solid, friendly relationships with all of our stakeholders and contribute to the sustainable development of society through corporate, environmental and social activities.

As a basic philosophy underpinning our CSR activities, we have also prepared a set of Furukawa Electric Group Action Guidelines.

The officials and employees of the Furukawa Electric Group will perform their duties in accordance with the following action guidelines.

We, the Company officials and employees of the Furukawa Electric Group, will:

- (1) Fully recognize the responsibilities of the Furukawa Group to society and strive to maintain and improve on solid, friendly relationships with all of our stakeholders and contribute to the sustainable development of society through corporate, environmental and social activities.
- (2) Aim to create a company that is useful to society by developing products designed to aid the development of society and by providing reliable products and services.
- (3) Comply with domestic and international laws and regulations and act in accordance with internal regulations and other rules such as social norms and ethics.
- (4) Properly display and adequately disclose financial statements and other corporate information.
- (5) Deal with antisocial groups in a resolute manner.
- (6) Strive to act with consideration for the protection of the global environment.
- (7) Respect human rights, cultures and traditions as a member of the international community.
- (8) Create a company whose employees feel motivated, comfortable and fulfilled.

Furukawa Electric Group Action Guidelines

Corporate Governance

Board of Directors and Board of Corporate Auditors

As a rule, the Board of Directors holds two regular board meetings each month and extraordinary board meetings as and when necessary to speed up decision making. There is also a support structure in place enabling outside directors and auditors to attend meetings provided that they have a sufficiently in-depth understanding of the issues being discussed, with the opinions of outside officials respected as part of the decision making process. It is through measures such as these that we ensure that the Board of

Directors is able to sufficiently function in an operational monitoring and supervisory capacity as the core of our corporate governance operations. We have also set up a CSR and Risk Management Committee under the supervision of the Board of Directors, with members consisting of the President, Chief Officers and Company Presidents. This acts as a framework for the promotion of CSR and risk management activities from an overall groupwide perspective.

We place great importance on the

function performed by our Corporate Auditors and Board of Corporate Auditors, which are independent of the Board of Directors and have incorporated the establishment of a Board of Auditors into the institutional design of the Company itself. Based on close collaboration between our Corporate Auditors, Accounting Auditors and the CSR Division, which acts as our Auditing Department, including sharing information and exchanging opinions, we continue to make every effort to strengthen our auditing capabilities.

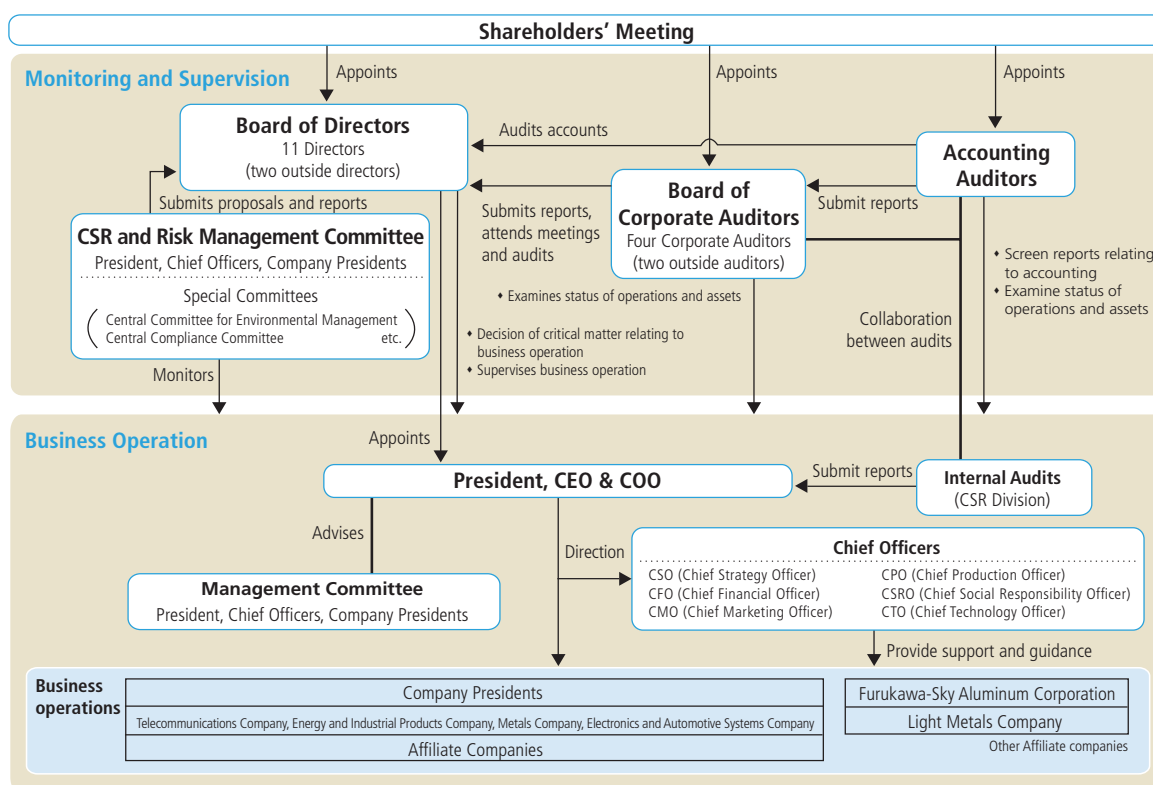
Operational Performance

Our operational structure is based on a company system and a chief officer system. Under the supervision of the President, who is responsible for overall oper-

ational performance, operations are run by the Company Presidents and operations relating to matters such as groupwide strategies, resource allocation and

administration handled by the relevant Chief Officer. Details of such operations are then reported back to the Board of Directors on a quarterly basis.

Corporate Governance Organization Chart



CSR Management

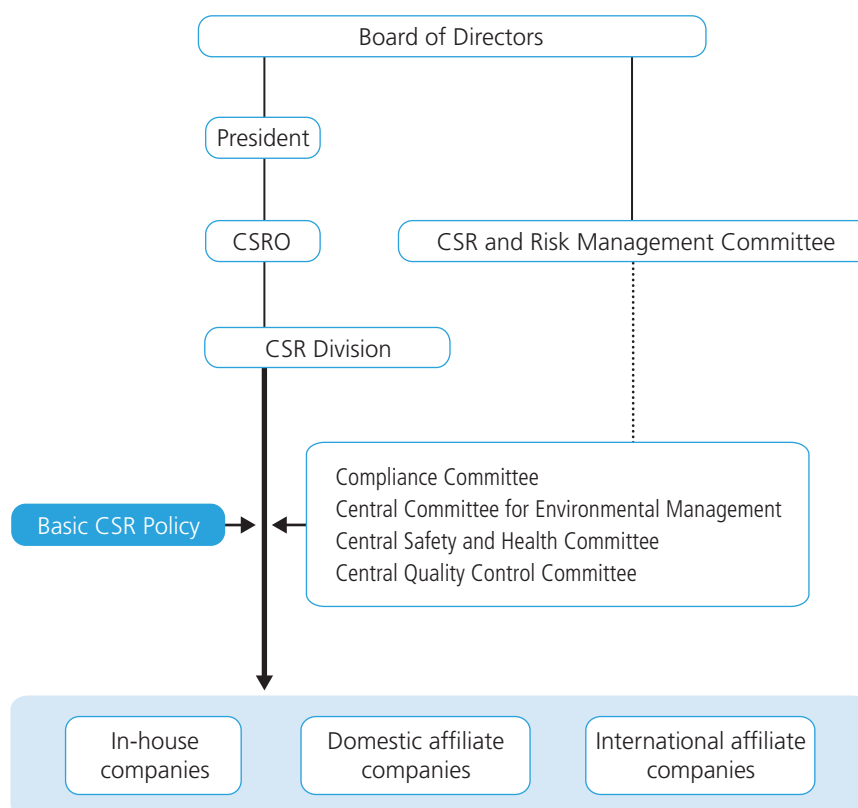
CSR Promotion Framework

To further enhance and reinforce our CSR activities, on February 16, 2007, the Furukawa Electric Group appointed a Chief Social Responsibility Officer (CSRO) to spearhead our new CSR Division. The CSR Division consists of an Auditing Department, the Export Security Administration Department and the Safety and Environment Promotion Department.

ment and features a newly established Administration Department. In addition to stepping up all-round monitoring of corporate activities from the standpoint of CSR, covering areas from compliance and risk management to safety, environmental protection and social contribution, and promoting CSR activities on a standardized basis, we now have the

framework in place to be able to take any necessary action should problems arise, including investigating allegations and the causes of problems, implementing remedial or preventive measures and releasing statements, to deal with all eventualities quickly and appropriately.

CSR Promotion Framework



In addition to our CSR activities, the Furukawa Electric Group has also set up a Quality Promotion Department under the supervision of our Chief Production Officer (CPO). We are undertaking quality control activities for all of our products, which represent the foundations of

our social responsibilities as a manufacturer. Elsewhere, we are putting in place the necessary framework in response to the so-called Japanese SOX Act, revolving primarily around a newly established project team, and are making every effort to enhance our corporate value through

the establishment of a comprehensive internal control system, including steps such as striving to maintain and improve the reliability of financial reporting on a groupwide basis.

Compliance

Compliance

The Furukawa Electric Group defines compliance as “going beyond simply abiding by laws and regulations by acting in accordance with the values and ethics required of the Company and its employees as responsible members of society.” Working to the Furukawa Electric Group

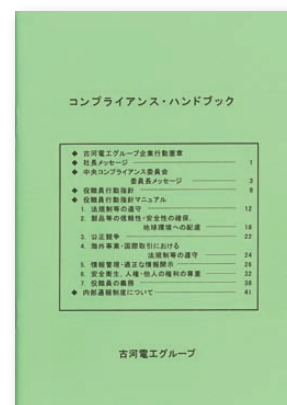
Action Guidelines as our basic philosophy on ethical and legal compliance, we continue to promote in-house education, inspections to prevent any infringements on the law and a range of other compliance-related activities. We have put together a Central Compliance Committee,

chaired by the Chief Social Responsibility Officer (CSRO), to organize the promotion of compliance activities, with subordinate compliance committees also in place at individual works and branches around the country.

Compliance Education

Having compiled a set of Action Guidelines for Company Officials and Employees outlining specific codes of conduct and an accompanying manual containing additional explanations, both based on our Furukawa Electric Group Action Guidelines, we combined the publications with a message from the President into a booklet called the Compli-

ance Handbook, which we distribute to all officials and employees as part of our ongoing educational schemes targeting compliance in the workplace.



Compliance Handbook

Internal Reporting System

To enable early detection of compliance violations and corrective action, we operate a system whereby company officials and employees can file anonymous reports directly with the Central Compliance Committee (namely, an internal reporting system). Using a pro-

prietary system developed by Furukawa, the system includes features such as the ability to receive reports whereby the reporting party remains anonymous whilst still exchanging emails between the reporting party and the Company. The system thus enables communication

between the Company and the reporting party, including feedback to the reporting party on the Company's response to the matter. The findings of investigations into reported matters and details of the Company's response are reported to the Board of Directors as appropriate.

Furukawa Electric Group Overview and Financial Report

Furukawa Electric was established in 1884, at which time it dealt mainly in electric wire and wrought copper products. These days, Furukawa Electric operates on a global scale in five businesses: telecommunications, energy and industrial products, metals, electronics and automotive systems and light metals.

Corporate Profile

Name: The Furukawa Electric Co., Ltd.
President: Hiroshi Ishihara
Founded: 1884
Sales: 1,104.7 billion yen (fiscal 2006)
Number of employees: 32,026 (as of March 31, 2007)

Domestic Bases

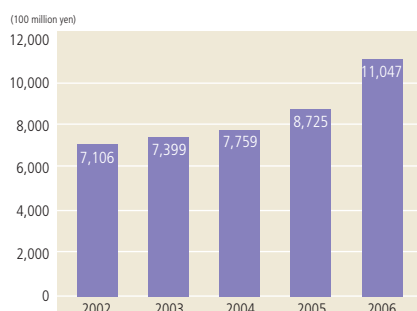
Head Office:
 2-3, Marunouchi 2-Chome, Chiyoda-ku, Tokyo
Works: 5
 (Nikko, Chiba, Hiratsuka, Mie and Osaka)
Branch Offices, Branches and Sales Offices: 12
Research Laboratories: 5
 (Yokohama R&D Laboratories, Metal Research Center, Ecology & Energy Laboratory, FITEL Photonics Laboratory and Automotive Technology Center)

Overseas Bases

67 bases in 18 countries
Asia: 49
North and South America: 13
Europe: 5

Results

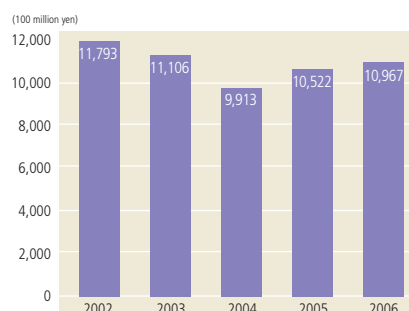
Net Sales (Consolidated)

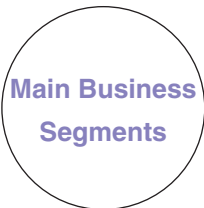


Net Income

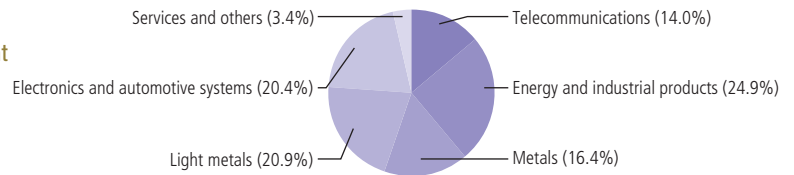


Total Assets

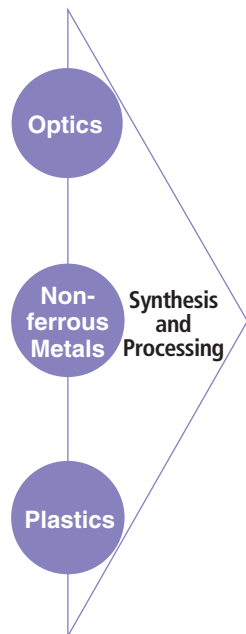




Breakdown of Sales according to Segment



Three Core Materials

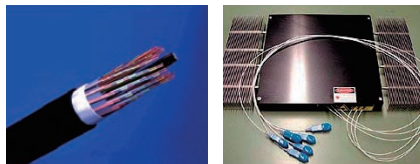


Business Segments

Main Products

Main Customers

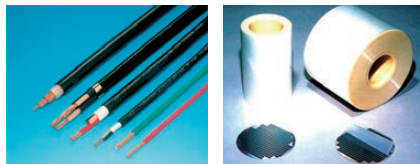
Telecommunications



Optical fibers and cables
Lasers
Optical amplifiers
Routers

Communications
Communication equipment

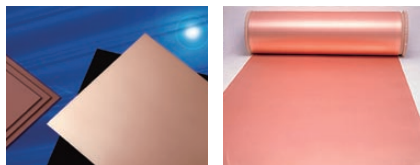
Energy and Industrial Products



Copper wire rods
Industrial power cables
LCD reflectors
Semiconductor tapes

Power
Railways
Electrical machinery

Metals



Wrought copper for electronic products and copper foil
Air conditioner copper piping

Electronic and electrical machinery

Electronics and Automotive Systems



Wire harnesses for automobile
Electronic components
Components for electronic equipment
Magnet wires

Automobiles
Electronic and electrical machinery

Light Metals (Furukawa-Sky)



Aluminum can stock
Aluminum tank materials for LNG vessels
Aluminum materials for semiconductor manufacturing equipment
Processed aluminum products

Can manufacturing
Shipbuilding
Aircraft
Electrical machinery
Semiconductors

Furukawa Electric

Basic Environmental Policy



Basic Philosophy

Furukawa Electric recognizes that the preservation of the global environment is a critical issue for society and takes the environment into consideration in every aspect of its corporate activities to help create a sustainable, happy and prosperous society.

Action Guidelines

- We shall maintain a constant awareness of the impact of our corporate activities on the environment, with each and every employee involved in environmental preservation activities.
- In addition to complying with environmental laws and regulations and with requirements from our customers and other sources, we shall also set out voluntary standards to establish greater levels of control.
- We shall set out environmental targets and objectives and systematically carry out activities accordingly to continuously improve our efforts to protect the environment.
- Environmental concerns shall be taken into consideration at every phase of our work, from the R&D and design stages onwards, to supply environmentally friendly products.
- We shall strive to reduce consumption of resources and energy, to promote recycling, to reduce waste and to minimize environmental impact at every stage of our activities, from procurement and manufacturing to distribution and customer service.
- We shall conduct environmental audits and review our environmental management system and environmental preservation activities to make continuous improvements.
- In addition to raising employee awareness through environmental education, we shall promote the disclosure of information and communication with the public and play an active part in community activities.

Environmental Management Targets and Performance

Having devised a set of targets for the four year period from fiscal 2006 to fiscal 2009 in the form of the 2009 Medium-Term Plan for Environmental Preservation Activities, Furukawa Electric continues to promote environmental activities accordingly. We also set out annual Priority Environmental Preservation Activity Targets, based on which we map out objectives, targets and action plans as part of the environmental management systems at each of our bases. On a Group basis, we formulate common activity targets as part of consolidated environmental management, with each individual company setting their own annual targets and carrying out activities accordingly.

Furukawa Electric Annual Targets and Performance for Fiscal 2006

Activities	Priority Environmental Preservation Activity Targets for Fiscal 2006	Performance in Fiscal 2006	Rating	Priority Environmental Preservation Activity Targets for Fiscal 2007
Waste reduction activities	20% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	59% reduction	◎	30% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level
Zero emission activities	20% reduction in direct landfill disposal compared with fiscal 2004 level	65% reduction	◎	30% reduction in direct landfill disposal compared with fiscal 2004 level
Activities to prevent global warming	22% reduction in greenhouse gas emissions compared with fiscal 2000 level	17% reduction	△	23% reduction in greenhouse gas emissions compared with fiscal 2000 level
Chemical substance management activities	12% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	18% reduction	◎	18% reduction in emissions of volatile organic compounds compared with fiscal 2004 level
Green activities	100% procurement rate for 50 general purpose items	97%	△	100% procurement rate for green products) (general purpose items)
	Establishment of the FGM system* at all plants subject to the RoHS Directive	System established	○	Establishment of the FGM system at major supply chain operators
Eco-design activities	Increase sales percentage of environmentally friendly products amongst new products to 100%	67%	△	1) Sales of environmentally friendly products amongst new products 100% 2) Examining environmental performance indices

Evaluation ratings:

◎ Easily achieved; ○ Achieved; △ Almost achieved; × Unachieved

*The FGM system is a mechanism designed to manage the content of regulated hazardous substances in Furukawa Electric products.

Furukawa Electric Consolidated Environmental Management Medium-Term Targets

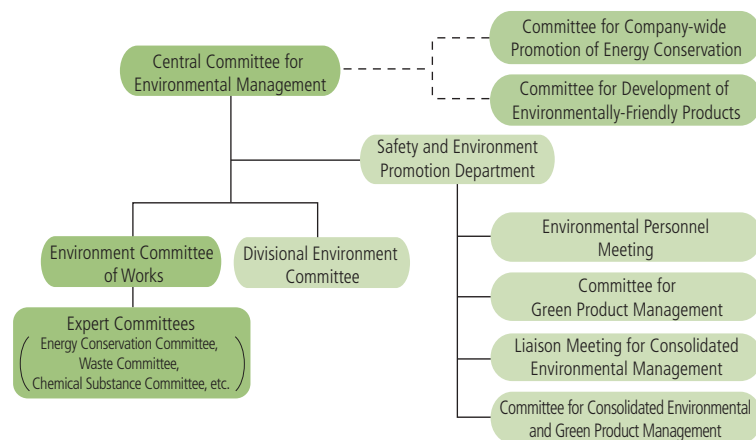
Activities	Furukawa Electric 2009 Medium-Term Plan for Environmental Preservation Activities	2009 Consolidated Environmental Management Common Activity Targets
Waste reduction activities	50% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	50% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level
Zero emission activities	50% reduction in direct landfill disposal compared with fiscal 2004 level	50% reduction in direct landfill disposal compared with fiscal 2004 level
Activities to prevent global warming	25% reduction in greenhouse gas emissions compared with fiscal 2000 level	10% reduction in greenhouse gas emissions compared with fiscal 2000 level
Chemical substance management activities	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	30% reduction in emissions of volatile organic compounds compared with fiscal 2004 level Eliminating the use of chlorinated organic compounds by fiscal 2008
Green activities	Expansion of the range of products subject to green procurement (general purpose items) and introduction into Furukawa Electric Group	100% procurement rate for items subject to green procurement (general purpose items)
	Promotion and improvement of green product management ○ Establishment of the FGM system at supply chain operators by the end of 2007 for full-scale operation by the end of fiscal 2008	Promotion and improvement of green product management ○ Establishment of the FGM system at supply chain operators by the end of 2007 for full-scale operation by the end of fiscal 2008
Eco-design activities	Promotion of improved environmental performance of products ○ Increased percentage of environmentally friendly products amongst new products ○ Introduction of environmental performance indices	Promotion of improved environmental performance of products ○ Increase sales percentage of environmentally friendly products amongst new products to 100%

Environmental Management System

Environmental Management Organization

We at Furukawa Electric promote environmental preservation activities on a companywide basis via our Central Committee for Environmental Management, which is chaired by the Chief Social Responsibility Officer (CSRO). We also promote Group environmental activities in conjunction with our affiliated companies via the Liaison Meeting for Consolidated Environmental Management. All of Furukawa Electric's business bases and consolidated environmental companies have been granted ISO 14001 certification.

Company-wide Environmental Management Organization Chart



Environmental Education

The Furukawa Electric Group runs a variety of educational initiatives designed to raise levels of environmental awareness amongst our employees.

ISO 14001 Related Education

We organized two Internal Environmental Auditor Training Seminars led by company instructors in fiscal 2006, with participants including members of staff from affiliated companies. This year, we trained a total of 49 internal auditors through such seminars. We also organized internal auditor refresher seminars aimed at our affiliated companies.



Internal Environmental Auditor Training Seminar

Environment-Related Education

We organized education sessions on environmental issues in general for a total of 91 new employees and second-year employees this year. We also conducted educational activities on an ongoing basis at each of our works and workplaces to coincide with employees being assigned to new divisions, including both general environmental education sessions and special education sessions geared towards specific duties.



Group training for new employees

Initiatives Based on Positive Environmental Impacts

In addition to negative environmental impact, ISO 14001 also covers impacts that have beneficial effects on the environment (positive environmental impacts). As well as our ongoing efforts to

prevent pollution, we at the Furukawa Electric Group continue to get involved in proactive activities designed to have a positive impact on the environment. For instance, we are currently working on

improving the linear speed of coil manufacturing, increasing usage of lead-free soldering and developing environmentally friendly electric wire.

Environmental Risk Management

Soil and Groundwater Pollution Counter-Measures

In recognition of the fact that soil and groundwater pollution is an important issue for the health and safety of local residents and employees, the Furukawa Electric Group actively engages in related risk management activities.

In addition to taking action promptly as soon as investigations detect soil or groundwater pollution, we make every effort to secure the health and safety of all residents living in the local area. We automatically report the status of any pollution and details of measures to prevent the spread of pollution to the local authorities and release relevant information to local residents, related organizations, the media and any other concerned parties as necessary.

In an effort to prevent any negative impact on the local environment as a result of soil or groundwater pollution, we implement a range of pollution risk avoidance initiatives on an ongoing basis, including conducting regular inspections to check for leakages of specific harmful substances, taking steps to prevent leakages and promoting the use of alternative substances.

During the period to fiscal 2005, we completed a review of records of specific harmful substances used at our works and affiliated companies and conducted risk assessments to evaluate the risk of soil and groundwater pollution at our works. Based on the findings, in fiscal 2006 we voluntarily carried out studies into the status of soil pollution in high-risk areas.

We have conducted soil pollution studies and implemented cleanup measures at a total of nine company-owned offsite locations of our Nikko Works since fiscal 2003. Of these, we had completed improvement work at eight locations by the end of fiscal 2006. Work at the remaining location was completed on June 2007.

Improvement Work at Offsite Locations of our Nikko Works

● Arasawa Uodome



Before



After

● Grounds of the former Mizusawa Skating Rink



Before



After

● North Side of Tanze-so Housing



Before



After

Environmental Risk Management

PCB Management

The quantity of instruments containing PCB is monitored at each of our works so that storage and management operations can be carried out appropriately. In line with the start of processing operations by the likes of the Japan Environmental Safety Corporation, we intend to continue to commission processing on an ongoing basis.

Quantity of PCB Stored

Unit: instruments

Works		In storage	In use	Total
Chiba Works	(Already processed)	88	0	88
	(Unprocessed)	11	0	11
Nikko Works		324	30	354
Hiratsuka Works		47	11	58
Mie Works		126	0	126
Osaka Works		66	0	66
Yokohama Works		9	0	9
Total		671	41	712

Addressing Asbestos Issues

Use of Asbestos in Products

Although we do not currently manufacture or import products containing asbestos, we have manufactured and sold such products for industrial use in the past. Relevant products include electric wires for use on ships and fire prevention products for use in construction to install electric wires for telecommunication and electricity. Details relating to these products are featured on our website.

Use of Asbestos in Buildings and Plant Facilities

(1) Buildings

We have discovered asbestos spray materials in company-owned buildings and plants. Although investigations into the extent of dispersal have confirmed that the asbestos is stable, we decided to remove it anyway to safeguard against the risk of dispersal in the future. Removal work was completed during fiscal 2006.

(2) Facilities and equipment

We have replaced all asbestos in cases whereby viable alternatives are available. In cases where asbestos is embedded within insulation and other such materials and therefore not dispersed, we plan to replace them with alternative materials that do not contain asbestos at a later date, to coincide with scheduled inspections.

Compliance with Environmental Laws and Regulations and Other Compliance Requirements

We check environmental laws and regulations and any other compliance requirements on a regular basis and make every effort to ensure compliance,

including patrolling our sites to confirm that measures are being properly implemented.

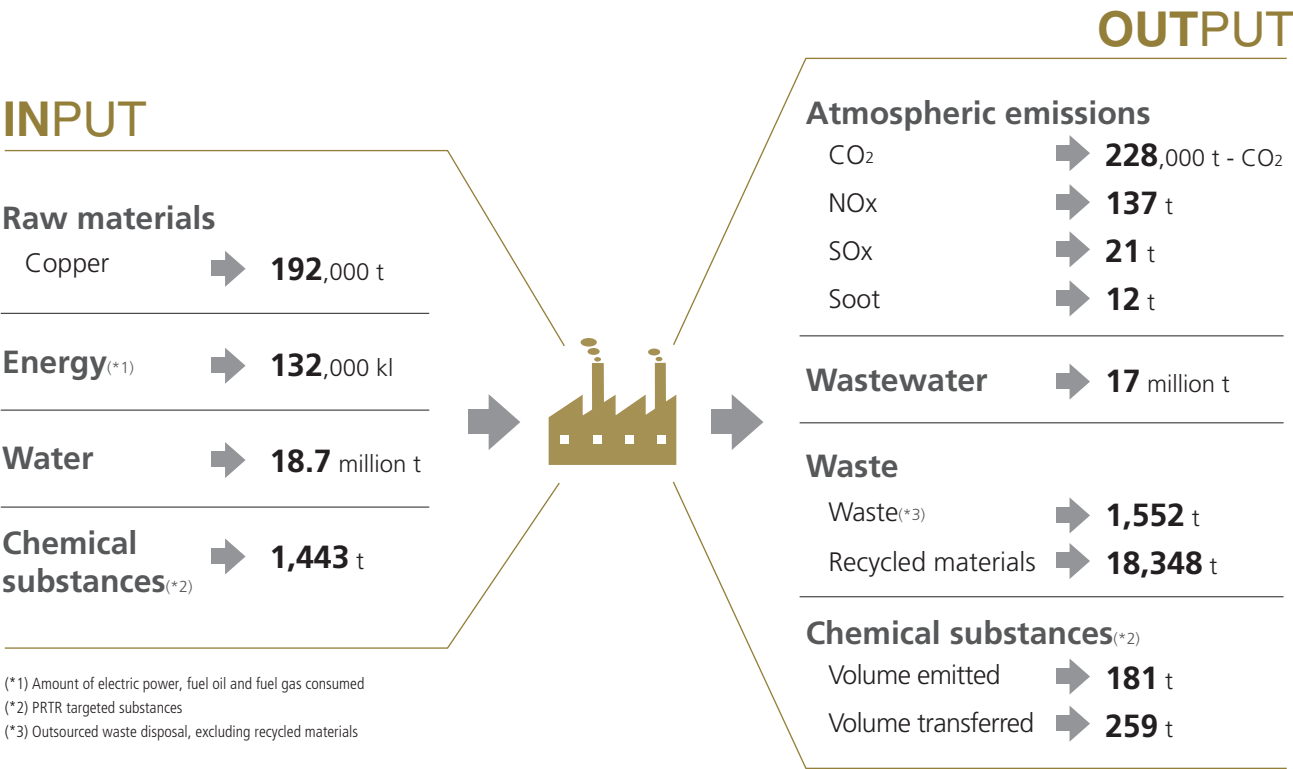
We monitor the latest information via

the Official Gazette and other sources to keep track of revisions to environmental laws and regulations and ensure that we have taken all possible measures.

Business Activities and their Environmental Impact

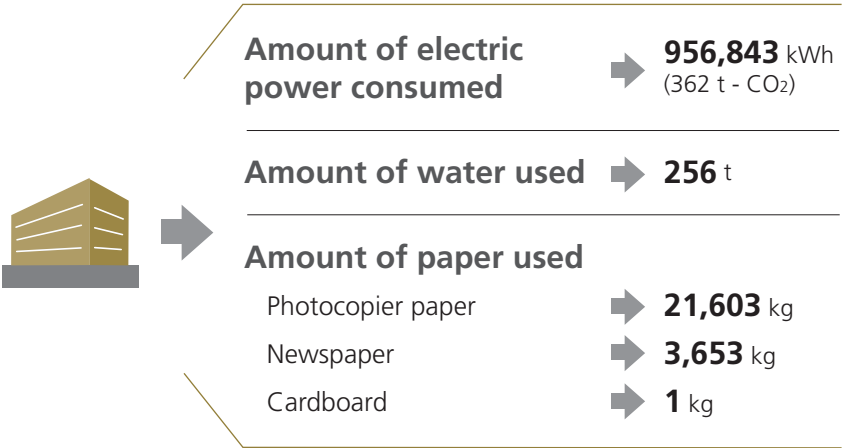
In the process of providing Furukawa Electric products, we purchase a variety of components and raw materials, consume water, electric power and other forms of energy and use chemical substances. We continue to work on reducing the adverse impact that these activities have on the environment.

Environmental Impact of our Six Production Base Works



Environmental Impact of our Non-production Bases

We have identified the environmental impact of activities at our non-production bases, namely Furukawa Electric's Head Office and three Branch Offices.



We promote power and resource saving measures at our Head Office and Branch Offices, the company's non-production bases.

Examples of such power saving measures include turning off lighting in conference rooms not in use and adjusting air conditioning to appropriate temperatures. In terms of resource saving measures, we promote activities such as sorting waste and reusing resources such as photocopier paper and files.

Environmental Accounting

In an effort to quantitatively assess our environmental costs and benefits, we have compiled tables outlining our “environmental conservation cost,” “economic benefit associated with environmental conservation activities” and the “environmental conservation benefit (material benefit).” All data has been compiled in accordance with environmental accounting guidelines published by the Ministry of the Environment. Data on affiliated companies was collected for a total of 22 companies.

Furukawa Electric’s environmental conservation costs for fiscal 2006 came to 5.1 billion yen in expenses and 200 million yen in investment. Expenses fell by 70 million yen compared to the previous

year (fiscal 2005). Overall economic benefits remained at 40 million yen, due in part to increased energy costs.

Environmental conservation costs for our affiliated companies came to 3.3 bil-

lion yen in expenses and 1.9 billion yen in investment. Overall economic benefits rose by approximately 300 million yen due to increased energy costs.

Environmental Conservation Costs

Unit: million yen

Category	Key activity and the outcome	Furukawa Electric		Affiliated companies
		Total costs	Year-on-year	Total costs
(1) Business area cost	Pollution prevention (air pollution, etc.), energy conservation, waste disposal, etc.	1,515	114	2,220
(2) Upstream/downstream cost	Recovery of packaging, drums, etc.	667	156	209
(3) Administration cost	Environmental management system auditing, environmental impact monitoring, etc.	428	25	214
(4) Research and development cost	Development of environmentally friendly products, research into alternatives for harmful substances	1,184	82	557
(5) Social activity cost	Tree planting, local community cleaning activities, donations, etc.	4	-86	5
(6) Environmental remediation cost	Environmental impact assessments, cleanup of polluted soil, etc.	1,260	-358	58
Total		5,058	-67	3,262

Year-on-year figures have not been calculated for affiliated companies due to differences in the companies covered compared to last year.

Environmental Conservation Benefit

Emissions causing environmental impact	Unit	Furukawa Electric	Affiliated companies
		Reduction	Reduction
Waste disposal*	t	667	310
Energy consumption (crude oil equivalent)	1,000 kl	-8	14
Water consumption	1,000 t	-1,722	-764
Emissions of volatile organic chemical compounds	t	74	1
CO ₂ emissions	1,000 t - CO ₂	-16	8
SO _x emissions	t	-9	82
NO _x emissions	t	-11	-160
Soot emissions	t	-1	58

* Excludes recycled waste

Minus figures indicate an increase

Economic Benefit Associated with Environmental Conservation Activities

Unit: million yen

Details of benefits	Furukawa Electric	Affiliated companies
	Total benefit	Total benefit
Revenue from recycling	448	740
Reduction in waste disposal costs	-13	-13
Reduction in energy costs	-393	-1,024
Reduction in water purchase costs	-1	17
Total	41	-280

Minus figures indicate an increase

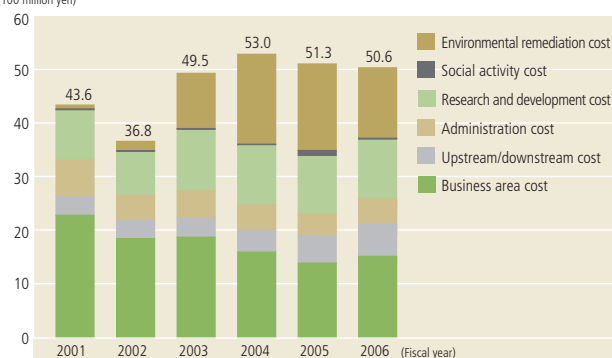
Investment and Research Costs

Unit: million yen

Investment and research costs	Furukawa Electric	Affiliated companies
	Total costs	Total costs
Environment-related investment	186	1,850
Total investment	11,900	22,511
Total research costs	9,969	5,299

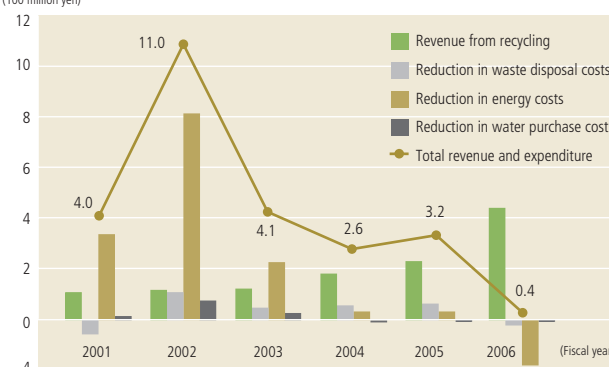
Environmental Conservation Costs

(100 million yen)



Economic Benefit

(100 million yen)



Producing Environmentally Friendly Products

In order to produce environmentally friendly products, we at Furukawa Electric undertake measures such as purchasing items via green procurement, green product management and environmentally friendly product development.

Green Product Activities

Green Product Management Activities

Having set up a Committee for Green Product Management in 2005, we are currently working on the establishment of a management system to control chemical substances contained in our products, whilst also furthering the sharing of information between business divisions.

In an effort to prevent any infringements upon environmental regulations in relation to chemical substances, we studied the content of regulated harmful substances in every one of our Furukawa Electric brand products in fiscal 2005 and compiled a "Registration Master for all Green Products and Plants."

In fiscal 2006, we decided to proceed

with measures based on the aforementioned master in phases, starting with plant divisions responsible for producing high-priority regulated products. In view of requirements regarding the management of chemical substances contained in products issued by the Japan Green Procurement Survey Standardization Initiative (JGPSSI) and requests from major customers, we compiled a new system configuration check sheet (FGM Self-check Sheet), conducted voluntary inspections unique to Furukawa Electric, ran management system inspections and rectified any issues. We have now completed the establishment of a management system

spanning four in-house companies and 12 manufacturing divisions. On other fronts, we have undergone and performed well in supplier audits conducted by two of our major customers and have started work on the establishment of management systems at our affiliated companies as well.

In addition to all this, we have organized Auditor Training Seminars led by company instructors and outside specialists to improve auditors' understanding of how to manage chemical substances contained in products. As a result we have trained at least two auditors in each business division and at least one at each affiliated company.

Green Product Activities at our Telecommunications Company

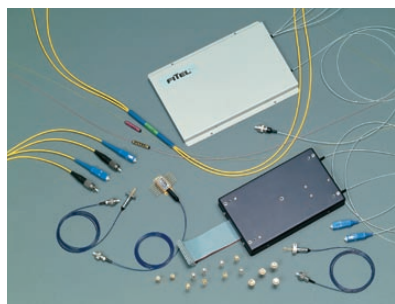
With its wide range of products, including optical fibers, optical and communication cables, optical connectors, wiring for electric and electronic equipment, optical components, fiber optic amplifiers, laser modules, optical system products, network equipment and fusion splicers, the market covered by Furukawa Electric's Telecommunications Company stretches all the way around the world. Such a wide array of products results in an equally wide variety of requests from customers regarding the management of chemical substances contained in products. On the whole, our Telecommunications Company is working on establishing a management structure from the following perspectives.

(1) We are compiling a set of green product management regulations that can be applied to each individual product category and are working on standard system requirements for each product

category, with the relevant regulations set as the upper standard.

(2) We have continued to devise mechanisms to retrieve data and promote record management to enable us to respond quickly to inquiries from our customers regarding the six substances listed under the RoHS Directive, the 24 JIG substances and other chemical substances contained in our products.

(3) We have installed X-ray fluorescence spectrometers and are using them on externally purchased items.



We are also working on the development and launch of the following new products designed to contribute to the environment.

(1) Easy-recycle optical cables are optical cables that can be recycled efficiently once recovered. By carrying out reviews right from the design stages, we have successfully developed and launched products whose structure can be easily separated, thereby making it possible to recycle a large number of their composite components.

(2) We are already 100% compliant with the RoHS Directive in the field of equipment wiring. We have launched and are currently focusing on the promotion of Eco-Wire, which is free from halogen as well as the six substances under the RoHS Directive. Eco-Wire sales in fiscal 2006 accounted for approximately 30% of our overall equipment wiring sales.

Producing Environmentally Friendly Products

Eco-Design Activities

Environmentally Friendly Products

At Furukawa Electric, we use the term “environmentally friendly products” to refer to products that are harmless at every stage of the process from production and distribution through to usage and disposal and that have a minimal impact on the environment. We even have

our own unique environmental labeling system for such products. Our environmentally friendly product percentage, namely the percentage of total sales of new product accounted for by environmentally friendly products, came to 67% in fiscal 2006.



* Further details of our environmentally friendly products are available at the following address on the Furukawa Electric website.
<http://www.furukawa.co.jp/enviro/pro/index.htm>

Environmentally Friendly Product Development

In an effort to combat the various effects of global warming on society in recent years, the development of environmentally friendly products is becoming an increasingly urgent issue. Although environmentally friendly products obviously need to have minimal impact on the environment, they also need to offer benefits to the people who use them, in terms of areas such as price, performance, safety and reliability, if they are to take them on board. Similarly, unless products find widespread application, it is impossible for companies to generate cost benefits. We therefore focus on activities designed to get people to

select and use our environmentally friendly products as much as, if not more than, technical development itself.

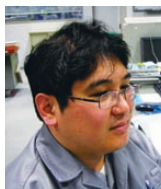
Based on the notion that it is important first and foremost for us to select and use our products ourselves, we introduce products under development into our own works in an effort to show our customers the effects and benefits that they offer and give them a real feel for our products.

The heat island effect in urban areas is a particularly tricky issue, plagued by a vicious circle whereby using air conditioning as a solution results in the consumption of even more energy, thereby driving

the temperature up even higher.

To combat the heat island effect, we have developed a system that, rather than consuming additional energy, stores naturally occurring rainwater and uses the process of evaporation to generate a cooling effect. We have also launched a project to install the relevant system at our works to verify its effectiveness. We hope to give everyone the chance to experience the effects of this system in 2007.

We intend to continue to actively develop environmentally friendly products that enable us to really feel the effects and benefits first hand.



We aim to develop products in line with our customers' needs

Hideto Nakamura

Eco-Products Department, Ecology & Energy Laboratory,
R&D Division

No matter how environmentally friendly a product is, people will only take it on board if they think that the benefits it offers balance out the cost.

I worked on the development of Hydrostaff, a plastic underground storage and permeation tank that offers outstanding performance as well as the advantage of quicker installation compared to conventional concrete storage tanks.

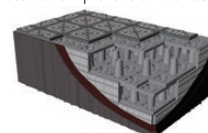
With a plastic storage tank consisting of a block-shaped structure, you always face the issue of how to remove sand that flows into the tank along with rainwater and forms as sediment inside the tank. We have resolved this issue however by also developing a Sediment Control System, which can really be a great help to our customers from the point of view of maintenance.

We will continue to make every effort to develop products that offer as many benefits as possible in line with our customers' needs in the future.

Hydrostaff

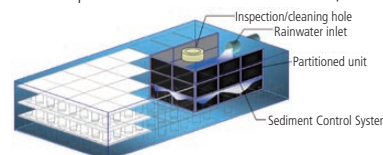
Made from a combination of polypropylene resin-based units and sheeting, the Hydrostaff system stores rainwater underground or allows it to permeate as part of the creation of rainwater usage or rainwater runoff-prevention facilities.

Its features include easy assembly, a reduced construction period and outstanding water storage efficiency, with a storage rate of at least 95%.



Sediment Control System

Consisting of a partitioned unit and a series of manholes for inspection or cleaning purposes, the Sediment Control System significantly reduces the diffusion and accumulation of sand inside water tanks. The inspection holes enable a person to get inside and clean up sand that has formed into sediment, making maintenance easy and enabling tanks to maintain their storage volumes over a longer period of time.



Easily Dismantled Recyclable Optical Fiber Cables

With conventional optical fiber cables, it takes effort to separate binder tape from the optical fibers when dismantling cables. There are also issues with the binder tape becoming contaminated with impurities in the form of cable sheaths, making the process of dismantling and separating cables a costly one. In conjunction with Tokyo Electric Power Company, we at Furukawa Electric are addressing the issue of recycling optical fiber cables and have developed easily dismantled recyclable optical fiber cables that can reduce the cost of dismantling and separating cables.

This product's features include the following.

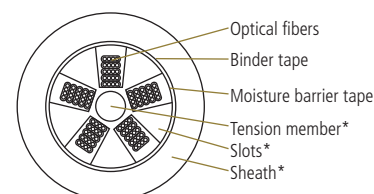
- (1) By using polyethylene tape for the binder tape, the sheath and the binder tape melt together during sheathing as part of the manufacturing process and become integrated with one another.

Consequently, when the sheath is removed, the cable can be dismantled as if there wasn't any binder tape. This makes it possible to significantly reduce the time taken to dismantle cables.

- (2) As the binder tape is made from polyethylene, the same material as the sheath, there are no impurities even if the two are mixed together.
- (3) Making it easier to dismantle cables also makes it easier to remove the sheath and take out the optical fibers inside when installing or connecting optical fiber cables.

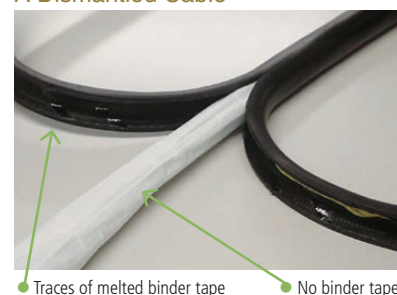
As the introduction of cables such as these can cut dismantling and separation costs by 50%, it is possible to dismantle and separate cables for the same cost as industrial waste disposal via landfill sites or incineration.

The Structure of an Optical Fiber Cable



* denotes components made from recyclable materials.

A Dismantled Cable



Fire Retardant Cable Sheets

PROTECO Sheet P2-eco and PROTECO Sheet P2DX-eco

Fire retardant cable sheets are highly flame resistant sheets that are wrapped around power or communication cables inside a cable tunnel or on a cable rack, either directly or on top of the rack, to prevent fire from spreading.

Until now, fire retardant sheets have tended to be made from halogen-based fire retardant materials to give them their highly fire retardant properties. Through F-CO and Furukawa Techno Material however, we have managed to achieve an oxygen index of 50 and limit the volume

of hydrogen halide generated upon combustion to a mere 1mg/g via highly fire retardant technology using halogen-free resin, rubber and fire retardant. We have also managed to minimize smoke emission, keeping it down to one quarter of conventional levels (based on our findings). By maintaining outstanding levels of fire retardant performance (including passing IEEE Std. 383-compliant vertical tray combustion testing), eliminating halogen and minimizing smoke, we have achieved a substantial reduction in envi-

ronmental impact compared to conventional fire retardant sheets.

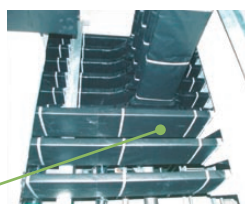
Our sheets also offer superior mildew resistance, making them ideally suited to locations susceptible to mildew inside cable tunnels.

In recent years, our sheets have come into wide use in cable tunnels at substations, various different plants, airports, railway facilities, power companies and a range of other locations.

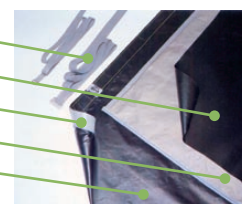


Cables wrapped in PROTECO Sheet P2-eco

Cable racks wrapped in PROTECO Sheet P2-eco



Attachment belts
PROTECO Sheet P2-eco (power cables)
Thermal Expansion Liner
PROTECO Sheet T (communication cables)
PROTECO Sheet P2DX-eco (power cables)



Producing Environmentally Friendly Products

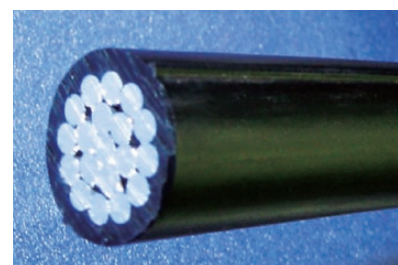
Recycled Insulated OC Wire

Of all the sheathing materials used in electric wiring and cables, cross-linked polyethylene cannot be heated up and melted. This has always posed problems in terms of material recycling, resulting in cross-linked polyethylene being almost entirely recycled into fuel via thermal recycling. However, Furukawa Electric has developed unique material recycling technology capable of recycling cross-linked polyethylene via thermoplastic processing. In conjunction with Tokyo Electric

Power Company and VISCAS Corporation, we have successfully developed technology that enables waste sheathing materials from used outdoor cross-linked polyethylene insulated wire (OC wire) to be reused as new sheathing material for OC wire and have released recycled insulated OC wire as a commercial product.

Our recycled insulated OC wires contain approximately 25% recycled thermoplastic-processed waste sheathing material, making this the world's first case of

cross-linked polyethylene being recycled for the same purpose via material recycling.



Green Procurement

Office Supplies and Other General Purpose Items

We promote the purchase of green products via our purchasing division by registering such products exclusively on our purchasing system. We stepped up our activities even further in fiscal 2006, increasing the total number of products covered by 27, taking last year's total of 23 up to 50. The term "green products" refers to products recommended by the Green Purchasing Network and products bearing environmental labels. As a result

of our efforts, we managed to achieve a procurement rate of 97% by the end of fiscal 2006. Our affiliated company Furukawa-Sky is also implementing similar activities and has reached a procurement rate almost on par with ourselves. In addition to increasing the number of products covered in the future, we also intend to get more of our affiliated companies to engage in green procurement.

Products and Manufacturing Process Components

We verify the status of products and materials purchased for manufacturing processes through measures such as conducting individual interviews and investigations, covering areas such as our

suppliers' environmental management systems and levels of environmentally regulated substances contained in their products, and ordering MSDS and other documents.

Examples of Environmental Labels Used



Eco Mark Program



Compliant with the Law on Promoting Green Purchasing



Green Mark



Green Purchasing Network



The R100 mark (recycled paper with a recycled paper ratio of 100)



Energy-Saving Labeling Program



International Energy Star Program

Environmentally Friendly Products

Products that help prevent global warming

We are working on the development and commercialization of products designed to help save energy, such as lightweight products or products with improved energy efficiency, and products and systems that use clean energy.

- Microcellular reflective sheet (MCPET)
- Rainwater storage and permeation systems (Hydrostaff)
- High-performance corrugated fins
- High-performance heat exchange materials
- Advanced, stable performance extruded aluminum materials
- Aluminum alloys to enable lightweight vehicle development
- Applied micro heat pipe products



Automobile panels



MCPET

Products free from substances that cause environmental impact

We are working on the development and commercialization of products that do not cause any environmental issues when used or produce harmful substances when incinerated or sent to a landfill site after use and biodegradable products that do not leave behind any waste products.

- Eco-wires for electronic and electric equipment (ECOACE plus, ECOBEAMEX)
- Fire retardant insulated copper sheath piping (THERMO-IN BIRUMEITO Tube)
- High-performance copper alloys for connectors (beryllium-alternative copper alloys)
- Protective indoor wire tubing made from fire retardant resin (ECOPLAFLEKY)
- Lead-free plated components for electronic equipment



ECOBEAMEX



THERMO-IN BIRUMEITO Tube

Products that help create a recycling-oriented society

We are working on the development and commercialization of recycling-oriented products, including products made from reused waste products, products made from recyclable materials, products made from fewer materials or containing fewer components and easily degradable products.

- Underground cable ducts (KOTA-KUN, KOICHI-KUN)
- Biodegradable thermoplastic form (BIOACE)
- Synthetic resin troughs (Green Trough)
- Recycled aluminum cans
- Weed barrier sheets
- Watering hoses



Green Trough



KOTA-KUN

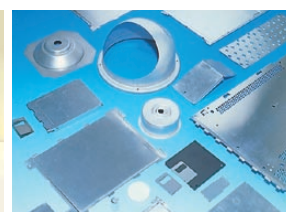
Products that help protect the ozone layer

We are working on the development and commercialization of apparatus and processes that do not use chlorofluorocarbons (CFCs), one of the main substances harmful to the ozone layer, and products compatible with CFC alternatives.

- CFC alternative-compatible magnet wires (HPWR II)
- High-performance resin sheathing aluminum sheets (FUSCOAT)
- CFC alternative-compatible copper piping (FMGT)



HPWR II



FUSCOAT

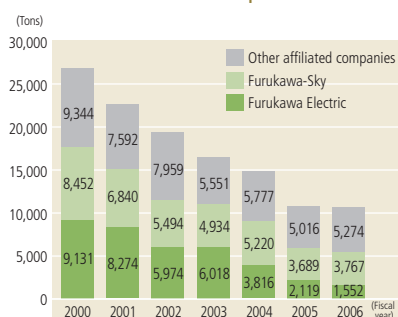
Zero Emission Activities

The Furukawa Electric Group has been involved in efforts to reduce levels of outsourced waste disposal ever since 1993. We have also continued to promote zero emission activities, which we define as "activities designed to reduce outsourced industrial waste disposal whereby waste is transported directly from our works to landfill sites for permanent disposal," since 2001. This year, we have been promoting efforts to improve waste sorting and to recycle waste acid and sludge. The overall level of outsourced waste disposal for the Group as a whole fell by 28% compared with fiscal 2004 level to 10,600 tons. Furukawa Electric achieved an equivalent reduction of 59% and our affiliated companies a reduction of 18% (both compared with fiscal 2004 level levels).

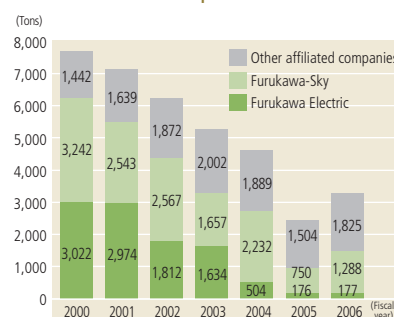
The overall level of direct landfill disposal for the Group as a whole also fell by 28% compared with fiscal 2004 level to 3,322 tons. Furukawa Electric achieved an equivalent reduction of 65% and our affiliated companies

a reduction of 24% (both compared with fiscal 2004 level levels). At Furukawa Electric's Chiba and Hiratsuka Works, we have reduced the rate of landfill disposal to no more than 1% of total emissions.

Outsourced Waste Disposal



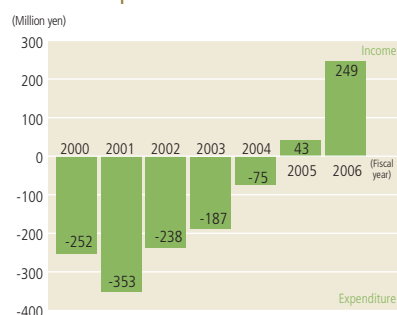
Direct Landfill Disposal



Reducing Waste Disposal Costs

We at Furukawa Electric are also working towards targets for the reduction of waste disposal costs. Spending on landfill and intermediate disposal in fiscal 2001 totaled more than 300 million yen. In addition to reducing levels of waste through initiatives such as promoting reuse and eliminating waste along our production lines, we have continued to implement measures such as carefully sorting waste to generate value since then, making it possible to sell our waste products for profit. In addition to the effects of activities such as these, soaring scrap copper prices following on from the previous year have enabled us to achieve a profit of approximately 250 million yen.

Waste Disposal Costs



Reducing Landfill Waste

As we have a wide range of manufacturing plants at our Hiratsuka Works, covering everything from construction materials to optical communication equipment and electrical and electronic products and materials, our operations generate an equally wide range of waste products. With this in mind, we decided to use our accreditation under ISO 14001 in 2000 as an opportunity to launch full-scale waste reduction activities.

As part of our waste reduction activities, we have been focusing on carefully sorting waste based on a philosophy of cutting overheads wherever possible. Specific measures such as stepping up waste

sorting education, conducting waste and emissions checks at strategic waste collection points and recycling landfill waste have consistently produced results year after year. As such results tend to motivate employees to try and make further reductions, we have made rapid progress with improvement measures.

Having previously reduced levels of landfill waste from around 55 tons per month in fiscal 2000 to 10 tons per month by fiscal 2004, we have now cut landfill waste to a mere 1.1 tons per month. Equivalent to 0.3% of our total emissions, this signifies that we have successfully achieved our zero emissions target.

Waste Generated (Hiratsuka Works)



Rate of Recycling (Hiratsuka Works)



Efforts to Prevent Global Warming

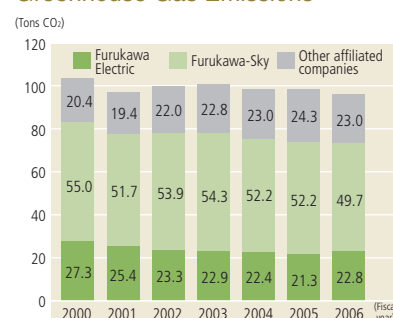
The Furukawa Electric Group has continued to engage in activities designed to help prevent global warming in conjunction with our energy conservation initiatives. We are implementing a wide range of measures at our plants, including installing a range of energy conservation equipment such as cooling water pumps and inverter cooling fans, running equipment efficiently (consolidating and cutting back on compressors, etc.), reusing hot air from exhaust fumes and fuel conversion. At our offices meanwhile, we are implementing measures such as turning off unnecessary lighting and adjusting air con-

ditioning temperature settings as appropriate.

Our total greenhouse gas emissions for the Group as a whole came to 960,000 tons CO₂ in fiscal 2006, a reduction of 6% compared to levels in fiscal 2000. Furukawa Electric achieved an equivalent reduction of 17% and our affiliated companies a reduction of 3% (both compared with fiscal 2000 level levels).

* For the purposes of this report, greenhouse gas emissions are calculated based on uniform round-the-clock CO₂ equivalents.

Greenhouse Gas Emissions



Installing NAS Batteries



Installed NAS batteries

We have installed NAS batteries at our Hiratsuka Works in an effort to make effective use of nighttime power, which uses a lower percentage of fossil fuels, thereby enabling us to help prevent global warming. Whereas our Hiratsuka Works and affiliated companies in the nearby area used to receive power from

separate sources, the installation of NAS batteries has enabled us to standardize power sources and share the benefits with our affiliated companies as well.

Logistics-Related Initiatives

In accordance with newly introduced regulations governing shippers under the Revised Energy Conservation Law, we have been working on monitoring ton-kilometer data, including for our affiliated companies. Furukawa Electric recorded a total of 148 million ton-kilometers in fiscal 2006. The only other Group companies recording 30 million ton-kilometers or more were Furukawa-Sky (220 million ton-kilometers) and The Furukawa Battery (46 million ton-kilome-

ters). The overall total for the Furukawa Electric Group as a whole came to 504 million ton-kilometers. In an effort to cut back on energy used on transportation, we are working with Furukawa Logistics to implement measures such as promoting modal shift, increasing loading rates and making joint deliveries.

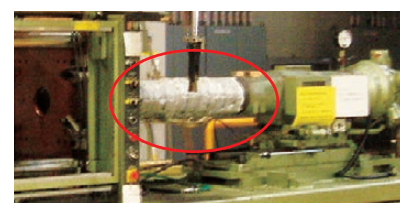
Furukawa Logistics asks the truck haulage operators it deals with to obtain Green Management Certification and has continued to provide the necessary

support to enable us to remain an environmentally friendly logistics company, through measures such as reducing fuel consumption. Over the course of fiscal 2006, Furukawa Logistics' major haulage operators have more or less completed the Green Management Certification process. To cut CO₂ emissions, there are plans for fiscal 2007 to get individual haulage operators to work together to ascertain fuel consumption for major routes.

Example of Energy conservation Activities on the Shop Floor

At our Mie Works, we have fitted insulating jackets to molding machine heating cylinders in an effort to save energy in the form of electricity used for heating. Whilst upgrading kerosene oil boilers at our Nikko Works, we took the opportuni-

ty to install new LPG fuel boilers capable of reducing CO₂ emissions, enabling us to achieve an annual reduction of approximately 600 tons (estimated CO₂ equivalent).



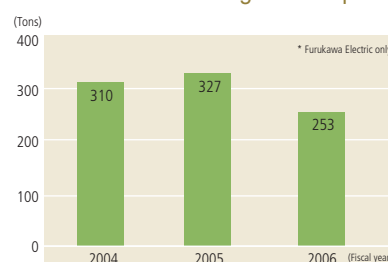
An insulating jacket on a molding machine

Chemical Substance Management

The Furukawa Electric Group promotes efforts to reduce the use of harmful chemical substances. In particular, we make every effort to actively reduce emissions of volatile organic compounds, which are regarded as one of

the causes of photochemical smog. Furukawa Electric's emissions have fallen 18% compared with levels in fiscal 2004, with organic chlorine compounds now only used by six of our affiliated companies.

Emissions of Volatile Organic Compounds



Appropriate Management of Chemical Substances

We check the properties of and laws and regulations applicable to all chemical substances that we use as part of the manufacturing process against Material Safety Data Sheets (MSDS) and manage substances accordingly. We also monitor the volumes of each substance used and report the relevant details in accordance with the PRTR Law*.

* PRTR Law: Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

Volume of PRTR Substances Released and Transferred

(Unit: Ton)

Substance No.	Name of substance	Volume handled	Volume released	Volume transferred	Volume neutralized
25	Antimony and its compounds	75.6	0.0	5.4	0.0
40	Ethylbenzene	8.3	0.0	0.0	8.3
63	Xylene	24.3	8.2	3.2	10.9
64	Silver and its water-soluble compounds	2.5	0.0	0.0	0.0
67	Cresol	275.1	0.7	0.0	273.9
108	Inorganic cyanide compounds	22.4	0.0	0.0	22.4
172	N, N-dimethylformamide	78.8	0.3	0.0	77.8
197	Decabromodiphenyl ether	227.2	0.0	16.4	0.0
207	Copper salts (water-soluble)	15.2	0.0	0.0	15.2
227	Toluene	509.0	170.7	232.7	103.4
230	Lead and its compounds	2.2	0.0	0.0	0.0
231	Nickel	3.6	0.0	0.0	0.0
232	Nickel compounds	9.6	0.0	0.0	9.6
253	Hydrazine	7.7	0.0	0.0	7.7
266	Phenol	175.9	0.3	0.0	175.2
272	Bis (2-ethylhexyl) phthalate	2.9	0.2	0.2	0.0
283	Hydrogen fluoride and its water-soluble salts	2.2	0.0	1.2	0.0

* Applicable to substances that are handled in volumes of one ton or more at Furukawa Electric works (or 0.5 tons or more in the case of specific first category chemical substances)

Reducing Emissions of Volatile Organic Compounds

Emissions of volatile organic compounds (VOC) became subject to emissions regulations in April 2006 with the enactment of the Revised Air Pollution Control Law. Although Furukawa Electric does not currently own any facilities that

fall under the relevant regulations, we are voluntarily working to reduce emissions anyway. The main types of VOC handled by Furukawa Electric are toluene and isopropyl alcohol (IPA). We are looking into switching to an alternative to toluene,

which we use to clean copper strips, and upgrading our facilities to do so. We are also examining the possibility of installing equipment to recover evaporated IPA, which is used to reduce copper wire as it comes out of the melting furnaces.

Example of Chemical Substance Reduction Activities

At our Mie Works, we are working on reducing VOC through QC Circle activities. As part of the optical fiber manufacturing process, large quantities of fluid consisting mainly of ethyl alcohol are used to clean jigs. The QC Circle for the relevant department set out to achieve a reduction in the volume of fluid used. Although cleaning fluid was already recovered and reused repeatedly, the recovery rate was just 36%,

meaning that the remaining 64% was released into the atmosphere. The members of the QC Circle closely monitored how the fluid was used, identified points where it was being released and came up with solutions. Their solutions included changing the recovery method used so that fluid comes out of the bottom of cleaning tanks rather than being pumped out from the top, raising awareness to ensure that all

team members check lids frequently and modifying the equipment itself by fitting covers to enable released alcohol to be recovered in the cleaning tanks. As a result, the recovery rate has improved from 36% to 80%, thereby cutting atmospheric emissions considerably. The QC Circle's efforts have also helped cut costs by enabling a reduction in the volume of fluid purchased.

Environmental Preservation Data

Of the works operated by Furukawa Electric, we collect air and wastewater quality data at the four works that are registered as specialized plants.

● Chiba Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Melting furnace	180	180	30	51
Soot	(g/Nm ³)	Melting furnace	0.1	0.1	0.027	0.048

Wastewater Quality Indicators

Item measured	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.0 to 9.0	5.5 to 8.5	7.9	8.4
COD	(mg/l)	15	10	3.2	11.3
SS	(mg/l)	20	10	3.9	9.5
n-h (mineral oil)	(mg/l)	2	1	0.3	1.2

● Nikko Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Boiler	180	180	81	89
		Melting furnace	200	200	27	28
		Dryer furnace	300	250	45	52
SOx	(K value)	Boiler	17.5	17.5	0.47	0.55
		Melting furnace	17.5	17.5	0.37	0.42
		Dryer furnace	17.5	17.5	0.13	0.14
Soot	(g/Nm ³)	Boiler	0.3	0.3	0.00	0.00
		Melting furnace	0.2	0.2	0.03	0.03
		Dryer furnace	0.5	0.2	0.00	0.00

Wastewater Quality Indicators

Item measured	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.8 to 8.6	6.0 to 8.5	7.3	7.5
BOD	(mg/l)	25	16	3.2	4.4
SS	(mg/l)	50	20	1.2	2.8
n-h (mineral oil)	(mg/l)	5	0.5	0.2	0.2

● Mie Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Boiler	180	140	64	65
		Melting furnace	180	140	43	49
SOx	(Nm ³ /Hr)	Boiler	0.6	0.5	0.00	0.00
		Melting furnace	41.6	33.3	0.13	0.13
Soot	(g/Nm ³)	Boiler	0.3	0.24	0.005	0.005
		Melting furnace	0.3	0.24	0.057	0.077

Wastewater Quality Indicators

Item measured	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.8 to 8.6	6.5 to 8.5	7.8	8.0
BOD	(mg/l)	10	4	1.5	5.0
SS	(mg/l)	25	6	1.1	2.1
n-h (mineral oil)	(mg/l)	1	0.7	0.10	0.10

● Osaka Works

Atmospheric Indicators

Item	Unit	Facilities	Legal standard	Self-imposed standard	Average	Maximum
NOx	(ppm)	Boiler	150	120	2.0	2.0
		Melting furnace	200	160	2.0	2.0
		Heating furnace	170	144	3.0	4.0
Soot	(g/Nm ³)	Boiler	0.1	0.08	0.001	0.001
		Melting furnace	0.2	0.16	0.001	0.001
		Heating furnace	0.25	0.2	0.001	0.001

Wastewater Quality Indicators

Item measured	Unit	Legal standard	Self-imposed standard	Average	Maximum
pH		5.7 to 8.7	5.7 to 8.7	7.7	8.2
BOD	(mg/l)	300	10	5.7	10.0
SS	(mg/l)	300	50	11.8	25.0
n-h (mineral oil)	(mg/l)	5	2	1.3	2.9

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

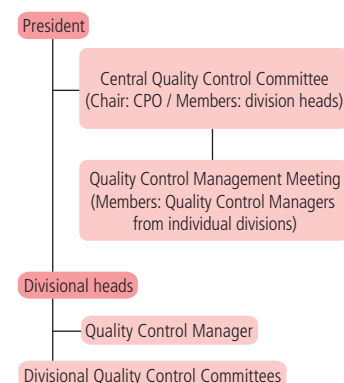
Based on our basic policy of putting quality first and implementing uniform companywide quality control, we strive every day to provide our customers with as many products and services that guarantee reliability and satisfaction as possible.

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.

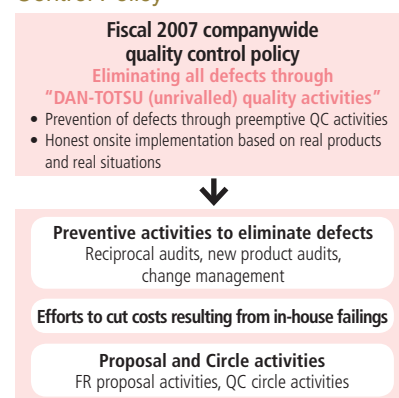
By way of ongoing improvements on the shop floor, we implement small group-based QC Circle activities involving all employees. QC Circle activities include efforts to improve yield from the production process and increase efficiency. They prove highly effective and also help motivate the employ-



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.

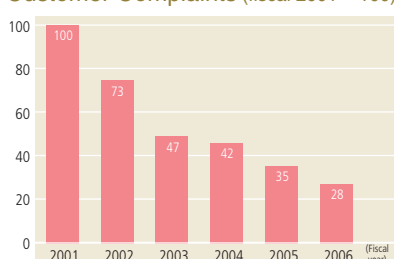
The Flow of Companywide Quality Control Policy



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
Superior Quality Supplier Award	Nippon Telegraph and Telephone West Corporation
Cost Improvement Award	Mitsubishi Electric Corporation
Best Partner Award	Toyota Auto Body Co., Ltd.
Supplier Performance Award	Suzuki Motor Corporation
Aoki Katashi Best Technology Award	American Honda (USA)
	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	

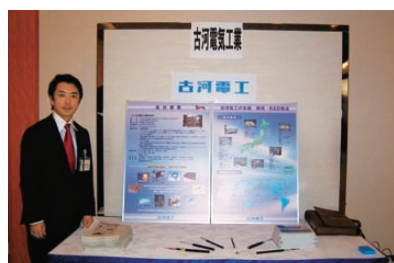


End of year briefing session

Relations with Individual Investors

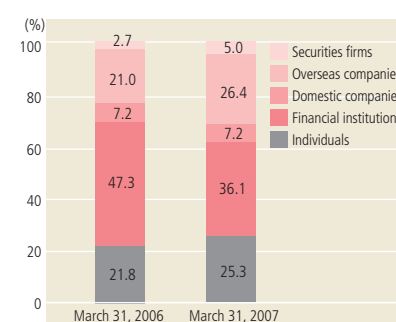
In fiscal 2006, we took part in a corporate research seminar sponsored by the Nagoya Stock Exchange, as part of which we gave business presentations to a total of 240 individual investors and sales staff from securities firms. We have also established a framework to provide important disclosure information 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

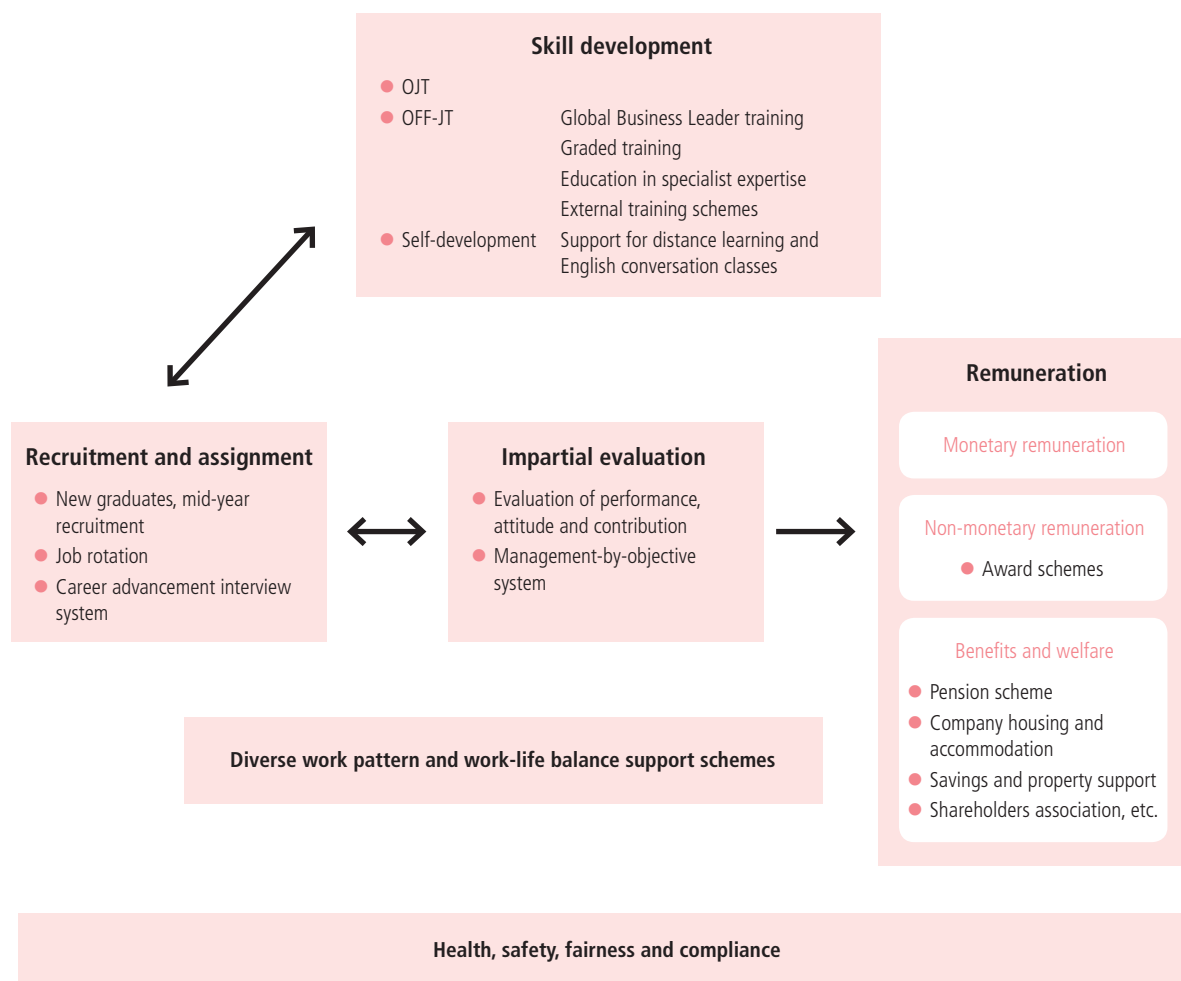
Personnel Management Policy

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.

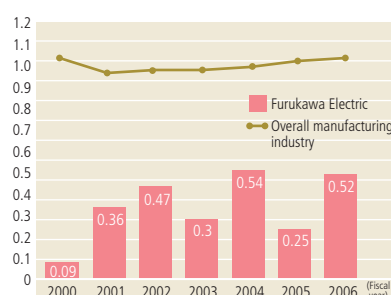
On other fronts, we organize human rights education (training for new recruits or employees being promoted to management positions, etc.) to raise awareness of the importance of respecting human rights.

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

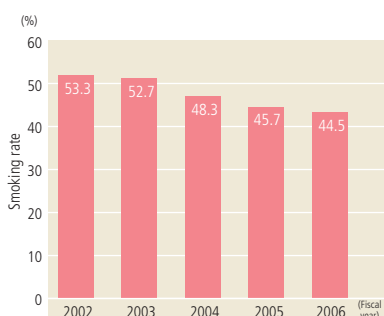
We have continued to promote companywide mental health measures ever since 2002 in accordance with the Ministry of Health, Labor and Welfare's "Guidelines for Promoting Mental Health Care in Enterprises." We provided basic mental health education sessions for all

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

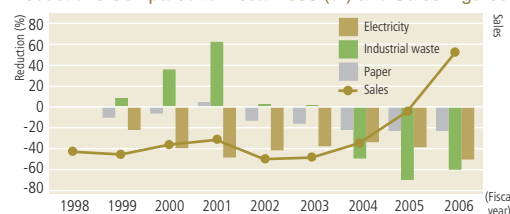
Over the course of the ten years since the Mie Works was granted ISO 14001 certification in November 1998, we have engaged in a wide range of environmental conservative activities and have achieved significant reductions in paper, waste, power consumption, chemical substances, atmospheric pollutants, 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.



Initiatives at Affiliated Companies

FCM Co., Ltd.



Head Office: 8-36 Kamiji 3-chome, Higashinari-ku, Osaka, Osaka prefecture
 Osaka Works: 8-36 Kamiji 3-chome, Higashinari-ku, Osaka, Osaka prefecture
 Kyoto Works: 100 Minami Karato-cho, Kamitoba, Minami-ku, Kyoto, Kyoto prefecture
 Toyama Works: 3-6 Yasuuchi 2-chome, Yatsuo-machi, Toyama, Toyama prefecture
 Workforce: 232 employees
 Website: <http://www.fc-m.co.jp/>
 Inquiries: Quality Assurance Department System Management Team
 Tel: +81-6-6975-1321 Fax: +81-6-6976-0174

History

Established in 1949, FCM started out specializing in the drawing and sale of copper wire. In 1955, we started to branch out into metallic plating for electronic components. We currently have three production bases located in Osaka, Toyama (metallic plating work) and Kyoto (drawing wire work).

As part of our recent efforts to develop lead-free products, we have patented a system designed to apply Sn plating on top of tin/copper binary alloy plating and are working on expanding sales of environmentally friendly tin/silver/copper ternary alloy plating. In addition to metallic plating on metal, we are also engaged in the chemical processing of non-metal substances such as films.

On February 28, 2007, we listed our stock on the Hercules Market of the Osaka Securities Exchange.

Efforts for Environmental Preservation

We regard the protection of the environment as a universal issue that is of the utmost importance and have therefore set out "appreciation of Planet Earth" as our underlying motto. Our basic environmental philosophy is to take environmental preservation into consideration in every aspect of our activities as a company.

We continue to work on initiatives such as environmentally friendly product development and production activities that are friendly to both the global and local environments.

We have established quality and environmental management systems and have obtained ISO 9001 and ISO 14001 certification at each of our bases. We also invest a great deal into analysis instruments in an effort to closely monitor environmental issues.

ISO 14001

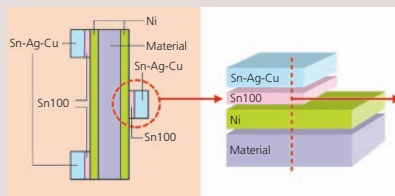
Certified October 5, 2001

ISO 9001

Certified September 10, 1999

Development of tin/silver/copper ternary alloy plating

Using our unique manufacturing techniques, we have developed a plating method capable of applying a stable tin/silver/copper ternary layer based on an electrolytic plating process. The resulting plating is lead-free, environmentally friendly, has a superior balance of properties compared to other lead-free solder plating and offers the same level of performance as regular (9:1 tin:lead) lead solder (in terms of suppressing whiskering). With a melting point roughly 20°C lower than other lead-free plating (around 215°C), it can also help our customers reduce their overall energy consumption. Thanks to improved productivity, it is also a low cost method, coming in approximately 80% cheaper than gold flash and roughly 30% cheaper than tin reflow (FCM comparisons).



Environmental analytical instruments

We have installed some of the best analytical instruments available in Japan, including ICP, EDX, GC, FIB, EPMA, and ULTRA ESCA, and run them at more or less full capacity on a daily basis in an effort to protect the environment and improve quality levels. The reasoning behind this is that it enables us to pinpoint the source of irregularities as soon as they occur and take any necessary preventive measures.

Consideration for the local community

Our Kyoto and Osaka Works both have plants located in semi-industrial areas. We therefore measure noise levels in the areas surrounding company premises at night and impose company restrictions that are even stricter than statutory noise levels. In an effort to preserve the local environment and coexist in harmony with the local community, we also conduct regular cleanup activities in the vicinity of all company premises, an initiative in which other local companies are gradually starting to participate.

Wastewater management

Our metallic plating division is fully equipped with its own wastewater treatment facilities to process cyanogen, fluorine and other compounds. Our Osaka and Toyama Works also have underground reserve pits that are large enough to accommodate almost 24 hours worth of wastewater. Maintenance activities are carried out on a daily basis to ensure that any changes are dealt with promptly.



Wastewater treatment facilities

Furukawa Electric Industrial Cable Co., Ltd.



Head Office: 48-10 Higashi-Nippori 6-chome, Arakawa-ku, Tokyo
 Kofu Plant: 15-1 Arakawa 2-chome, Kofu, Yamanashi prefecture
 Hokuriku Plant: 19-2 Wakabadai Shika-machi, Hakui-gun, Ishikawa prefecture
 Tochigi Plant: 1601-8 Oaza-Tadokoro, Shioya-machi, Shioya-gun, Tochigi prefecture
 Hiratsuka Plant: 1-9 Higashi Yawata 5-chome, Hiratsuka, Kanagawa prefecture
 Kyushu Plant: 1-8 Shinmoji, Moji-ku, Kitakyushu, Fukuoka prefecture
 Website: <http://www.feic.co.jp/english/>
 Workforce: 480 employees
 Inquiries: EMS Promotion Secretariat
 Tel: +81-55-277-4860 Fax: +81-55-277-2654

History

Originating from Furukawa Industrial Cable Co., Ltd., which was established via a merger between Sanwa Electric Wire Manufacturing Co., Ltd. and Chiyoda Electric Wire Co., Ltd. in 2001, Furukawa Electric Industrial Cable was integrated with Furukawa Electric's Hiratsuka insulation wire and cable plant in 2005 and The Kyushu Furukawa Electric Co., Ltd. in 2006. As a result, we now play a central role in the Furukawa Electric Group's insulation wire and cable operations at our five plants in Kofu, Hokuriku, Tochigi, Hiratsuka and Kyushu.

As our business has expanded, we have built up a wide range of products. We aim to provide products that offer maximum customer satisfaction, with our core products revolving around electric wire and cables for use in construction and industry, for ships and railway vehicles, for industrial and electrical machinery and rubber mold products.

Efforts for Environmental Preservation

In 2003, while still using the name Furukawa Industrial Cable, we obtained ISO 14001 certification at our three plants in Kofu, Hokuriku and Tochigi. We have obtained expanded certification in 2007 and added our Kyushu Plant to the list. Our Hiratsuka Plant was also certified in 2000 as part of Furukawa Electric's Hiratsuka Works.

In an effort to prevent the environmental impact of our business activities from increasing, we have set out the following companywide environmental policies.

- (1) We will save energy and reduce CO₂ emissions to help prevent global warming
- (2) We will reduce and recycle waste to minimize the environmental impact of our activities

- (3) We will reduce and prohibit the use of harmful substances to prevent the local environment from becoming polluted
- (4) We will establish and maintain green spaces within our premises
- (5) We will develop and provide environmentally friendly products

We carry out all of our environmental preservation activities based on the above priority objectives.

Priority Measures

- (1) As part of our efforts to reduce waste, at our Kofu Plant we are working on reducing wood cuttings and have been reusing slats from drums as packaging for electric wires since 2005 to reduce waste. Although we are still only reusing a fraction of our overall emissions, we are nonetheless achieving results slowly but surely.
- (2) At our Hokuriku Plant, we have been planting Japanese red pines onsite as part of a greenery campaign. The pines are growing well, with highly experienced senior local human resources taking care of trimming and upkeep on our behalf. In addition to bringing more greenery into the environment, this also ensures that such activities contribute to the local community.
- (3) As airborne pollution caused by chemical substances (gases) emitted by the materials contained in clean room facilities has a major impact on product quality, materials with low gas emissions are now required to be used. In terms of electric wires and cables too, the vinyl plasticizing agents given off by vinyl covering cables have a similarly detrimental effect on products, with flame-resistant polyethylene covering Eco-Cable products

also producing small amounts of harmful gas. We have developed and are now providing our customers with low-emission clean room cables that produce one tenth or less the amount of harmful gas produced by Eco-Cables.

Amount of Wood Off-Cuts Generated and the Reuse of Slats from Wooden Drums



Making use of senior human resources to trim pine trees at our Hokuriku Plant.

Initiatives at Affiliated Companies

Furukawa Circuit Foil Co., Ltd.



Head Office: 601-2 Otorozawa, Nikko, Tochigi prefecture
 Imaichi Plant: 601-2 Otorozawa, Nikko, Tochigi prefecture
 Imaichi East Plant: 1066-24 Harigai, Nikko, Tochigi prefecture
 Workforce: 350 employees
 Website: <http://www.fcf.co.jp/en/>
 Inquiries: ISO Promotion Team
 Tel: +81-288-22-4911 Fax: +81-288-22-4904

History

Established in 1970, Furukawa Circuit Foil built its first plant in Otorozawa in Imaichi City (which has since merged with other municipalities to become Nikko) in 1972, a second plant in 1980, a third plant in the Harigai area of the same city in 1986 and a fourth plant in 2005. We plan to expand further and construct a fifth plant in fiscal 2007.

Having started out by manufacturing electrolytic copper foil for use on printed circuit boards, we currently manufacture high-performance electrolytic copper foil that is used in a variety of the state-of-the-art electronic equipment, including high-density multilayer circuit boards, flexible circuit boards, negative electrode collectors for lithium-ion batteries and electromagnetic interference shielding materials for plasma displays. We expect to see growing demand across a range of different fields in the future, not least in terms of vehicles designed to minimize environmental impact.

Efforts for Environmental Preservation

We manufacture electrolytic copper foil via a process of electroplating, which has a negative impact on the environment as a result of factors such as massive electrical energy consumption and the generation of industrial waste. With this in mind, we are making every effort to use resources and energy efficiently and to reduce waste to help preserve the environment. As we face additional risks stemming from the use of large quantities of electrolyte solution, chemicals and other liquids, we also engage in a range of environmental improvement activities in conjunction with our CSR initiatives in an effort to offer local residents continual peace of mind.

With regard to certification, we obtained ISO 14001 in November 2003 and transferred over to ISO 14001:2004 in July 2005.

Priority Measures

(1) Compliance with the RoHS Directive and green procurement

First issued in Europe, one of the most environmentally advanced parts of the world, in February 2003, the Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive) was reviewed in July 2006 to prohibit the inclusion of six substances in products; lead, mercury, cadmium, hexavalent chro-

mium, PBB and PBDE. The RoHS Directive represents a set of key regulations in that it effectively imposes the same restrictions on exports by any Japanese company wishing to export products to Europe. The RoHS movement in Europe has had a knock-on effect the world over.

As we supply our products to large numbers of electrical and electronic equipment manufacturers, both in Japan and overseas, it is crucial that we have a chemical substance management system in place, covering not only in-house operations but also our suppliers of raw materials and other items, to comply with regulations such as these.

In addition to purchasing environmentally friendly products, including our long-standing efforts to purchase recycled paper, we are therefore shifting the focus of our green procurement initiatives to prioritize the establishment of a comprehensive system of chemical substance supply chain management covering everything from raw materials and supplies through to our own products.

(2) Energy conservation

Our electroplating-based electrolytic copper foil manufacturing activities are characterized by the consumption of vast amounts of energy and the fact that we essentially operate 24 hours a day, 365 days a year.

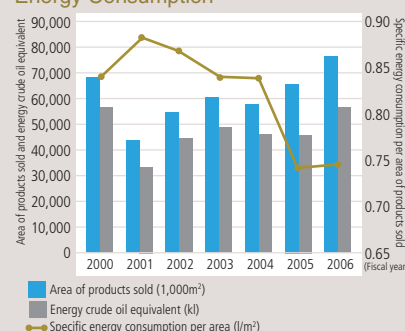
When operating along lines such as these, cogeneration facilities capable of both generating electricity and recovering exhaust heat energy once electricity has been converted into power can help save significant amounts of energy. We therefore installed diesel-powered cogeneration facilities at our Imaichi Plant in 2001 and at our East Plant in 2004. In addition to using steam recovered from exhaust heat, at our East Plant we have also installed absorption refrigeration units as part of a system designed to use exhaust heat for cooling purposes as well.

In the face of cost issues associated with rising oil prices, however, we were unfortunately repeatedly forced to suspend our cogeneration facilities during 2006.

We have long since been actively engaged in energy conservation initiatives as a Type 1 Designated Energy Management Factory in accordance with the Energy Conservation Law and have improved specific energy consumption to ensure that energy consumption does not increase to the same extent as production.

Although we have no effective projects remaining at present due to the suspension of our cogeneration facilities, we intend to continue to engage in steady energy conservation activities on a continual basis in the future.

Area of Products Sold and Specific Energy Consumption



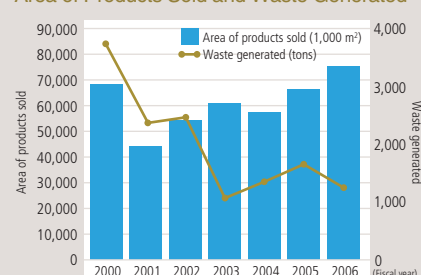
(3) Reducing waste

Our product sales area for 2006 increased by 12% compared to 2000, reflecting an expanded product range. Nevertheless, we managed to reduce waste emissions by one third compared to 2000 levels.

The principal measures that we have implemented to achieve such a reduction in waste have included expanding water treatment facilities to reduce waste alkali and waste acid and improving sorting capabilities for waste plastic and other materials to enable selected materials to be sent for recycling.

In spite of an element of conflict with our efforts to maintain and improve increasingly advanced levels of quality and performance in some respects, we nonetheless intend to continue to implement waste reduction activities in the future.

Area of Products Sold and Waste Generated



History of Furukawa Electric's CSR Activities

1972	Companywide Rules for Pollution Prevention formulated	2002	- Nikko Works certified under ISO 14001 - Yokohama R & D Laboratories (now Yokohama Works) certified under ISO 14001 - Green Procurement Preparation Committee established
1974	- Environmental Control Department established - Energy Conservation Team established	2003	- Operating Officer System introduced - Furukawa Electric Basic Environmental Policy revised - Medium-Term Plan for Environment Preservation Activities 2005 formulated (2003-2005) - Green Procurement Executive Committee established - Liaison Meeting of Consolidated Environmental Management established - Seminar for managers of consolidated companies held
1976	Central Quality Control Committee established	2004	- Medium-Term Plan for Environment Preservation Activities 2005 revised - Safety, Environment and Health Promotion Department renamed Safety, Environment and Quality Promotion Department - Compliance Committee established - Furukawa Electric Group Action Guidelines formulated - Furukawa New Leaf established as a special subsidiary offering employment to people with disabilities
1989	Team for Reduction in Use of Specified CFCs established	2005	- Green Product Management Committee established - Compliance Handbook published
1992	Team for Reduction in Use of Specified CFCs renamed Team for Reduction in Use of Ozone Layer Depletion Substances	2006	- Medium-Term Plan for Environment Preservation Activities 2009 formulated (2006-2009) - Risk Management Committee established - Report published under the revised title "Environmental and Social Report" - Compliance Handbook Version II published
1993	Basic Framework for Protecting the Global Environment formulated (Furukawa Electric's voluntary environmental preservation plan)	2007	- CSR Division established - Chief Social Responsibility Officer (CSRO) appointed - Safety, Environment and Quality Promotion Department split into the Safety and Environment Promotion Department and the Quality Promotion Department - CSR and Risk Management Committee established - Furukawa Electric Group Action Guidelines partially revised - Report published under the revised title "CSR Report"
1994	Committee for Companywide Promotion of Energy Conservation established		
1996	Use of specified CFCs and trichloroethane discontinued		
1997	Team for Promotion of Reduction in Industrial Waste established		
1998	- Furukawa Electric Basic Environmental Policy formulated - Central Committee for Environmental Management established - Committee for the Development of Environmentally Friendly Products established - Chiba Works certified under ISO 14001 - Mie Works certified under ISO 14001 - Companywide Regulations for Pollution Prevention revised to create the Companywide Regulations for Environmental Management		
1999	- Environment Control Department and Safety Control Division merged to create the Safety, Environment and Health Promotion Department - Central Safety and Health Committee established		
2000	- Ecology and Energy Laboratory established - Liaison Meeting with Affiliated Companies established - First Environmental Report published - Meeting of Environmental Personnel established - Hiratsuka Works certified under ISO 14001 - Osaka Works certified under ISO 14001		
2001	- Medium-Term Plan for Environmental Preservation Activities 2002 formulated (for 2001-2002) - Details of environmental accounting published		

Information available via our website

Our website features details of progress with our environmental initiatives and PDF versions of this report and other previously published environmental reports. The relevant materials can be accessed via the following page on the Furukawa Electric website.

<http://www.furukawa.co.jp/english/>



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