The Furukawa Electric Group uses hydroelectric power generated by Furukawa Nikko Power Generation Inc. for most of the electricity needed for production operations in the Nikko area. The annual volume of hydroelectric power accounts for 14% of all electricity used by the Furukawa Electric Group each year (26% for Furukawa Electric alone).

Initiatives for the Environment

The Furukawa Electric Group is striving to reduce its environmental impact throughout the product lifecycle.

Basic Environmental Policy

The Furukawa Electric Group established its basic environmental philosophy and action guidelines to unite environmental action across the Group.

Basic Philosophy

The Furukawa Electric Group 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.
- We shall raise 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.

List of companies participating in the liaison meeting for consolidated environmental management

Company name	Environmental accounting	Company name	Environmental accounting	Company name	Environmental accounting
Access Cable Company	○	FITEC Corporation		Furukawa Life Service Inc.	
Asahi Electric Works Co., Ltd.	○	Furukawa Automotive Systems Inc.	○	Miharu Communications Inc.	○
Inoue Manufacturing Co., Ltd.	○	Furukawa Circuit Foil Co., Ltd.	○	Riken Electric Wire Co., Ltd.	○
NTEC Ltd.	○	Furukawa Sangyo Kaisha Ltd.			
F-CO Co., Ltd.		Furukawa C&B Co., Ltd.			
FCM Co., Ltd.		Furukawa Industrial Plastics Co., Ltd.	○		
Okano Electric Wire Co., Ltd.	○	Furukawa-Sky Aluminum Corporation	○		
Okumura Metals Co., Ltd.	○	Furukawa Precision Engineering Co., Ltd.			
Kyowa Electric Wire Co., Ltd.		Furukawa Engineering & Construction Inc.	○		
Furukawa Electric Ecotec Co., Ltd.		Furukawa Techno Material Co., Ltd.	○		
Sunsunny Industry Co., Ltd.		The Furukawa Electric Engineering Service Co., Ltd.	○		
Shodensha Co., Ltd.	○	Furukawa Electric Industrial Cable Co., Ltd.	○		
Seiwa Giken Inc.	○	The Furukawa Battery Co. Ltd.			
Totoku Electric Co., Ltd.	○	Furukawa Logistics Corporation			

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

- Furukawa Circuit Foil Co., Ltd. became the Copper Foil Division of the Metals Company of Furukawa Electric Co., Ltd. in October 2008.
- The Zaikoo Co., Ltd. changed its name to Furukawa Electric Ecotec Co., Ltd. in January 2009.
- F-CO Co., Ltd. became the F-CO Products Department of the Energy and Industrial Products Division of Furukawa Electric Co., Ltd. in April 2009.
- Furukawa Electric Engineering Service Co., Ltd. merged with FI-Techno Co., Ltd. and became Furukawa Electric Advanced Engineering Service Co., Ltd. in April 2009.
- Sunsunny Industry Co., Ltd. transferred all its stock to MAX Co., Ltd. in August 2009.

Environmental Management

The Furukawa Electric Group has developed a system of centralized control for groupwide environmental activities based on the Furukawa Electric Group Basic Environmental Policy.

Environmental Management Promotion Organization

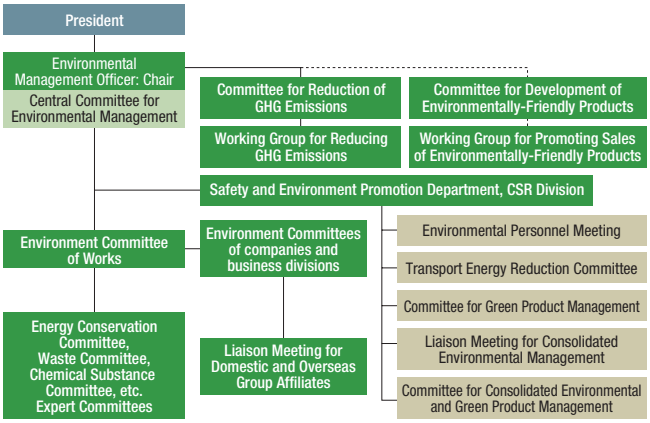
At the Furukawa Electric Group, the Central Committee for Environmental Management, chaired by the Chief Social Responsibility Officer under the supervision of the President, meets four times a year to formulate and manage the environmental management targets of the entire Group.

To reinforce our GHG (greenhouse gas) reduction initiatives for preventing global warming, the Committee for Company-wide Promotion of Energy Conservation was renamed the Committee for Reduction of GHG Emissions in fiscal 2008, and the Working Group for Reducing GHG Emissions was newly established under it.

At Furukawa Electric, to raise awareness and motivate independent initiatives for reinforcing and innovating environment-related technology and products in each business division, we developed a system in fiscal 2008 for evaluating the achievement of sales targets for environmentally-friendly products and measures for reducing GHG formulated by each business division and to incorporate these factors into their performance reviews.

The Company's six works and domestic affiliates participating in consolidated environmental management have obtained ISO 14001 certification. We are also promoting environmental management and initiatives at our overseas affiliates as part of the related activities undertaken by each business division.

Environmental management organization



Participating in Team Minus 6%

Furukawa Electric participates in Team Minus 6%, a national movement to prevent global warming sponsored by the Ministry of the Environment. Under Team Minus 6%, Furukawa Electric has identified seven action items that it will implement at the head office, branches and other locations.

In fiscal 2008, informative articles on Team Minus 6% were included three times in an in-house publication to encourage action and participation in activities at work and home.

Environmental Education

The Furukawa Electric Group runs a variety of educational training initiatives designed to raise the level of environmental awareness among our employees and cultivate required knowledge and skills.

Environmental education program

Category of educational training	Content	New recruits	General employees	Mid-career employees	Management
Education for new recruits (once a year, mandatory)	General environmental protection activities	Training for new recruits			
EMS activities (as needed, mandatory)	Environmental Policy and purpose, goals and general knowledge pertaining to the environment	←	—	—	→
ISO 14001-related education (two-day course) (twice a year, voluntary)	Requirements of ISO standards, environmental regulations, procedures for internal environmental audits, various drills		←	—	→
One-day brush-up course (once a year, mandatory)	Trends in environmental regulations, various drills to brush up auditing skills		←	→	
Environmental subjects (as needed, voluntary)	Environmentally sound design		←	→	
	Environmental regulations		←	—	→
	Control of chemical substances contained in products		←	—	→
Consolidated environmental management seminars	Seminars by experts on priority issues				↔

Education on Environmental Subjects

In fiscal 2008, we held seminars on tools provided by industry association JAMP*, with 28 participants in attendance. We also held seminars on the REACH environmental regulations, attended by 36 participants.

* JAMP: Joint Article Management Promotion-consortium

Consolidated Environmental Management Seminar

Held in fiscal 2008 was a lecture by Mariko Kawaguchi, General Manager of the Management Strategy Department of Daiwa Institute of Research Ltd., entitled, "Significance of CSR for Companies—Initiatives Toward Sustainability."

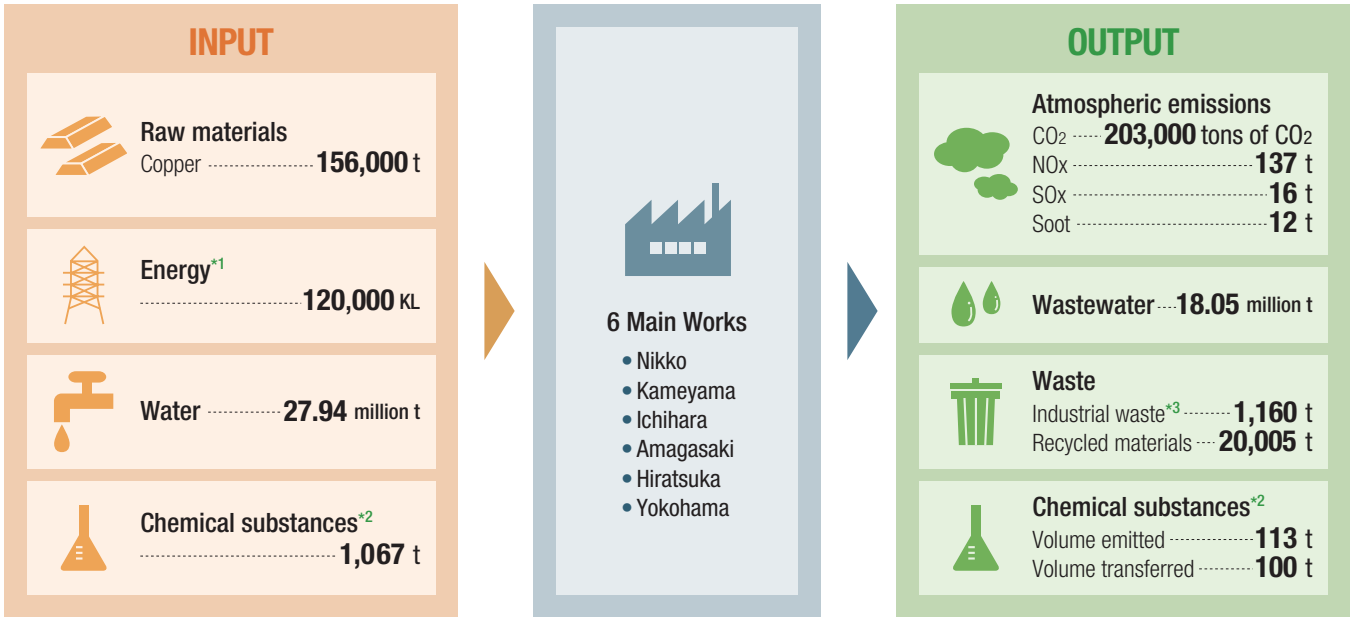
According to the results of a questionnaire, participants received the seminar favorably, commenting that it was an easy-to-understand presentation on how companies could concretely address various issues from a CSR perspective.


Consolidated Environmental Management Seminar

Material Flow

Furukawa Electric purchases various raw materials and chemical substances and uses energy resources such as fuel and electricity as well as water resources to provide our products and services. At the same time, the Company endeavors to reduce the environmental impact generated by these activities.

Environmental Impact of our Six Production Base Works



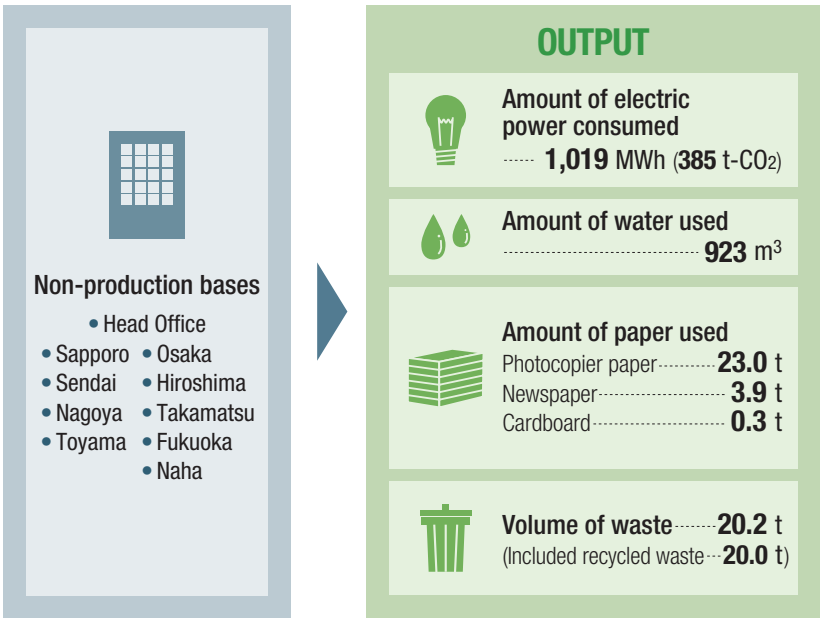
*1 Amount of electric power, fuel oil and fuel gas consumed
*2 PRTR targeted substances
*3 Outsourced waste disposal, excluding recycled materials

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 nine 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 lights 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.



Targets and Performance

The Furukawa Electric Group defines medium-term targets every three years in the form of the Medium-Term Plan for Environmental Preservation Activities and also develops annual plans for promoting environmental protection efforts toward accomplishing the targets set out in these plans.

Furukawa Electric Group Annual Targets and Performance for Fiscal 2008

The Furukawa Electric Group promotes its environmental protection activities by defining groupwide Environmental Preservation Activity Targets for fiscal 2008 based on medium-term targets laid out in the 2009 Medium-Term Plan for Environmental Preservation Activities. It applies them to environmental management systems at Furukawa Electric and affiliated companies under consolidated environmental management.

The current fiscal year marks the final year of the 2009 Medium-Term Plan, and in this important year we are making preparations for the formulation of the 2012 Medium-Term Plan for Environmental Preservation Activities and the 2020 Long-term Targets for Environmental Preservation Activities by identifying priority issues and setting targets.

Furukawa Electric and the Furukawa Electric Group priority environmental preservation activity targets for fiscal 2008

Activities	2009 Medium-Term Plan for Environmental Preservation Activities	
	Furukawa Electric	Furukawa Electric Group
Waste reduction activities	75% 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	80% 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
	3% reduction in specific energy consumption for transportation compared with fiscal 2006 level	(Determining current status toward setting new medium-term targets)
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	60 general-purpose green products—expansion target at Group companies: 5	100% procurement rate for general purpose green products
	Establishment of FGMS*1: regular audit for fiscal 2009	Establishment of FGMS
Eco-design activities	Improvement in environmental performance of products • Target for registration of environmentally-friendly products: 40 • Environmental performance indices for flagship products	Enhancement of environmental performance of products

*1 FGMS: Furukawa branding Green products Management System; a mechanism designed to manage the content of regulated hazardous substances in Furukawa Electric products.

Furukawa Electric Group annual targets, performance and self-evaluation for fiscal 2008

Activities	Priority environmental preservation activity targets for fiscal 2008	Performance in fiscal 2008	Rating
Waste reduction activities	60% reduction in the volume of outsourced waste disposal compared with fiscal 2004 level	70% reduction	◎
Zero emission activities	64% reduction in direct landfill disposal compared with fiscal 2004 level	49% reduction*2	△
Activities to prevent global warming	24% reduction in greenhouse gas emissions compared with fiscal 2000 level	26% reduction	○
	2% reduction in specific energy consumption for transportation compared with fiscal 2006 level	3% reduction	○
Chemical substance management activities	24% reduction in emissions of volatile organic compounds compared with fiscal 2004 level	35% reduction	◎
Green activities	100% procurement rate for general purpose green products	99%	△
	Establishment of the FGMS at major supply chain operators	74%	△
Eco-design activities	1) 100% achievement of sales targets for environmentally-friendly new products	67%	△
	2) Compiling product environmental performance index guidelines	(Postponed until next fiscal year)	×

Evaluation ratings: ◎ Greatly achieved; ○ Achieved; △ Almost achieved; × Unachieved

*2 Five of the six works achieved zero-waste and one has yet to achieve the target. (Definition of zero-waste: both direct landfill volume and total disposal of less than 1%)

Activities for Promoting Environmentally-Friendly Products

The Furukawa Electric Group develops environmentally-friendly products designed to have less of an environmental impact for its customers.

e-Friendly—Our New Environmental Designation Mark

The Furukawa Electric Group changed the name of its environmental designation mark from "ECOLINK" to "e-Friendly" to more effectively popularize environmentally-friendly products, including those produced by overseas affiliates. The mark is displayed on the boxes in which Furukawa Electric Group's environmentally-friendly products are packaged and is also printed in catalogs. Following the mark's name change, we established a new e-Friendly accreditation system.

Example of display in a product catalog

The e-Friendly mark

Category of Environmentally-Friendly Products

The Furukawa Electric Group's environmentally-friendly products belong to one of four categories described below.

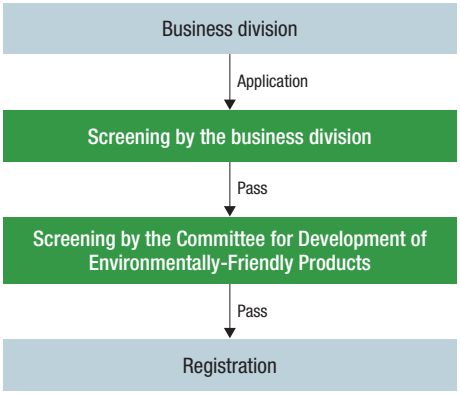
Environmentally-friendly product categories

Category	Content
Prevention of global warming	Products with functions that help in the reduction of emissions as well as the absorption and stabilizing of greenhouse gases
Zero emission	Products made from recycled materials, products designed with easy-to-recycle components, products made from materials or with design facilitating volume reduction for lowering waste volume, products designed to share common components with other products or products designed as common components.
Elimination materials that have an impact on the environment	Products that do not lead to an increase in the use of ozone-depletive substances during the manufacturing process, do not contain harmful substances above regulatory limits and do not generate harmful substances above these limits during use or disposal.
Energy savings	Products that result in overall energy savings by such means as reducing the use of raw materials and components as well as scarce resources, featuring enhanced longevity, allowing easier product and component maintenance, and reducing the use for resources in packaging.

Application and Registration of Environmentally-Friendly Products

The criteria for an environmentally-friendly product is met when it offers an overall improvement from an environmental standpoint when compared with existing products and based on predetermined standards at each stage, from the purchasing of raw materials and components, manufacturing and use to distribution and disposal. Following application and screening by the business division, products that pass the screening conducted by the Committee for Development of Environmentally-Friendly Products, a cross-functional organization of the Furukawa Electric Group, are registered as environmentally-friendly products. The system was established in September 2008, and 16 items were registered within the first six months.

Registration process for environmentally-friendly products



Future Policy

In addition to increasing the number of our environmentally-friendly products, we are currently establishing indices that enable the visualization of environmental performance. Environmental performance is an index that quantifies product improvement compared with a standard model and expresses a product's contribution to the environment by comparing its functional index and environmental impact over its life cycle using predetermined standards.

By clarifying indices and standards in this manner, we intend to produce innovative environmentally-friendly products that exceed standards and help achieve greater affluence in a sustainable, recycling-oriented society.

Environmentally Conscious Production Activities

The Furukawa Electric Group is pursuing various environmental protection efforts to reduce the environmental impact of its production and distribution processes.

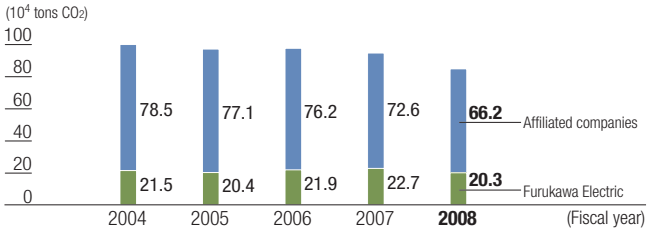
Actions for Reducing GHG Emissions

Initiatives at Works

The majority of the Furukawa Electric Group's greenhouse gas emissions consists of CO_2 generated from electricity, fuel and other energy sources. As emissions from manufacturing processes in particular account for a large proportion, we continue to work on reducing emissions through energy saving measures such as increasing the efficiency of production processes, switching fuels, replacing equipment with more efficient alternatives, meticulously turning off lights when not in use and insulating hot areas.

Total GHG emissions for the Group as a whole came to 860,000 tons of CO_2 in fiscal 2008, a reduction of 18% compared to levels in fiscal 2000. On a non-consolidated basis, Furukawa Electric achieved an equivalent of 200,000 tons of CO_2, a reduction of 26% compared to fiscal 2000.

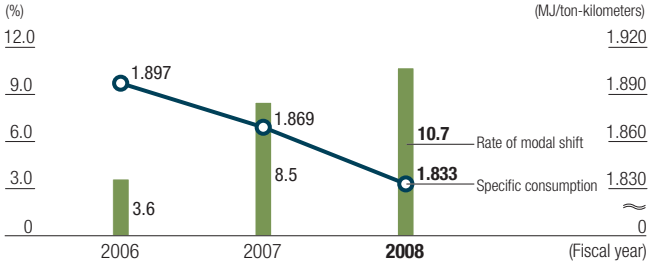
Greenhouse gas emission



Initiatives in Logistics

In fiscal 2008, total transportation volume for the Furukawa Electric Group as a whole fell 9.5% from the previous fiscal year to 468 million ton-kilometers, while transportation volume at Furukawa Electric fell 14% year-on-year to 126 million ton-kilometers, due in part to cutbacks resulting from the global recession. Furukawa Electric's CO_2 emissions decreased 16% year-on-year to 15,800 tons and specific consumption (denominator: ton-kilometers) also fell 3.4% due to further improvement in the modal shift rate and other factors. We will continue to promote modal shift, increase loading rates and promote joint deliveries to reduce transportation energy consumption.

Modal shift and specific consumption



Green Procurement Activities

Establishment of the Furukawa Electric Group Green Procurement Guidelines

In March 2009, the Furukawa Electric Group unified the green procurement standards previously defined for each business area into Group guidelines. This has enabled us to procure everything from general purpose items such as office supplies to production materials in accordance with an efficient, consistent green procurement standard.

Office Supplies and Other General Purpose Items

With respect to general purpose items, Furukawa Electric has been registering products as stated in the Green Procurement Guidelines using environmental labels in a catalog for our purchasing system and recommending them to the divisions that use these products. As a result, the green purchasing rate for registered items was approximately 99% in fiscal 2008. Looking ahead, we will request suppliers of general purpose items to deliver products that have environmental labels to increase the number of such items.

Products and Manufacturing Process Components

Furukawa Electric's purchasing system enables its suppliers to provide and update information with regard to the status of their environmental management activities (including ISO 14001) and systems for controlling the chemical content of the materials they supply. This enables us to assess the current situation and share information. We will continue to ask our suppliers to enter this information in an effort to monitor the status on an ongoing basis.

Green Product Management System

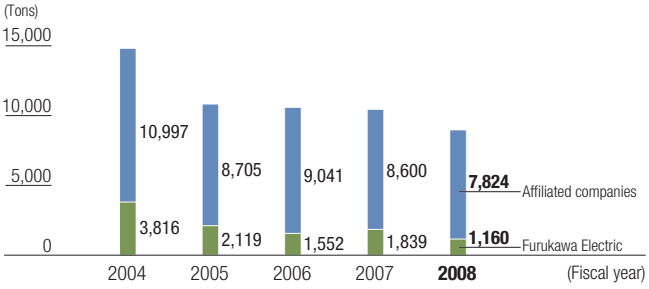
The Furukawa Electric Group has been conducting voluntary inspections using our own assessment sheet, which corresponds to the guidelines for managing chemical content in products established by JAMP. The rate of voluntary inspections was 74% in fiscal 2008. We are also seeking to manage our targets, conduct environmental inspections and exchange the latest information on related regulations through bi-monthly meetings of the Green Product Management Committee and bi-annual meetings of the Committee for Consolidated Environmental Management and Green Product Management. In response to customer audits, we are currently conducting voluntary inspections at our major suppliers. We intend to continue these efforts by further expanding the scope of the inspections and by conducting regular audits at plants and suppliers that have established their management systems.

Environmentally Conscious Production Activities

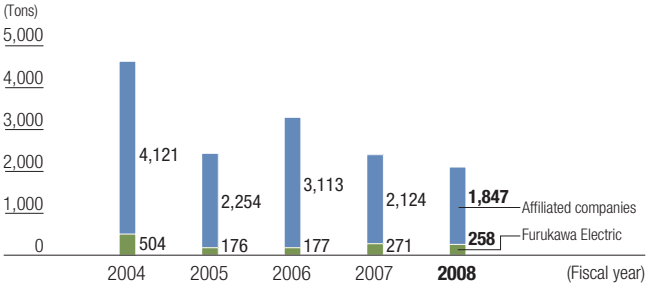
Zero Emission Activities

The Furukawa Electric Group began taking action to reduce levels of outsourced waste disposal in 1993, and launched zero emission efforts in 2001 for reducing the volume of waste commissioned for final disposal to less than 1% of the total volume of waste by directly transporting waste from each works to the landfill site. As a result of our efforts to meticulously sort waste and recycle waste acid and sludge into useful resources, the overall level of outsourced waste disposal for the Group for fiscal 2008 fell by 39% compared to fiscal 2004 to 8,984 tons. Furukawa Electric achieved an equivalent reduction of 70% on a standalone basis and our affiliated companies a reduction of 29% (both compared to fiscal 2004 levels). The overall level of direct landfill disposal for the Group also fell by 54% compared to fiscal 2004 to 2,105 tons. Furukawa Electric achieved an equivalent reduction of 49% on a standalone basis and our affiliated companies a reduction of 55% (both compared to fiscal 2004 levels).

Outsourced waste disposal



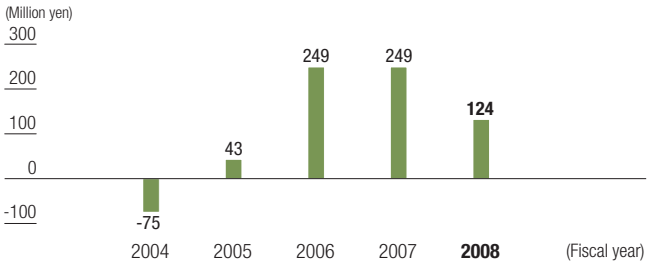
Direct landfill disposal



Reducing Waste Disposal Costs

Furukawa Electric is targeting reductions in waste disposal costs. In fiscal 2001, spending on landfill and intermediate disposal cost more than 300 million yen. Since then, we have promoted reuse, reduced the levels of waste and carefully sorted waste to generate value from it. As a result, we achieved approximately 250 million yen in profit in fiscal 2006 and 2007 on the back of soaring copper prices, and about 120 million yen in fiscal 2008 despite the decline in copper prices.

Balance of waste disposal costs



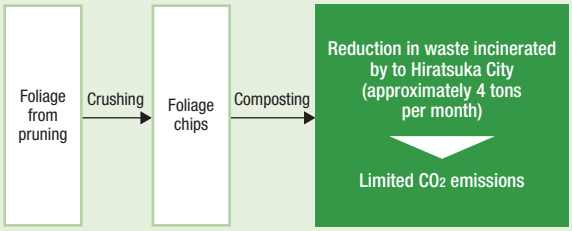
Introduction of the Electronic Manifest System

Furukawa Electric has also introduced the electronic manifest system. We commenced operations at our Hiratsuka and Mie Works in April 2008. Operations began at Nikko Works in February 2009, followed by Chiba Works in July 2009. In 2008, the annual rate of usage of the electronic manifest for all companies was 52% (total manifest transactions: 3,617; electronic manifest transactions: 1,897). We intend to focus on expanding its use to all our works in the future.

Recycling Foliage Generated by Pruning

In the past, Furukawa Electric contracted Hiratsuka City for the incineration disposal of approximately 80 tons each year. Branches and leaves from pruning trees within our compounds totaled approximately 50 tons, representing approximately 60% of the total. Since Hiratsuka City's incineration capacity was approaching its limit, we began seeking alternative disposal methods from the standpoint of recycling, and in December 2007 we switched to a method by which the foliage is crushed for either dispersal or composting. In fiscal 2008, we crushed 43 tons of foliage, dispersed part of the resulting chips in an orchard and composted the rest. As a result, the volume of waste outsourced to Hiratsuka City for incineration decreased to approximately 30 tons, helping to reduce CO_2 emissions as well as cutting disposal costs by approximately half.

Recycling process



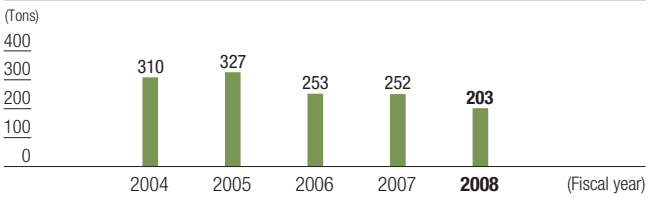
Chemical Substance Management

The Furukawa Electric Group promotes efforts to appropriately manage and reduce the use of harmful chemical substances.

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 35% compared to levels in fiscal 2004. Three of the four affiliated companies that were using organic chlorine compounds completely phased out their use during fiscal 2008.

Emissions of volatile organic compounds



Appropriate Management of Chemical Substances

At Furukawa Electric, we confirm the properties and applicable laws and regulations regarding all chemical substances we use during the manufacturing process on their Material Safety Data Sheets and administrate them. We also monitor the volumes of each substance used and report the relevant details in accordance with the PRTR Law*.

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

List of PRTR substances

Unit: ton

Substance No.	Substance	Volume handled	Volume released	Volume transferred	Volume neutralized
25	Antimony and its compounds	75.6	0.0	5.5	0.0
40	Ethylbenzene	6.8	0.0	0.0	6.7
63	Xylene	18.9	7.4	0.8	10.6
64	Silver and its water-soluble compounds	1.6	0.0	0.0	0.0
67	Cresol	223.2	0.0	0.0	222.8
108	Inorganic cyanide compounds	5.4	0.0	0.0	5.4
172	N,N-dimethylformamide	43.6	0.0	0.0	43.2
197	Decabromodiphenyl ether	227.2	0.0	16.4	0.0
207	Copper salts (water-soluble)	9.4	0.0	0.0	9.4
227	Toluene	282.2	105.3	74.6	101.5
230	Lead and its compounds	1.8	0.0	0.1	0.0
231	Nickel	2.7	0.0	0.0	2.7
232	Nickel compounds	7.1	0.0	0.0	7.1
253	Hydrazine	8.6	0.0	0.0	8.6
266	Phenol	147.3	0.3	0.1	146.6
272	Bis (2-ethylhexyl) phthalate	4.7	0.3	0.3	0.0
283	Hydrogen fluoride and its water-soluble compounds	2.8	0.0	2.8	0.0
Total		1,068.8	113.4	100.4	564.6

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

Activities for Reducing Emission of Volatile Organic Compounds

Although Furukawa Electric does not currently own any facilities that fall under regulations set out in accordance with the Air Pollution Control Law, we are nonetheless working to reduce emissions. The main types of volatile organic compounds (VOC) that we handle are toluene and isopropyl alcohol (IPA). We reduced the volume of toluene that we use mainly to degrease copper strips by switching to a hydrocarbon-based detergent and implemented measures to prevent leaks and dispersal of IPA, which is used to reduce copper wire when it comes out of the melting furnaces. In fiscal 2008, we installed an IPA recovery apparatus at our Chiba Works in an effort to achieve further reductions.

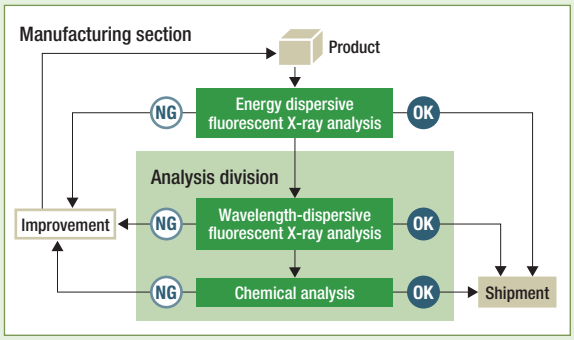
System for Analysis, Assessment and Management

Our analysis division has developed an assessment method using the chemical analysis of environmental impact materials, which enables us to supply customers with factual evidence (analytical data) about our products. The division also supports the construction of systems for managing environmental impact materials at our plants.

As an example of this assessment and management approach, we developed and constructed a system of phased assessment and management for environmental impact materials, as shown in the diagram below.

A preliminary screening is conducted at the plant using energy dispersive fluorescent X-ray analysis equipment for a brief assessment. For situations requiring a more detailed analysis, a secondary screening is conducted using more accurate wavelength-dispersive fluorescent X-ray analysis equipment installed in the analysis division. Chemical analysis is conducted as a method of final determination.

Management system for environmental impact materials contained in products



Environmental Risk Management

The Furukawa Electric Group recognizes the environmental risks associated with its business operations and therefore develops and implements countermeasures for each risk.

Soil and Groundwater Pollution Countermeasures

The Furukawa Electric Group conducts strong risk management recognizing that soil and groundwater pollution are vital health and safety concerns for local residents and employees.

We promptly disclose the discovery of any soil or groundwater pollution and take action. Every effort is made to secure the health and safety of local residents. We report to local authorities on the status of any pollution and actions to prevent its spread, and we release information to local residents, related organizations and the media as necessary. We implement a range of actions to protect the local environment from soil or groundwater pollution, including regularly inspecting for leakages of specific harmful substances, preventing leakages and using alternative substances.

In fiscal 2008, we conducted remedial work on land we own in the Yokohama area, developed a slag treatment plan for the Oyama area (a plant site of the former Furukawa Magnesium Co., Ltd.) and began examining slag deposit volume and ground pollution. Remedial work for removing affiliate Kyowa Electric Wire's former Osaka Plant from the list of contaminated areas under the Soil Contamination Countermeasures Law and soil and groundwater countermeasures at the Ibaraki Plant owned by Aoyama Kinsho Co., Ltd. are also underway.

Effort to Prevent Atmospheric and Wastewater Pollution

Every Furukawa Electric works maintains voluntary control limits and manages operations to avoid exceeding regulatory limits for atmospheric and wastewater quality.

In fiscal 2008, suspended solids (SS) temporarily exceeded regulatory limits at Chiba Works due to an inflow of muddy water from torrential rainfall. The situation, which was reported to the regulatory authorities, has since returned to normal. Otherwise, all works controlled atmospheric and wastewater quality within regulatory limits.

* See our website for detailed data for the Chiba, Nikko, Mie and Osaka works.

Management status at works

○: within regulatory limits

	Measured item	Chiba Works	Nikko Works	Mie Works	Osaka Works
Atmospheric data	NOx, SOx, dust	○	○	○	○
Wastewater quality data	pH, BOD, n-h (mineral oil)	○	○	○	○
	SS	△*	○	○	○

* While data falls within regulatory limits, temporary excesses did occur due to the effects of torrential rainfall.

PCB Management

The number of instruments containing PCB is monitored at each works and business base of affiliated companies to facilitate effective storage and management operations. We will commission processing on an ongoing basis once the Japan Environmental Safety Corporation has started PCB waste processing operations.

Condensers and transformers removed due to the scrapping of buildings or renovation of facilities are examined for PCB content on a case-by-case basis. In fiscal 2008, the number of instruments containing low levels of PCB under storage increased. Regulatory authorities were notified and appropriate storage established.

Number of instruments containing PCB

Works		In storage	In use	Total
Chiba Works	Already processed	88	0	88
	Unprocessed	11	0	11
Nikko Works		354	0	354
Hiratsuka Works		868	7	875
Mie Works		129	3	132
Osaka Works		66	0	66
Yokohama Works		18	0	18
Total		**1,534**	**10**	**1,544**

Response to Asbestos Concerns

Use of Asbestos in Products

Although we no longer manufacture or import products containing asbestos, we have previously done so for industrial use. Relevant products include electric wires for use on ships and fire prevention products for electric wire installation for telecommunications and electricity. Full details are featured on our website.

Use of Asbestos in Buildings and Plant Facilities

Plants and buildings

A fiscal 2005 investigation to ascertain the extent to which asbestos spray materials discovered in one building and a part of one plant on Company-owned properties may have dispersed confirmed the asbestos was stable. Given the risk of future dispersal, however, we removed or contained the materials at our plant buildings in fiscal 2006.

Facilities and equipment

Insofar as possible, all asbestos subject to dispersal has been removed and replaced with viable alternatives. Where asbestos is embedded in insulation or other materials and not dispersed, we will later install non-asbestos containing materials during scheduled inspections.

Environmental Accounting

The Furukawa Electric Group has introduced environmental accounting to gain a quantitative understanding of costs and proceed efficiently and effectively in its environmental activities.

Environmental Accounting

In an effort to quantitatively assess our environmental costs and benefits, we have compiled tables outlining our environmental conservation costs, economic benefits associated with environmental conservation activities and 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 19 companies.

Furukawa Electric's environmental conservation costs for fiscal 2008 came to 3.7 billion yen in expenses and 400 million yen in investment. Expenses fell by 500 million yen compared to the previous year (fiscal 2008). Overall economic benefits decreased by 440 million yen.

Environmental conservation costs for our affiliated companies came to 4.8 billion yen in expenses and 4.2 billion yen in investment. Overall economic benefits rose by approximately 400 million yen due to increased energy costs.

Environmental conservation costs

Unit: million yen

Category	Key activity and the outcome	Total costs	
		Furukawa Electric (Year-on-year)	Affiliated companies
(1) Business area cost	Pollution prevention (air pollution, etc.), energy conservation, waste disposal, etc.	1,335 (+208)	3,427
(2) Upstream/downstream cost	Recovery of packaging, drums, etc.	637 (+70)	376
(3) Administration cost	Environmental management system auditing, environmental impact monitoring, etc.	415 (-57)	231
(4) Research and development cost	Development of environmentally-friendly products, research into alternatives for harmful substances	1,219 (+129)	669
(5) Social activity cost	Tree planting, local community cleaning activities, donations, etc.	37 (+35)	5
(6) Environmental remediation cost	Environmental impact assessments, cleanup of polluted soil, etc.	77 (-438)	50
Total		**3,720 (-53)**	**4,757**

Environmental conservation benefit

Emissions causing environmental impact	Unit	Reduction	
		Furukawa Electric	Affiliated companies
Volume of industrial waste disposal processed*1	t	685	-1,009
Energy consumption (crude oil equivalent)	1,000 kl	19	20
Water consumption	1,000 t	-4,351	-384
Emissions of volatile organic chemical compounds	t	49	46
CO_2 emissions	1,000 t-CO^2	24	70
SOx emissions	t	4	-3
NOx emissions	t	25	4
Soot emissions	t	-1	-40

*1 Excluding recycled waste
*2 Minus figures indicate an increase

Economic benefit associated with environmental conservation activities

Unit: million yen

Details of benefits	Total benefit	
	Furukawa Electric	Affiliated companies
Revenue from recycling	349	530
Reduction in waste disposal costs	19	-170
Reduction in energy costs	66	-782
Reduction in water purchase costs	6	0
Total	**440**	**-422**

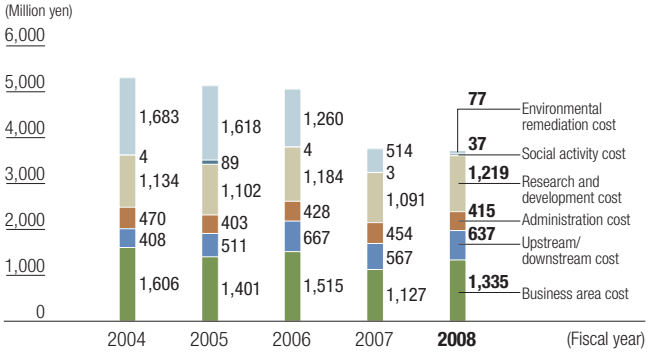
* Minus figures indicate an increase

Investment and research costs

Unit: million yen

Investment and research costs	Total costs	
	Furukawa Electric	Affiliated companies
Environment-related investment	389	4,197
Total investment	15,441	15,306
Total research costs	10,451	5,443

Environmental conservation costs



Economic benefit