



We will make steady progress in line with our medium-term management plan, the **Furukawa G Plan 2015**, to contribute to the realization of a sustainable society.

Furukawa Electric was founded in 1884 as a manufacturer of power cables and nonferrous metals. In the more than a century that has elapsed since that time, we have moved forward in our principal business domains, creating the infrastructure that forms the foundations for society and industry. Based on materials technology in a broad range of fields that include copper, aluminum and plastic, through continuous technological innovation we have provided the technologies and businesses that society requires. Even amid today's rapidly changing management environment, we keep our eyes fixed firmly on the future while paying close attention to the needs and expectations of society, which are changing on a daily basis. By providing products and services that leverage the Furukawa Electric Group's distinctive technologies, we aim to fulfill the Group's mission to contribute to the realization of a sustainable society.

Review of Fiscal 2013

Looking back on the global economy during fiscal 2013, ended March 31, 2013, the U.S. economy showed signs of a gradual recovery, but Europe remained in the doldrums owing to the protracted debt crisis, while growth slowed in Asia, Central and South America and other emerging markets. In Japan, conditions were characterized by yen appreciation and deflation until around the end of 2012. At that point, a change in administration coincided with a shift toward yen depreciation and stock price increases, encouraging signs that the economy might be moving toward recovery. Under these conditions, the Furukawa Electric Group's performance in fiscal 2013 was affected by lackluster demand in some parts of the metals and light metal segments, but recovery in the auto parts business contributed to higher sales and profits for the Group as a whole.

As a medium- to long-term initiative to respond to the changes taking place in the markets in which the Furukawa Electric Group operates, we restructured our power components business and consolidated our manufacturing sites for electrical conducting materials and optical cables, proceeding with structural reforms in Japan. Overseas, we expanded our electrodeposited copper foil manufacturing site in Taiwan, and established a new production site for optical fiber compound overhead ground wires (OPGW) in Brazil. In these ways, we made steady progress on measures to accelerate our overseas development, centering on emerging markets.

Building a Business Foundation That is Strong in the Face of Change and Aiming for Global Growth

In April 2013, the Furukawa Electric Group launched a new medium-term management plan, Furukawa G Plan 2015. The "G" in this name refers to "group global growth," expressing our intent to work together throughout the Group to achieve growth globally. The concepts behind this plan are to "focus on infrastructure and automotive markets" and "build the basis for sustainable growth."

Our reasons for focusing on the infrastructure and automotive markets are that these are areas in which we anticipate market growth and believe that the need for technological innovation is increasing. We see energy as an issue facing all of humankind, and believe that there are major problems to address in terms of how to use energy efficiently and how to control this use in an intelligent manner. For example, smart grids depend on control from telecommunication technologies to use electricity efficiently—they are therefore a combination of light (communication) and electricity (energy). Businesses that make use of communication and energy are Furukawa Electric's forte. Automobiles, for example, are a microcosm for infrastructure; here we are focusing on dramatically improving the efficiency of fossil fuels and electricity (energy) to conserve on energy use. In other words, the Furukawa Electric Group should be able to contribute the technological expertise it has cultivated over the years to resolve global-scale issues involving electricity and communications infrastructure and the automotive markets.

Meanwhile, to “build the basis of sustainable growth,” the Furukawa Electric Group will conduct management to be strong in the face of change. Our framework for growth is to “implement structural reform, “develop new, next-generation businesses” and “strengthen the Group’s global management.” Our organizational system for strengthening the Group’s global management involves changing our previous company structure to introduce a business unit system (strategic business units) and group the businesses that share strategies (including affiliates) to bolster responsibilities and actions. We have also established groupwide sales and marketing functions to strengthen our responses to markets and customers. While exerting the collective strength of the Group, we will make further progress on global development, centering on emerging markets.

The Furukawa Electric Group launched a new medium-term management plan, Furukawa G Plan 2015.
<http://www.furukawa.co.jp/english/ir/feature/index.htm>

The Furukawa Electric Group’s Medium-term management plan



Develop New, Next-Generation Businesses with an Eye to Environmental Conservation

One of our initiatives to “build the basis of sustainable growth” is to develop new, next-generation businesses. Environmental conservation is part of our responsibility to the next generation, and we view this as one of the topmost priorities facing humankind. The Furukawa Electric Group’s R&D orientation involves three themes aimed at the efficient use of environment-friendly energy: “build high-capacity telecommunication infrastructure,” “create a smart electric power infrastructure” and “make cars greener.” Each of these themes involves contributing to the efficient use of energy resources by combining material technologies, one of Furukawa Electric’s major strengths. For details about developing new, next-generation businesses, please refer to the special feature section of this report.

Remaining an Indispensable Corporate Citizen

Safety, quality and compliance are preconditions to any business activities. From the standpoint of corporate social responsibility, we have formulated the Furukawa Electric Group CSR Code of Conduct, which defines core behaviors for executives and employees. In addition to compliance, the code calls for behavior that reflects social norms and corporate ethics and demonstrates a heightened awareness of safety and quality. Over the past several years, we have made a thorough effort to prevent any recurrence of breaches of competition laws, and last year we put in place a structure for complying with international bribery regulations, as well as competition laws. We are stepping up our business continuity management activities each year, as well, and in February 2013 we acquired certification under the ISO 22301 international standard covering the optical semiconductor business.

Going forward, we will concentrate in particular on understanding and responding to risks overseas, particularly in emerging markets, and putting appropriate structures in place.

The Furukawa Electric Group aims to strengthen communications with a host of stakeholders and make steady progress in contributing to a sustainable society. It is my sincere hope that we may continue to enjoy the support of our stakeholders.

President
Mitsuyoshi Shibata