

FY 2005 Management Plan

Midterm Follow-up

November 11, 2005

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President and Chief Executive Officer



FY 2005 First Half Highlights
FY 2005 Plan
Business Plans by Segment

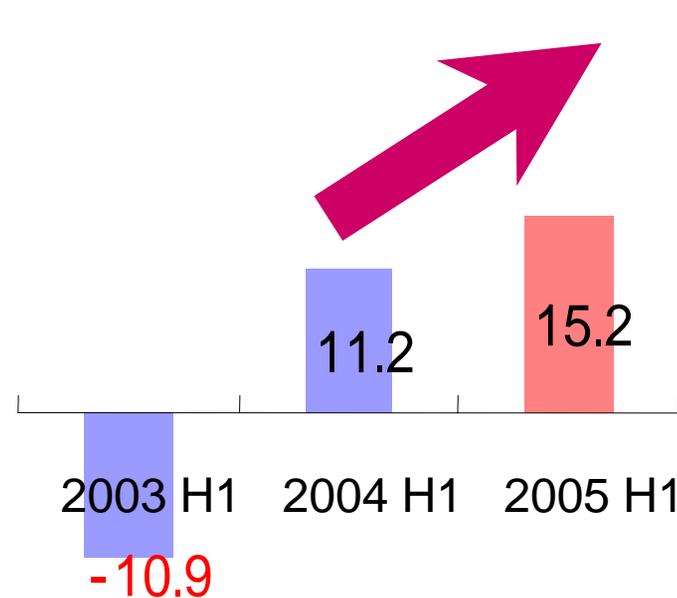
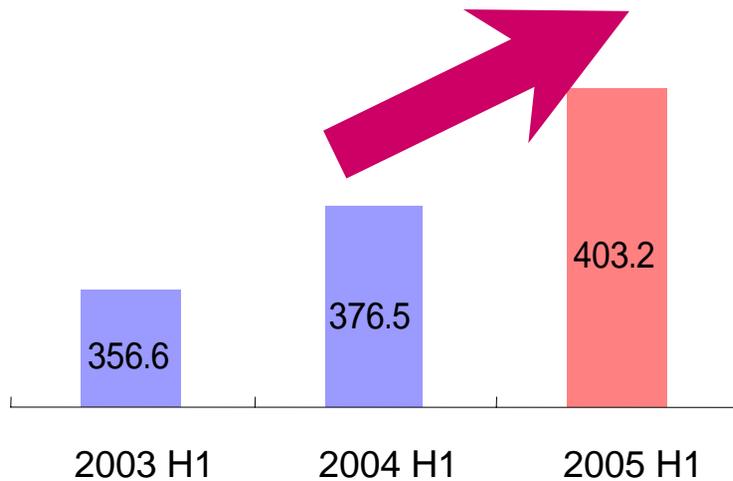
FY 2005 First Half Highlights

Recovery in Sales & Operating Income

(Unit: Billion yen)

First half net sales

First half net operating income



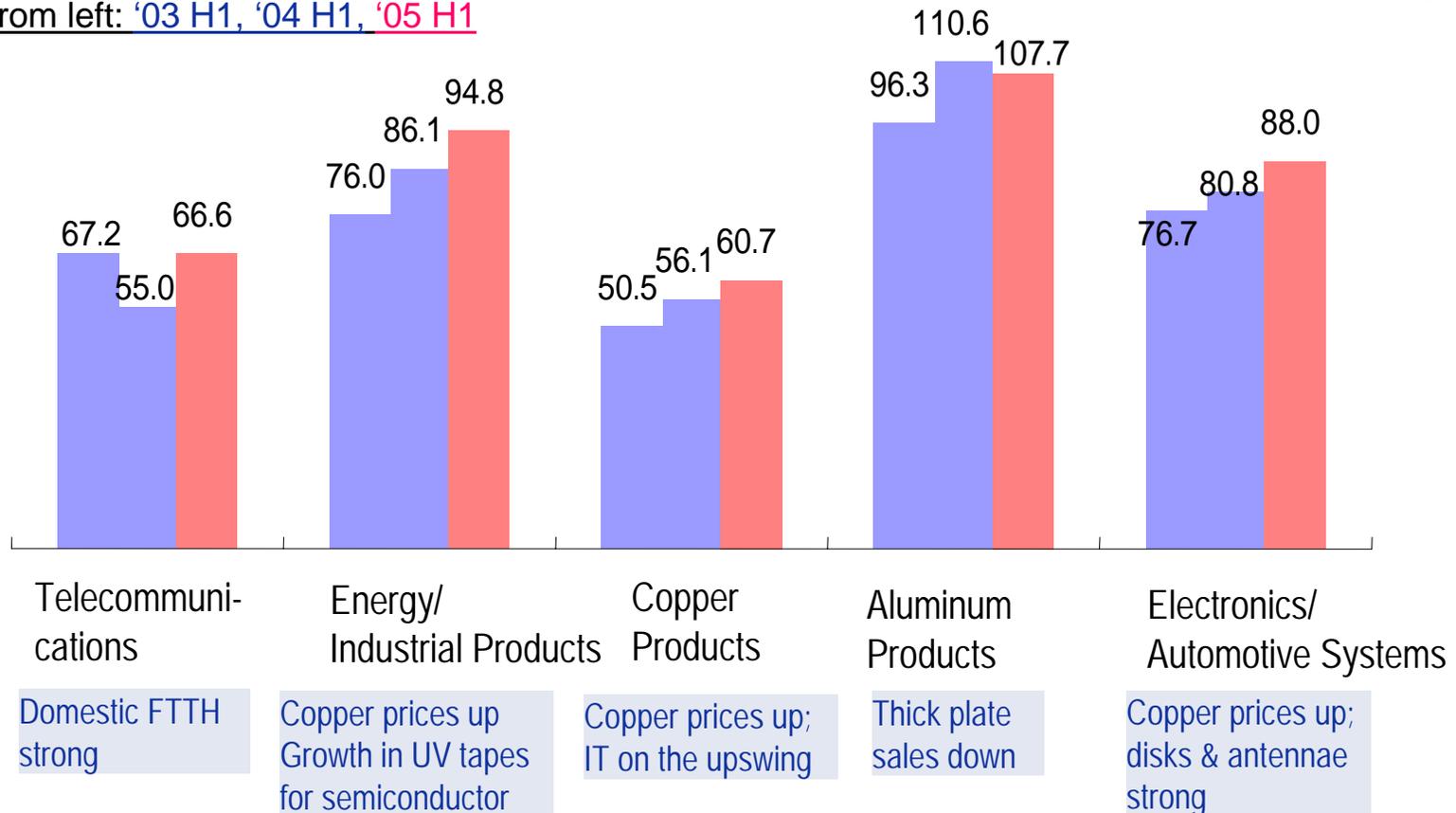
Net operating income up ¥4 billion (36%) over previous year
 Operating profit margin: 3.8% (3/07 target: 5%)

FY 2005 First Half Highlights

First Half Net Sales by Segment

(Unit: Billion yen)

From left: '03 H1, '04 H1, '05 H1

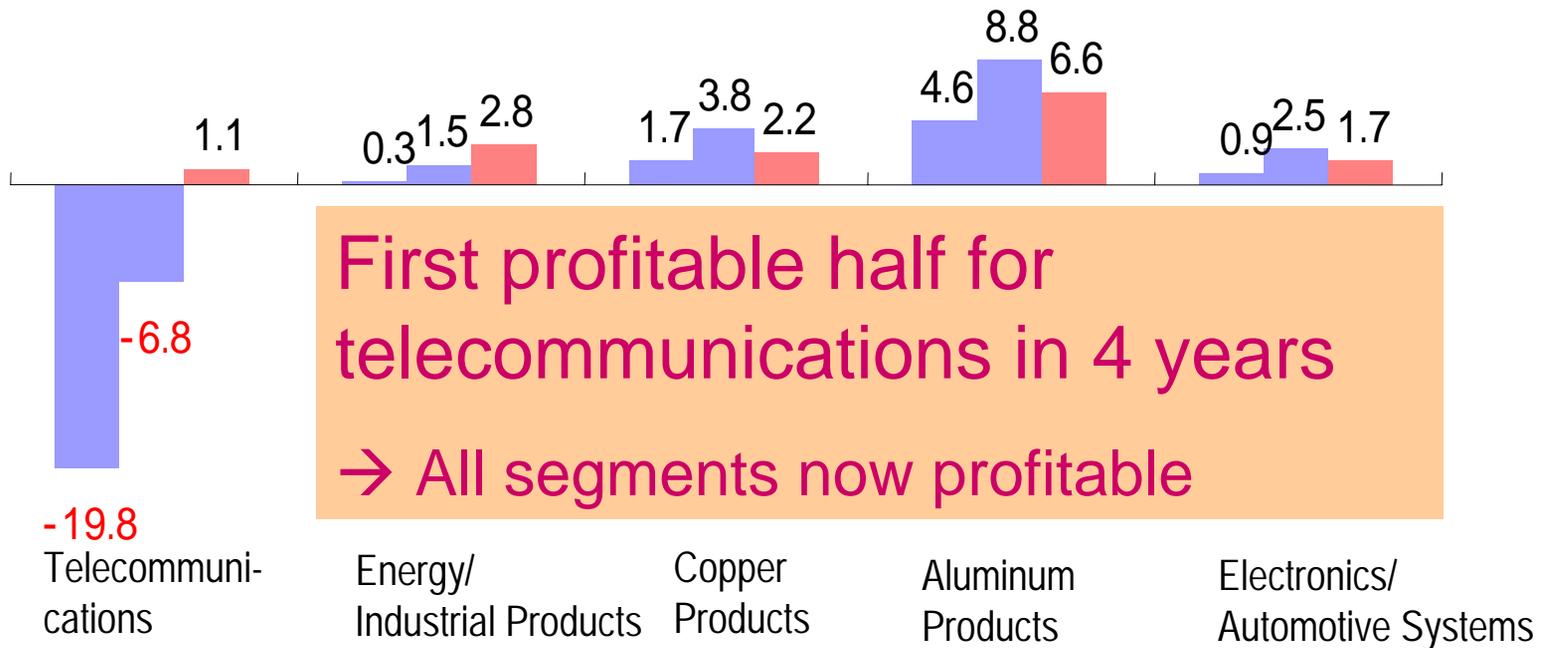


FY 2005 First Half Highlights

First Half Net Operating Income by Segment

(Unit: Billion yen)

From left: '03 H1, '04 H1, '05 H1



First profitable half for telecommunications in 4 years

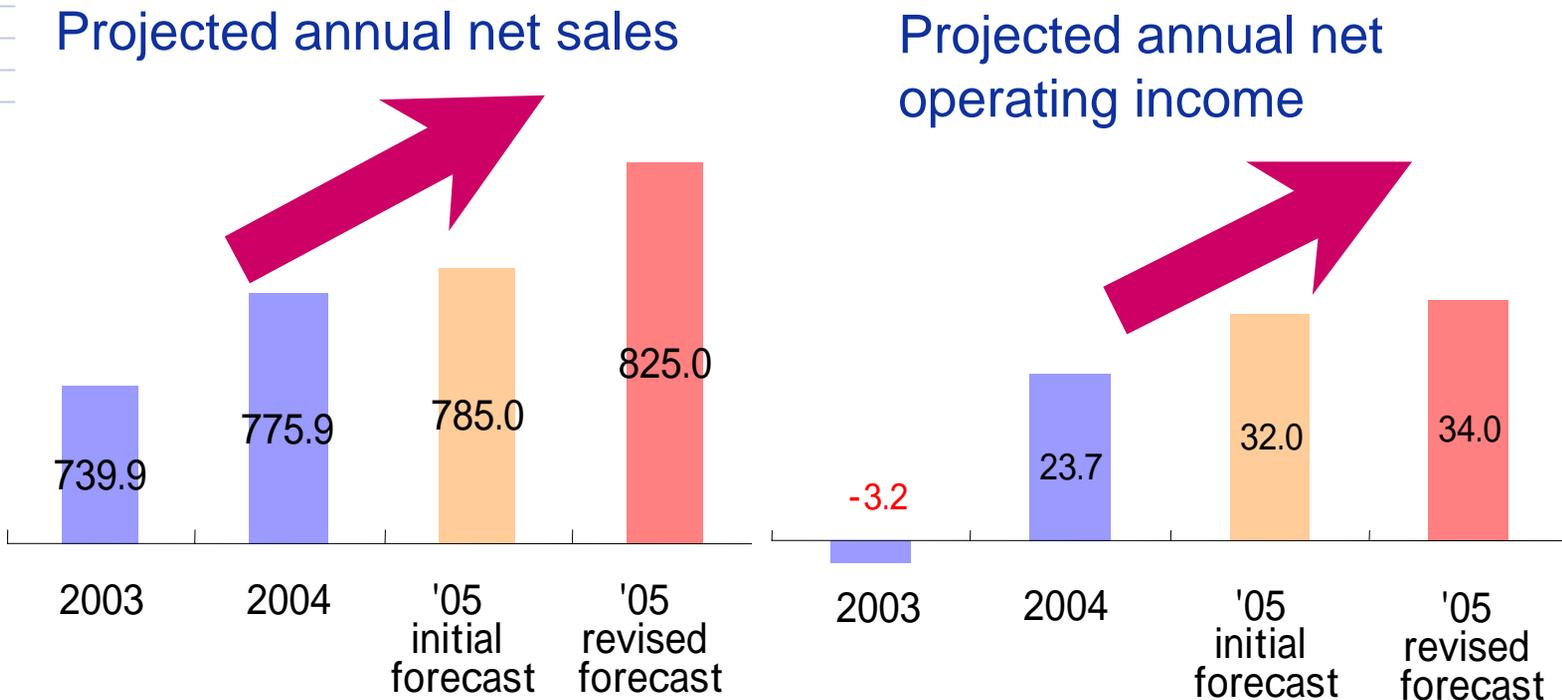
→ All segments now profitable

Effect of structural reforms; FTTH strong	UV tapes for semiconductor processing, foam plastics strong	IT adjustment prolonged	Thick plate sales down; fuel costs up	Between car model changes
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FY 2005 Plan

Net Operating Income Projected to Top 32 Billion Yen

(Unit: Billion yen)



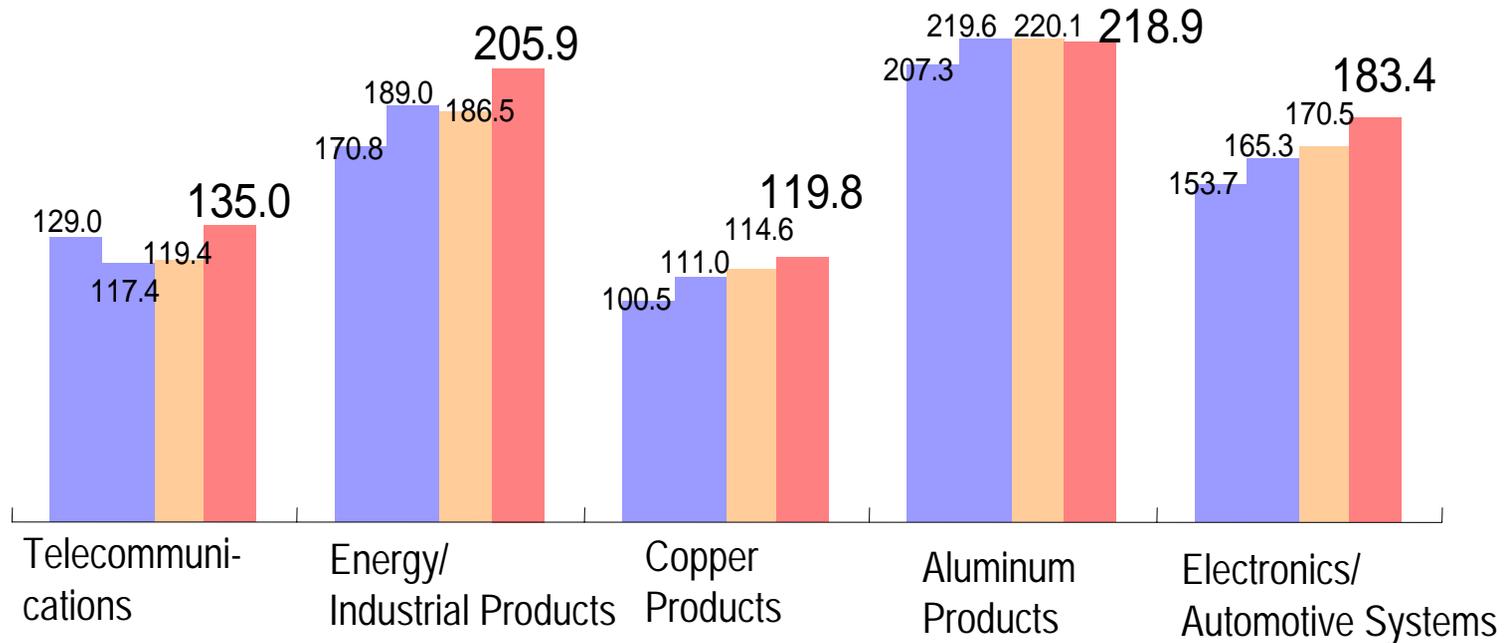
Net operating income projected to grow 10.3 billion yen (43%) over previous year

FY 2005 Plan

Projected Annual Net Sales by Segment

From left: '03, '04, '05 initial forecast, '05 revised forecast

(Unit: Billion yen)

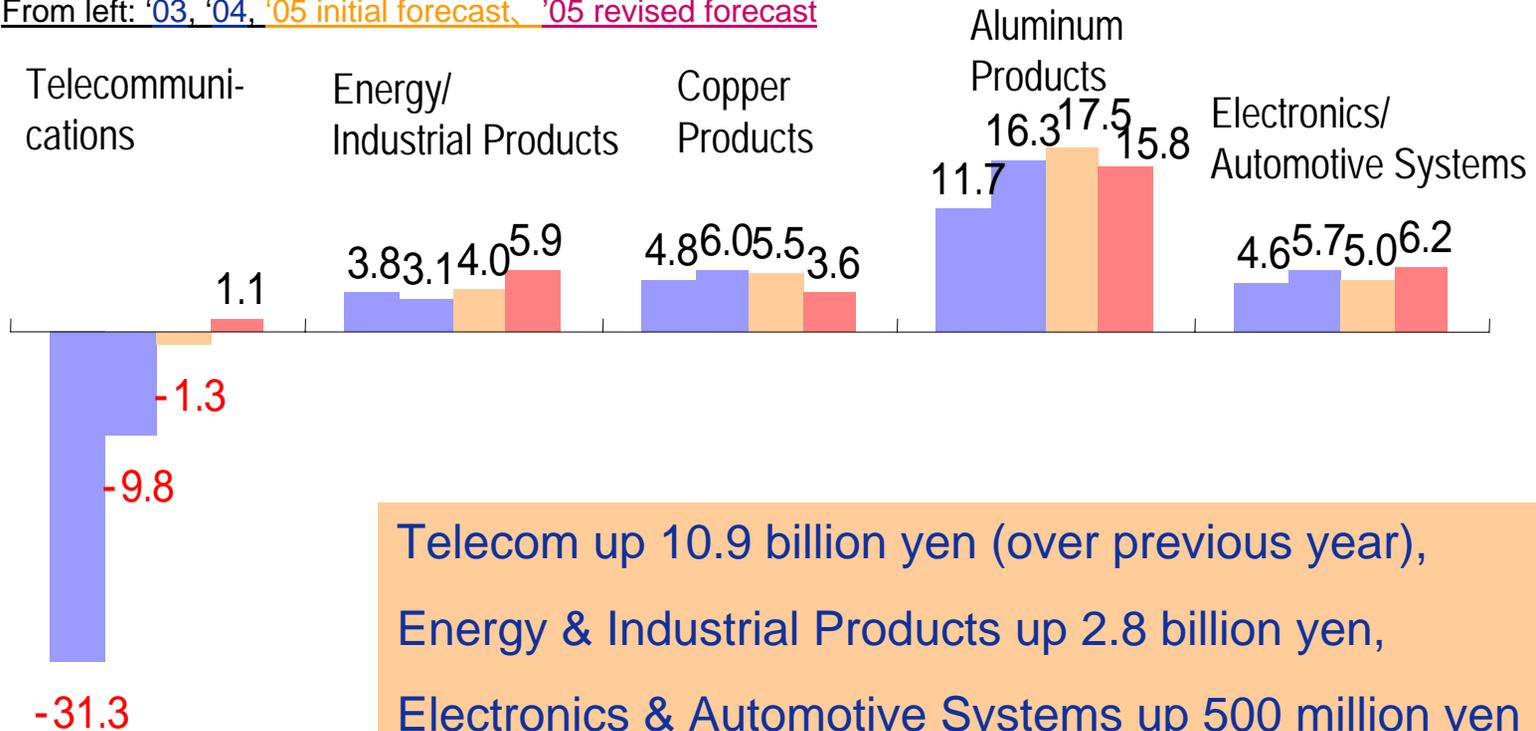


Telecommunications—Domestic demand for FTTH should take off; **Energy & Industrial Products**—Strong demand expected for electric power, construction; **Electronics & Automotive Systems**—Drive by auto market; **Copper/Aluminum Products**—Signs of recovery in electronics bode well.

FY 2005 Plan Projected Annual Net Operating Income by Segment

(Unit: Billion yen)

From left: '03, '04, '05 initial forecast, '05 revised forecast



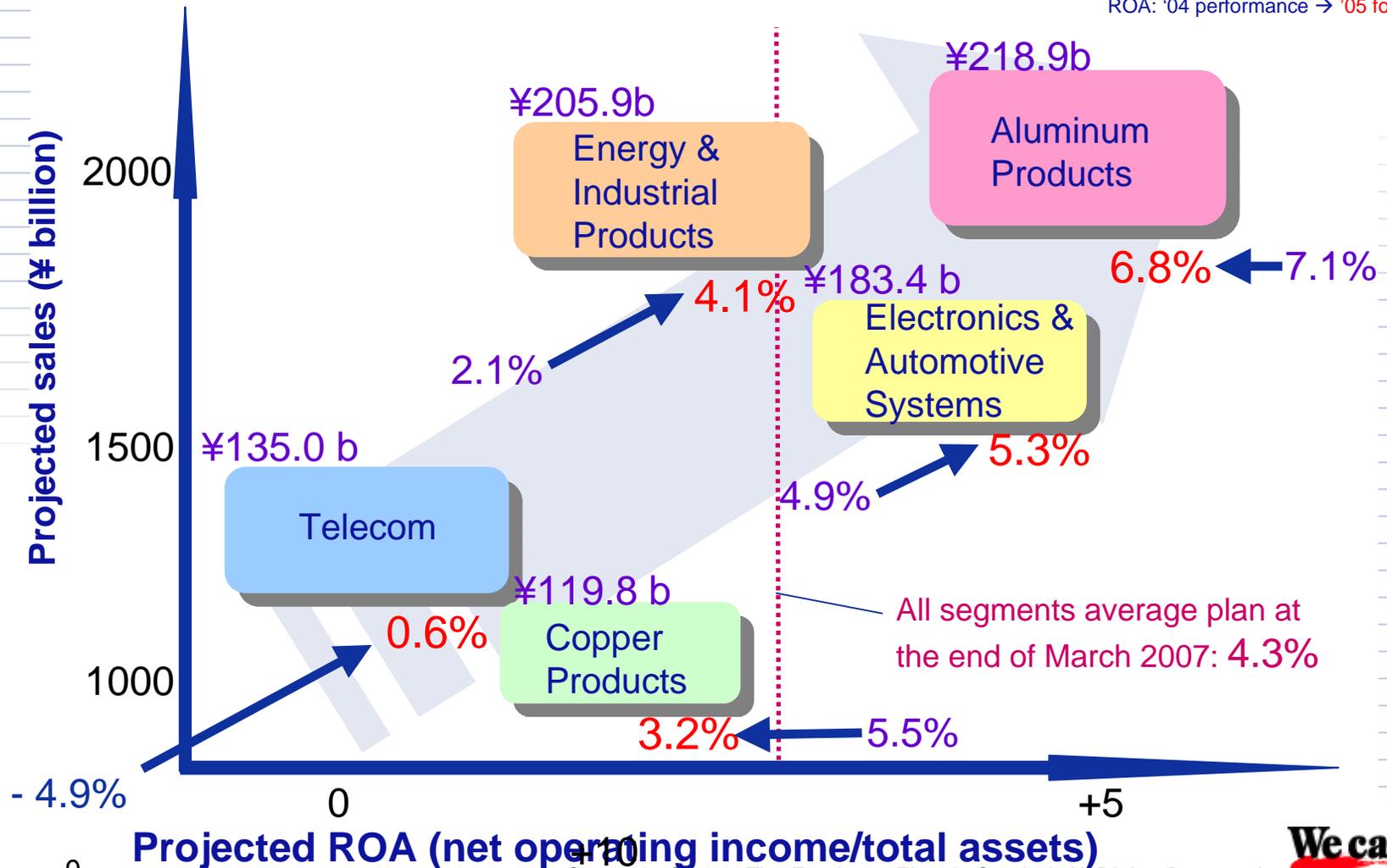
Telecom up 10.9 billion yen (over previous year),
 Energy & Industrial Products up 2.8 billion yen,
 Electronics & Automotive Systems up 500 million yen
 —offsetting decline in Copper and Aluminum Products

FY 2005 Plan

3/06 Portfolio Forecast by Segment

'05 projected net sales

ROA: '04 performance → '05 forecast



Major Management Targets

(Unit: Billion yen)

	3/04	3/05	9/05	3/06 Forecast
Profit margin on sales (net operating income/net sales)	-0.4%	3.1%	3.8%	4.1%
Asset turnover (net sales/total assets)	0.7	0.8	0.8	0.8
ROA (net operating income/total assets)	-0.3%	2.4%	3.0%	3.4%
ROE (net operating income for FY/shareholder equity)	-83.9%	9.0%	1.2%	7.7%
Interest-bearing debt (billion yen)	584.7	482.3 (-102.5)	480.7 (-104)	450.7 (-134)
D/E ratio (interest-bearing debt/shareholder equity)	3.5	2.7	2.5	2.3

↑ Annualized rate

Business Plans by Segment

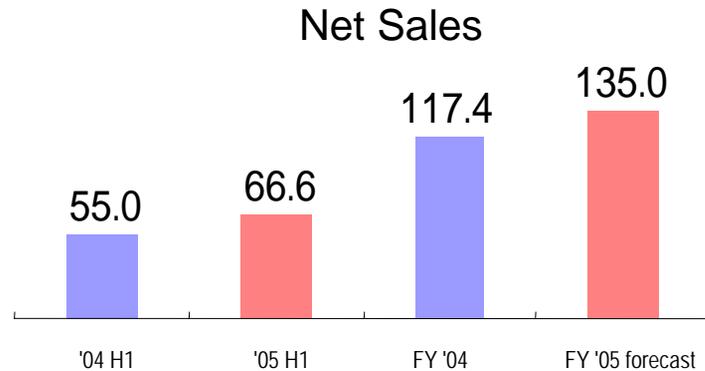
Up from previous year
Down from previous year

(Top: Net sales; Bottom: Net operating income) (Unit: Billion yen)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 revised forecast	FY 2006 mid-term target
Telecommunications	205.9	211.2	151.4	129.0	117.4	135.0	126.2
	40.0	5.6	-60.7	-31.3	-9.8	1.1	3.8
<i>(Optical fiber cable)</i>	95.6	109.4	87.1	76.6	70.1	79.7	78.9
	9.5	5.1	-52.4	-24.0	-9.7	-2.1	2.1
<i>(Photonics network)</i>	110.3	101.8	64.4	52.4	47.3	55.3	47.3
	30.4	0.5	-8.3	-7.3	-0.1	3.2	1.7
Energy/Industrial Products	173.0	164.5	147.2	170.8	189.0	205.9	193.2
	0.5	1.9	3.5	3.8	3.1	5.9	4.7
Copper Products	90.2	83.1	87.7	100.4	111.0	119.8	116.2
	6.5	-1.0	1.5	4.8	6.0	3.6	5.6
Aluminum Products	214.5	192.0	197.1	207.3	219.6	218.9	226.8
	4.6	2.9	6.8	11.7	16.3	15.8	20.7
Electronics/ Automotive Systems	147.3	135.8	139.6	153.7	165.3	183.4	179.1
	3.9	-1.3	1.7	4.7	5.7	6.2	6.8
Services, etc.	34.0	33.5	29.8	31.9	32.7	33.7	37.9
	2.6	2.5	3.0	3.1	2.4	2.2	2.4
Depreciation/amortization	-37.9	-48.7	-42.4	-53.3	-59.2	-71.7	-64.4
	-	-	0.3	-	-	-0.8	-1.0
Total	827.0	771.4	710.6	739.9	775.9	825.0	815.0
	58.1	10.7	-43.8	-3.2	23.7	34.0	43.0



Telecommunications Business Plan (1)

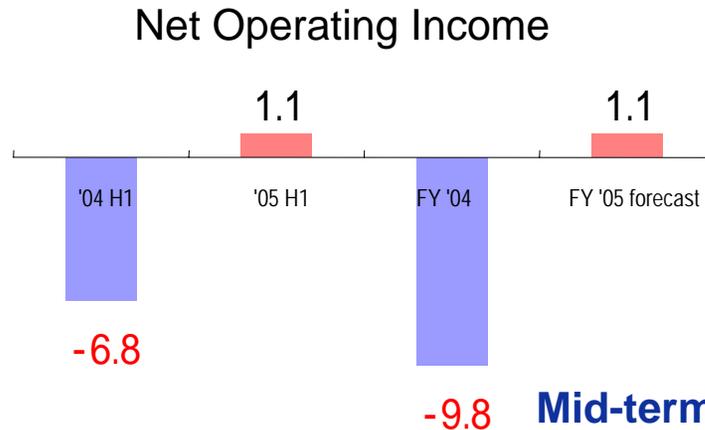


2005 first half performance

Profitability attained thanks to segment restructuring and growing demand for FTTH

Net sales: +21% (over previous year)

Net operating income: +7.9 billion yen (over previous year)



FY 2005 forecast

Net operating income up 10.9 billion yen thanks to focus on FTTH-related business

Domestic demand for FTTH to remain strong

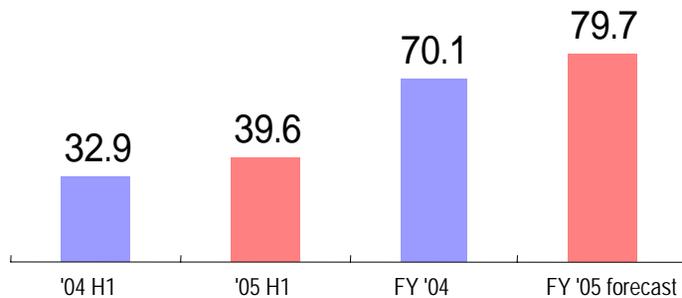
Mid-term target: Goal of achieving profitability on a consolidated basis by FY 2006 expected to be reached one year ahead of schedule

(Unit: Billion yen)



Telecom Business Plan (2): Optical Fiber Cable

Net Sales



2005 first half performance

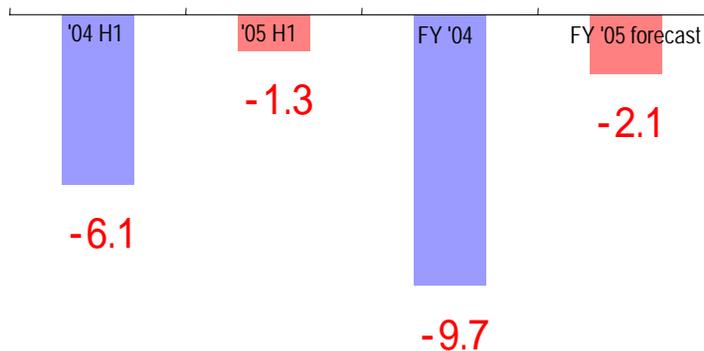
Net sales: +20% (over previous year)

Plus factor: FTTH-related business strong

Net operating income: +4.8 billion yen (over previous year)

Plus factor: Restructuring of telecom business

Net Operating Income



FY 2005 forecast

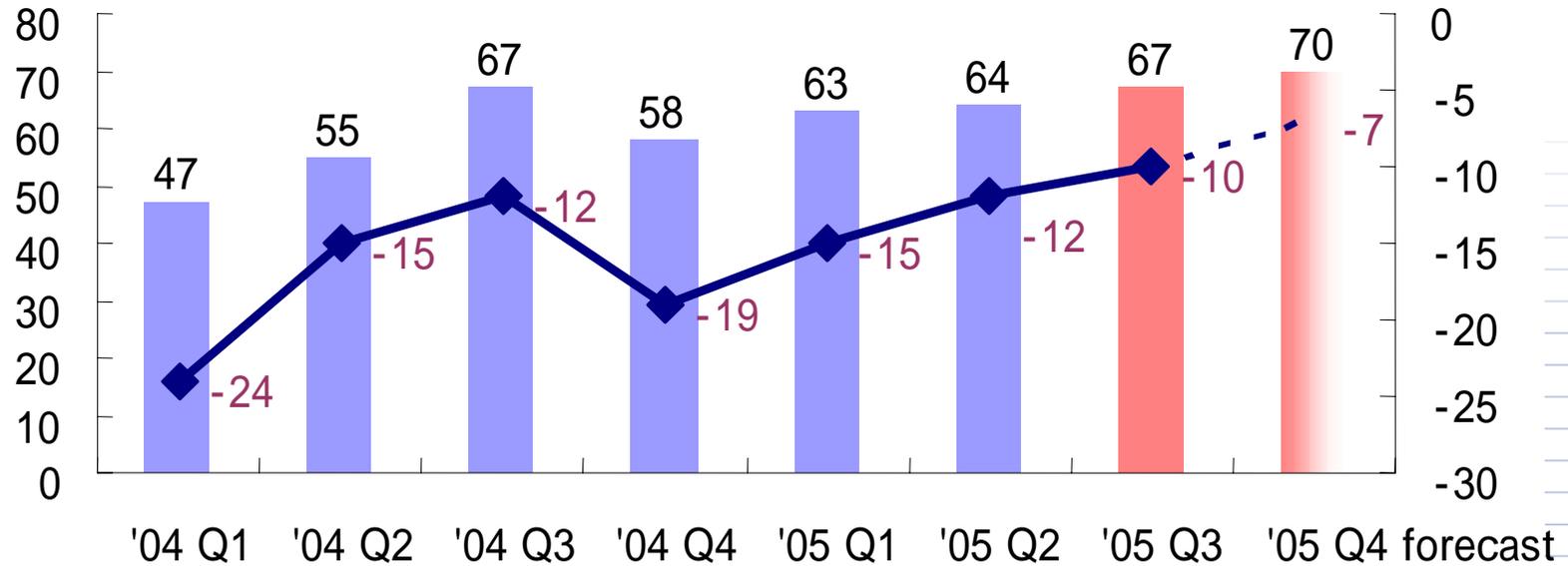
Net operating income up 7.6 billion yen

(Unit: Billion yen)

Telecom Business Plan (3): OFS

OFS: Quarterly Net Sales and Net Operating Income

(Unit: \$ million)



Net sales Net operating income

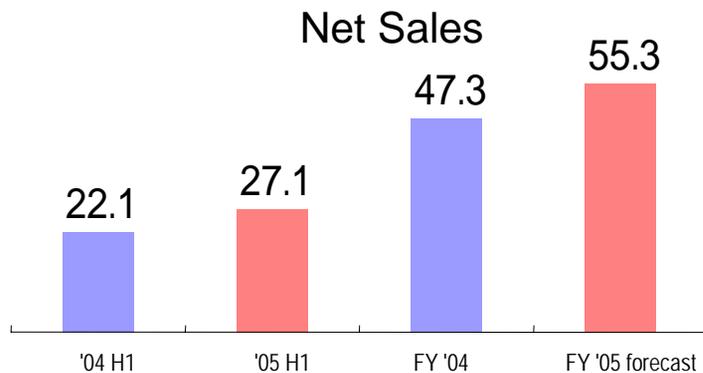
Fiber cable: Increase orders of cable for FTTx backbone

Toward positive annual EBITDA

Specialty fibers: Boost revenue and profits

Telecom Business Plan (4): Photonics/Network Solutions

2005 first half performance



Net sales: +23% (over previous year)

Plus factors: FTTH-related optical components strong; laser/amplifier sales strong in West and China

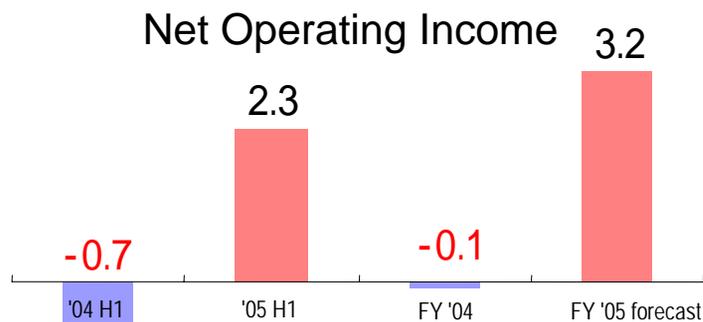
Net operating income: +3.0 billion yen (over previous year)

Plus factor: Lower costs thanks to transfer of production facilities overseas

FY 2005 forecast

Demand to grow as FTTH takes off in Japan

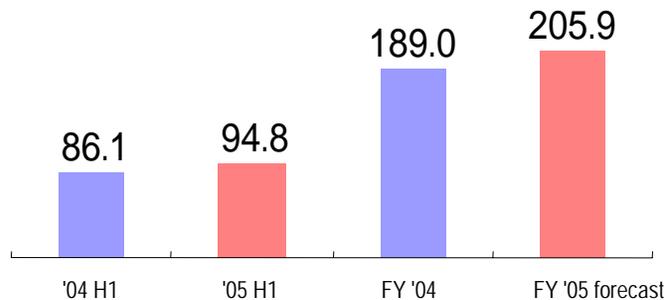
Overseas WDM business to expand to Europe and China



(Unit: Billion yen)

Energy & Industrial Products Business Plan (1)

Net Sales



2005 first half performance

Energy: Restructuring, recovery in electricity demand, price rebound in industrial electric wire

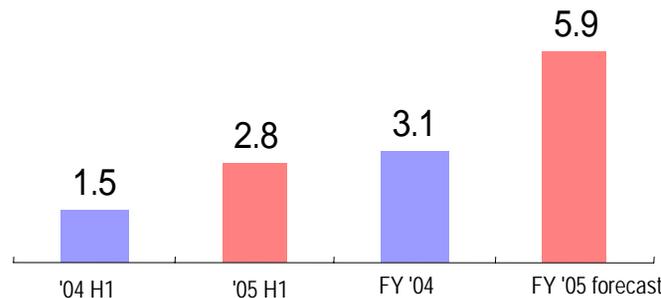
Industrial products: Sales of plastic products strong

Net sales: +10% (over previous year)

Plus factors: Copper prices up; growth in foam plastics, UV tapes for semiconductor processing

Minus factor: Breakup of electric companies (Viscas—Application of equity method)

Net Operating Income



Net operating income: +1.3 billion yen (over previous year)

Plus factors: growth in foam plastics, UV tapes for semiconductor processing

FY 2005 forecast

Electricity demand firm domestically and overseas; rapid growth in demand for plastics

(Unit: Billion yen)

Energy & Industrial Products Business Plan (2)

Energy:

Ultra-high voltage: Electric power alliance on track, profitable from first half of first fiscal year; net sales forecast for 2005 revised upward from 50 billion yen to 60 billion yen.

Mid-to-low voltage industrial wire: Firm demand in wire for construction and strong sales in wire for vehicles and ships; net sales forecast revised up from 25 billion yen to 30 billion yen

Copper wire: Copper prices up, strong demand; sales forecast revised up from 50 billion yen to 65 billion yen

Industrial Products

2005 sales target: 25 billion yen; sustain growth in plastics

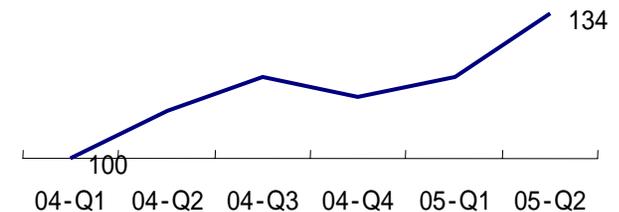
Foam products:

- Acquisition of German firm Trocellen—Base in European market
- Strong sales in MCPET for LCD TVs, Funen Ace asbestos substitute

AT products:

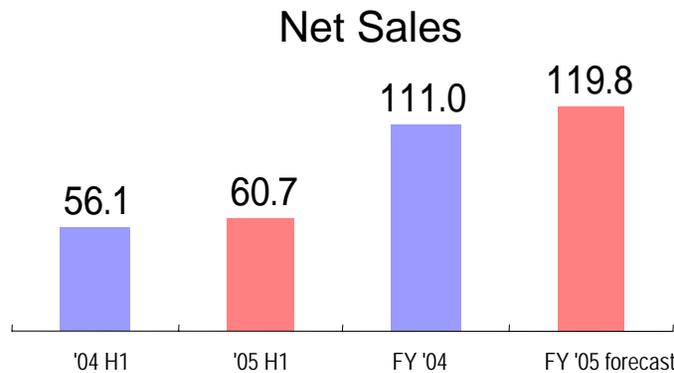
- Rapid growth in dicing/die-bonding film for semiconductors

Growth in Industrial Products



Copper Products Business Plan

2005 first half performance



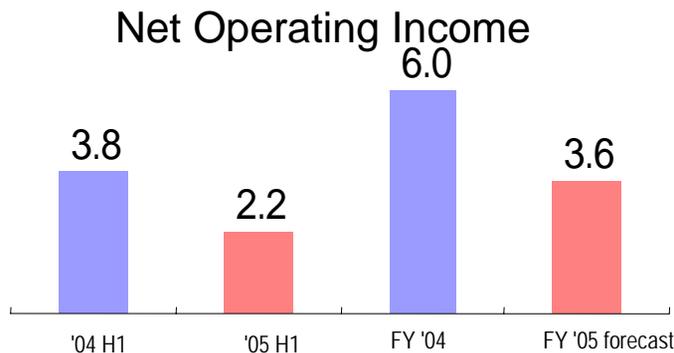
Net sales: +8% (over previous year)

Plus factors: Copper prices up; sales in semiconductor products recovering

Minus factors: Prolonged adjustment in copper strips market; drop in domestic pipe sales

Net operating income: -1.5 billion yen (over previous year)

Minus factor: Slump in IT-related products

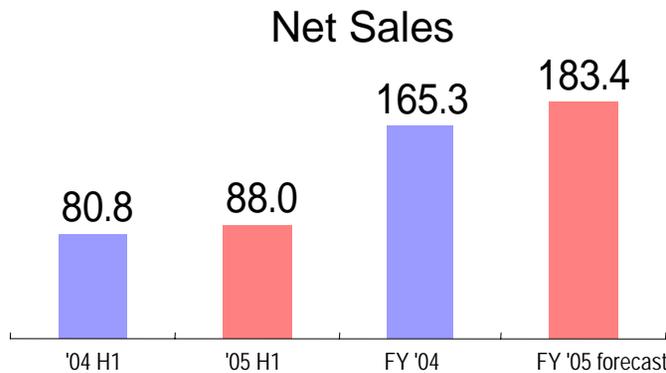


FY 2005 forecast

Looking to full-fledged recovery in IT market

(Unit: Billion yen)

Electronics & Automotive Systems Business Plan



2005 first half performance

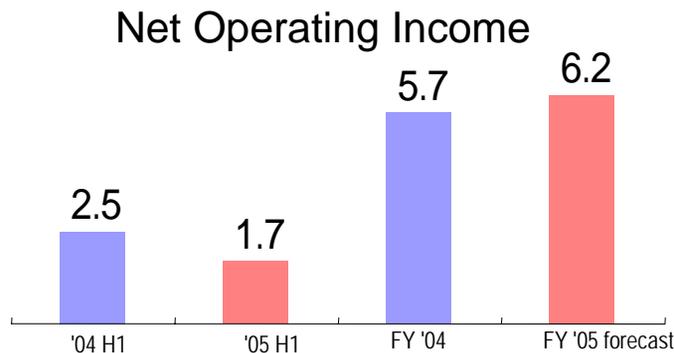
Net sales: +9% (over previous year)

Plus factors: Copper prices up; strong sales in memory disks, antennae

Minus factor: Between car model changes

Net operating income: -800 million yen (over previous year)

Minus factor: Between automobile model changes



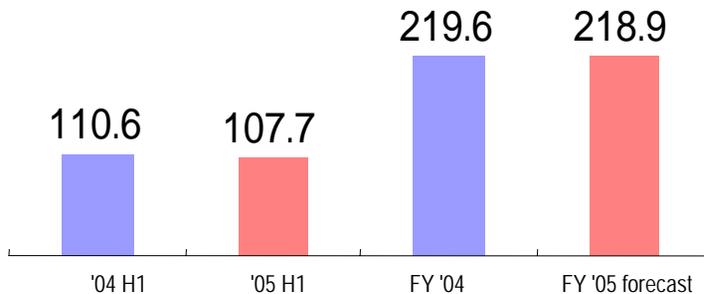
FY 2005 forecast

Sales of new wiring harness for autos to recover when new models using the harness appear; memory disks expected to continue strong

(Unit: Billion yen)

Aluminum Products Business Plan

Net Sales

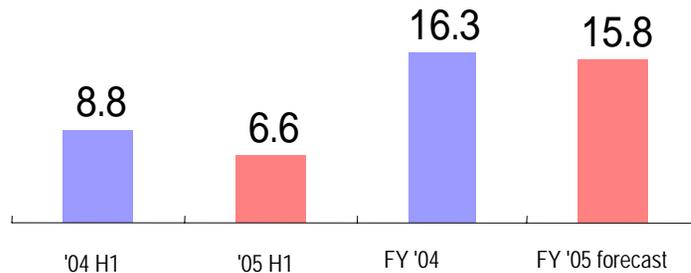


2005 first half performance

Net sales: -3% (over previous)

Minus factor: Stagnant demand for thick plates for manufacture of LCDs, semiconductors

Net Operating Income



Net operating income: -2.2 billion yen (over previous year)

Minus factor: Drop in revenues, increase in costs relating to oil prices

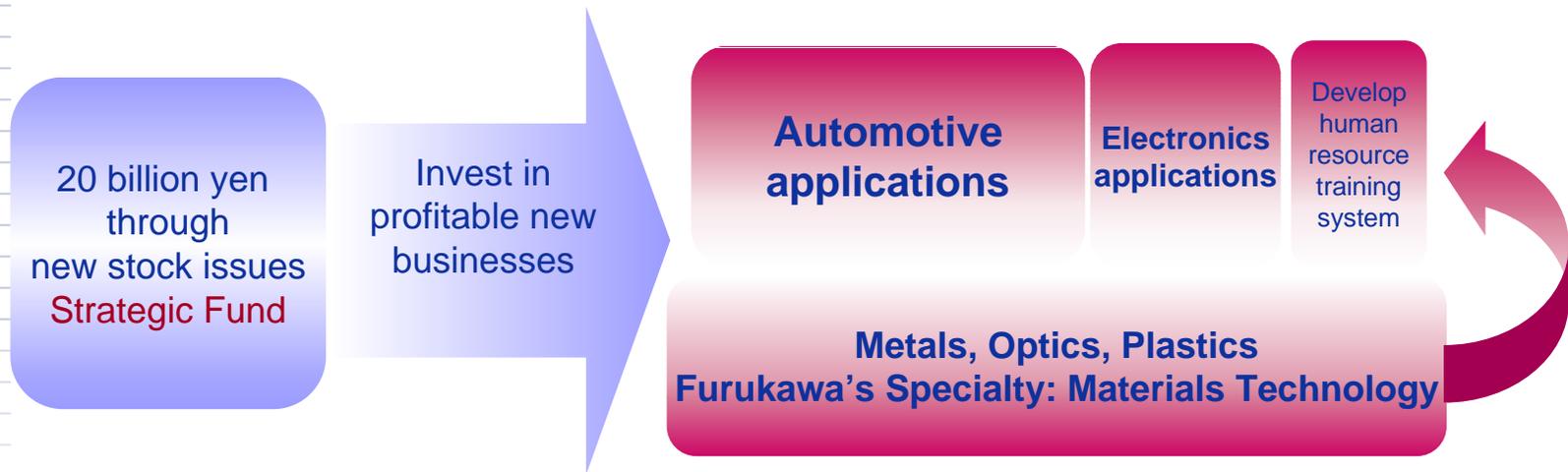
FY 2005 forecast

Expecting increase in demand for thick plates as IT manufacturing business conditions improve

Financial preparations in progress for listing on stock exchange on December 2

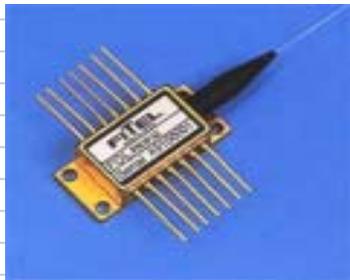
(Unit: Billion yen)

Strategic Fund Offers a Glimpse of the Future



- (1) New automotive systems components company in Thailand
Strengthen position in connectors for air-bags
- (2) Acquisition of German company Trocellen
Materials technology: Plastics → Applications: Automobile interiors
Strengthen functional materials capability
→ Develop businesses from distinctive applications

Using functional materials technology, we create products that command the top share of world markets



Pump laser for optical fiber amplifier

80%



TEX-E triple-insulated wire for small transformers

50%



Steering roll connector for automotive air-bag

35%

Better materials for maximum reliability



Aluminum blanks for hard drives

50%



Thick plates for LNG tankers

80%



Brand recognition achieved for foam sheets for LCD TV backlight reflectors.



Rapid growth in tapes for semiconductor processing

We can.

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Forward-Looking Statements

Projections of future sales and earnings in these materials are “forward-looking statements.” Management offers these projections in good faith and on the basis of information presently available. Information in these statements reflects assumptions about such variables as economic trends and currency exchange rates.

Forward-looking statements incorporate known and unknown risks as well as other uncertainties that include, but are not limited to, the following items.

- Economic trends in the U.S., Europe, Japan and elsewhere in Asia, particularly with regard to consumer spending and corporate capital expenditures.
- Changes in exchange rates of the U.S. dollar, euro, and Asian currencies.
- The Furukawa Electric Group’s ability to respond to rapid advances in technology.
- Changes in assumptions involving financial and managerial matters and the operating environment.
- Current and future trade restrictions and related matters at foreign countries.
- Changes in the market value of securities held by the Furukawa Electric Group.

Due to the above factors, actual sales, earnings, and other operating results may differ significantly from the figures in the plans contained in these materials. In addition, following the release of these materials, the Furukawa Electric Group assumes no obligation to publicly announce any revisions to forward-looking statements in these materials.

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