

Social and Regional Involvement

The Furukawa Electric Group is fulfilling its responsibility as a member of society through disaster relief support and exchanges with the local community.

Support and Cooperation

● Cooperation with the Chiba Environmental Restoration Fund

Chiba Prefecture has created a “Chiba Environmental Restoration Fund”^{*1} and aims to have the best natural environment in Japan, under the slogan of “Restore nature in our hometown!” The Chiba Works of Furukawa Electric asked for donations to this “Chiba Environmental Restoration Fund” from all its

employees in the works. The 148,000 yen collected was given to the Chiba Prefectural Environment Foundation.

^{*1}“Chiba Environmental Restoration Fund”

This fund was established in the Chiba Prefectural Environment Foundation to promote the “Chiba Environment Restoration Plan” formulated in February 2002 by Chiba Prefecture.

● Monetary Donations to Victims of Natural Disasters

We contributed a donation of 1 million yen towards the damage caused by “Katrina,” the hurricane that swept the southern US in August, and we contributed a donation of 200,000 yen towards the damage caused by the major earthquake in northern Pakistan in October.

External Awards

● Award from the Commissioner of the Fire and Disaster Management Agency

The self-defense fire brigade of the Osaka Works has been awarded by the Commissioner of the Fire and Disaster Management Agency for the merit of its safety efforts for fiscal 2005. Since its launch in 1967, this fire brigade has actively participated in disaster prevention training sessions conducted by fire defense related organizations. Further, it has established a system for effectively utilizing water for fighting fires and utilizing fire fighting mobility with emergency support in mind, in order to be able to respond when a fire or other disaster arises in nearby works. It was awarded for its contributions to creating a safe local community and establishing a voluntary safety system, seeking to emphasize the cooperation system for local neighborhood safety and increase consciousness of disaster prevention.



Certificate of Award from the Commissioner of the Fire and Disaster Management Agency

● Recognition as a Quality Company in Ho Chi Minh

Furukawa Automotive Parts (Vietnam) Inc. (FAPV), an overseas affiliated company, was recognized by the Vietnamese government as a quality company. In addition to wire harnesses, FAPV has constructed plants for making the

materials for wire harnesses such as electric wires and parts, and is carrying out a continuous operation for wire harness production locally. It was recognized for the local contribution of its business and production in Vietnam.



The President of FAPV gives a speech as the representative of the company

● Recognition by the Presidents of NTT East and West Corporations for the Environmental VA Proposal

Our success in realizing a recycling percentage of 100% (previously 67%) by conducting material recycling of removed optical fiber cables that had traditionally been disposed of in landfills into recycled duct guards, and implementing the environmental VA proposal of “100% material recycling of removed optical fiber cables” was highly evaluated, and we received a letter of appreciation from the presidents of both Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation.

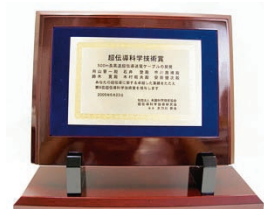


Receiving the award from the Executive Vice President of NTT West Corporation

● Award of Superconductor Science and Technology

We were awarded the “9th Award of Superconductor Science and Technology” by the Society of Non-Traditional Technology for our work on “the development of a 500m long high-temperature superconducting electric transmission cable” conducted jointly with the Central Research Institute of Electric Power Industry and Super-GM.

We revealed the numerous heat characteristics and mechanical characteristics during the cooling process, as well as the characteristics of electric transmission, electrical insulation and heat insulation while operating through the public testing of our 500-m long high-temperature superconducting electric transmission cable, the longest in the world. Further, by incorporating various structures such as models of actual lines for the test line, we were able to discover unexpected phenomena and show methods for resolving them. These accomplishments are major breakthroughs towards practical use, and were evaluated as prominent accomplishments in the superconductor field.



Award of Superconductor Science and Technology

Cleaning in Local Communities

The Furukawa Electric Group carries out cleaning activities in local communities, including the areas surrounding its respective business bases, and also coastal areas and rivers. In the headquarter district, we also participate in community activities in Otemachi and Marunouchi, and we collect garbage on the streets once a month as our local environment cleanliness activity.



Cleaning activities at respective locations and companies



Communicating with the Community

●The Hiratsuka Works participated in an “Environmental Fair” hosted by the Hiratsuka City, which aims to be an Eco City, and the Forum for Environmental Symbiosis Corporations*, and introduced its environmental activities to the members of the local community.

*2“Forum for Environmental Symbiosis Corporations”
This forum was formed by an appeal of Economic Department, Industry and Labor Administration Section of Hiratsuka city in 2000, consisting of corporations interested in Hiratsuka. The main activities include exchanging information about the environment, conducting tours of environment-related facilities and hosting an Environmental Fair.



Exhibiting at the Hiratsuka Environmental Fair

●The Nikko Works invited local elementary and middle school students to a tour of the plant. We received posters and letters of thanks. We are also conducting plant tours for elementary and middle school students at other works and affiliated companies.

A “thank you” note from junior-high school students



Tour of the Nippon Foil Mfg. Nogi plant by elementary school students

●We actively participate in local events of respective regions, communicating with members of the local communities.



The Yawata Seaside Festival



Nikko Waraku Odori Dance

Environmental Performance of the Works

Chiba Works

● Contributing to and Living in Harmony with the Local Community



Manager of Chiba Works
Toru Kumabe

Since beginning its operations in Ichihara City at the center of the Keiyo seaside industrial zone in 1961 as Furukawa Electric's main plant, the Chiba Works has been responsible for the production of electric wire materials and telecommunication and power cables, as well as the development and production of high-capacity telecommunications equipment. At this works, all employees participate in efforts to treat the reduction of environmental impact and environmental conservation rooted in local communities as top priority issues. In particular, we

were able to achieve the targets for energy conservation and the reduction of greenhouse gas emissions, beginning with the achievement one year ahead of schedule of zero-emission (less than 1% landfill waste), which we have been involved in from five years ago. Also, as activities closely linked to the local community, we have conducted environmental education during environmental months for nearby elementary school students, cooperated with the Chiba Environmental Restoration Fund and provided wood planters and car stops made from waste materials for the

Yawata Seaside Festival, working to contribute to and live in harmony with the local community.

Planters created from re-covered wood drums



Receiving a letter of appreciation from the Chiba Environmental Restoration Promotion Committee (Chairman: Ms. Domoto, Governor of Chiba Prefecture)

Nikko Works

● Environmental Contributions Over Borders



Manager of Nikko Works
Hiroyuki Kamishiro

It is my hope that many of our employees empathized with the phrase "There are no borders in the environment," part of the narration of a video for common environmental education where environmental issues that are arising throughout the world were raised. There are no borders in the environment, in water, land, or in air. I have placed my hope that each and every person would realize that it is the same both inside and outside the fence and act accordingly in the words "one phrase environmental declaration," writing them on my own environmental policy card

that I carry with me. We are promoting the diffusion and penetration of an interest in maintaining the environment, with the awareness that the plant becoming messy is the same as a home becoming messy.

In order to preserve the beautiful nature of the Nikko National Park, the thoughts and feelings of the people who live there must be beautiful; otherwise, it cannot be maintained. In our role as a works which has the most employees involved with Nikko City, we are making an effort to create people and a region where we can comfortably live, not only through Waraku

Odori dance, but also by taking on local beautification activities and introducing the activities of the works to local elementary and middle school students.

Cleaning around the works



Plant tour by local junior-high school students

Hiratsuka Works

● Aiming For Activities with an Awareness of CSR



Manager of Hiratsuka Works
Toshio Kikuta

This year, it became necessary to give explanations to surrounding residents in order to conduct soil purification. We proposed a current-best purification plan, but many opinions were given at the information session, and we acutely felt the extent of everyone's concern and the company's social responsibility (CSR). As an aspect of CSR, we are involved in the following key issues.

In order to reduce waste, we have switched from accumulating waste at each plant to a concentrated accumulation of waste for the entire works, with monitor-

ing personnel for sorting. Achievement of zero-emissions by the end of fiscal 2006 has now come into scope.

To reduce CO₂ emissions, we introduced NAS batteries that effectively utilize nighttime electricity, and we have switched our fuel from butane to city gas. As a result, we expect to see a total reduction effect of approximately 1200 t/year.

To conserve energy, we have created a sunshade arbor on the west side of the office as shown in the picture. This lowers the room temperature by approximately three degrees, allowing us to alleviate

some of the air conditioning impact. The greenery is also visually refreshing.



Sunshade arbor on the west side of the office

Osaka Works



Manager of Osaka Works
**Tatsuo
Yoshisue**

At the Osaka Works, we are conducting cleaning activities outside the premises during the environmental month in June, and we have continued to do this since acquiring ISO14001 in 2002.

To begin with, around the middle of each month the back-office staff members clean outside of the buildings in the works for 30 minutes all at once, and in June, some of them worked together with Viscas, Furukawa Logistics, and Japan Precision Pipes to clean outside the premises. We went to the walk outside the premises and the pavement alongside Doi

● Cleaning Outside the Premises, Realizing Each Year That Treasured Feeling

Park directly across from us, not only picking up empty cans, trash, and cigarette butts from the pavement and gutters, but also sweeping the pavement. The time is still 8:30 in the morning, so many commuters from nearby companies (plants) flash us a look of doubt as they pass by. The mere act of working hard at cleaning and working up a sweat leads to a curious feeling almost of pride welling up inside me. It is a slightly strange feeling.

Perhaps this is what it feels like when you have contributed to society. I would like to treasure this feeling.



Cleaning outside the premises

Mie Works



Manager of Mie Works
Nobuo Arai

The Mie Works is located in Kameyama City, in a place of natural beauty at the foot of the Suzuka mountain range. Kameyama City has recently drawn up the "Kameyama City Basic Environmental Plan," it calls for residents, businesses, and the administration to work together in implementing environmental conservation activities. Our works is also actively participating in activities held by the administration as a member of the local community and society, and we have also drawn up plans ourselves and acted upon them, actively participating in local

● Environmental Conservation in Cooperation with the Local Community

environmental conservation activities. Recently, we have participated in "River and Ocean Clean Strategies," "National Road 1 Clean Strategies," volunteer activities, and exhibited at the "Experience the Environment Fair for Children 2006." We also cleaned the public roads around the works for approximately 1.5 km, and have received a high evaluation from the local community and authorities. Further, we have made presentations at "Meeting Place for Environmental Activities," and we intend to continue to promote environmental conservation in cooperation with

the local community. Meanwhile, in terms of activities within the works, we have further promoted activities that contribute to environmental conservation in our daily production activities in addition to continuing to prevent pollution.



During break in volunteer activities

Yokohama Works



Manager of Yokohama Works
**Mitsuyoshi
Shibata**

The Yokohama Works mainly has staff employees, such as those of the laboratory. We have been conducting a variety of activities since acquiring ISO14001 in 2002, and of these we have emphasized "research and development with the environment in mind." In research and development, we use a wide variety of, and state-of-art chemical substances than any other works. To make this possible, we have created our own specialized committee to thoroughly investigate whether a substance can be used and how to handle it, implementing measures

● Research and Development with an Emphasis on the Environment

that absolutely prevent leakage to the environment. We have also incorporated Design for the Environment (DfE) to develop products with the environment in mind. Meanwhile, utilizing our analytical technology that we have developed over years, we are contributing to the analytical assessment of environmental impact substances for all of the Furukawa Electric Group products. In addition, all of the employees are working together in energy conservation activities, waste reduction activities, and activities to clean the neighboring areas, and we are

aiming to become a works that places environmental conservation first.



Cleaning neighboring areas

Involvement with Employees

Relations with Employees

● Views on the Relationship Between the Company and its Employees

Furukawa Electric is striving to build a sincere relationship with its employees based on trust and responsibility. In addition, through business and work, we are aiming to establish more constructive relations in which the company and our employees can enhance each others abilities and value.

● Employee Labor Management

In terms of employee labor management, we are working towards the appropriate management of labor on a daily basis, in accordance with the Labor Standards Law and other related laws and company rules. Particularly in 2005, reflecting upon the problems* identified by the Labor Standards Supervision Office, we strengthened management levels for working hour management throughout the company in all divisions.

*From the fact that working hour management was not con-

ducted appropriately, with the underreporting of overtime working hours for some of the back-office staff, it became clear that as a result there were unpaid augmented wages in many of the divisions. We conducted a company-wide investigation, paying wages for the unreported hours and voluntarily releasing the recounting of events external to the company (October 28, 2005).

● Placement, Evaluation and Job Conditions

We are working to provide opportunities for placements and job assignments, emphasizing individual motivation and abilities based on the concept of equal opportunity. As a part of this, we are implementing various interview systems and providing opportunities for employees to reflect on their career goals.

Regarding evaluation and job conditions, we have adopted an incentive program for the fair evaluation and treatment of our employees, according to their abilities and performance. We are also working on training managers to have performance evaluation skills, in order to improve the management of the system and win the trust of our employees.

● Education and Training Systems

We believe that the strength of our company lies in the synergy of the abilities of each employee at the work site and that each employee's ability is enhanced in a practical way through everyday work.

Furukawa Electric provides a place for individuals to grow through work, and provides opportunities to support a proactive approach for the development of skills of motivated employees. These opportunities include training, distance learning and support for acquiring qualifications.

● Support System Corresponding to Various Ways of Working

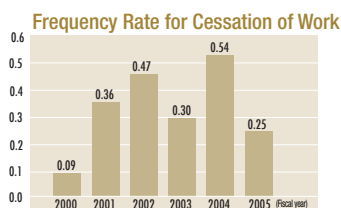
We respect our employee's lifestyles and have established various support systems that enrich each individual's working life.

Various Systems	Purpose / Content
Flexible Working Hours	We adopt a system of flexible working hours which enables employees to work efficiently according to business demand. We support employees having flexible working hours that suit their lifestyle.
Refresh Holiday	Employees are able to take three consecutive days off once a year, and five consecutive days off every five years, so that they can enjoy well-planned holidays and refresh their minds and bodies.
Holiday Accumulation	A maximum of 10 days out of the remaining regular annual holidays can be carried forward to the accumulated holidays (effective for five years).
Maternity and Paternity Leave	Any employee (male or female) who has a child under one and a half years of age can take child care leave for a duration of their choice, until their child is one and a half years old.
Nursing Care Leave	In cases where an employee's spouse, child(ren) or parent(s) (including the spouse's parents) need nursing care, that employee is able to take nursing care leave for up to one year, if certain conditions are fulfilled.
Retirement Seminar Middle Age Seminar	For union members who reach a certain age, union and management jointly provide these seminars, with the aim of enhancing their current lifestyle and supporting their lifestyle after retirement.
Re-employment After Retirement	We have a re-employment system for employees who have reached the retirement age of 60.

Safety Efforts

● Safety Record

The frequency rate for cessation of work in fiscal 2005 was 0.25, and there were two accidents that led to the cessation of work.



● Company-Wide Priority Safety Activities

Activities are carried out by focusing on the company-wide priority safety activities according to the Company-Wide Safety and Health Control Guidelines for fiscal 2005.

[Company-Wide Priority Safety Activities]

1. "Enhancement of the compliance management system of dangerous and hazardous work-II"
~Establishing a system for pursuing qualified work~
2. "Eradication of unsafe behavior due to the promotion of work standardization"

~Identify the key points for equipment safety and work safety~

3. "Thoroughgoing safety and health education to transferred personnel"

~Thoroughgoing OJT education using the operating manual to transferred personnel, temporarily transferred personnel, external workers, temporary staff, and trainees~

● State of Safety Activities

We are promoting safety activities that aim for "from zero accidents to zero risk" and "from preventing reoccurrence to predicting and forecasting."

1. Promoting the standardization of work and the essential safety of equipment

We are promoting the standardization of work and the essential safety of individual facilities and equipment, incorporating the instincts and techniques of work from the perspective of the triune aspects of safety, quality and productivity.

2. "Hiyari-Hatto" fear and alarm activities

As a method for assessing residual risks for work and equipment and making specific improvements, as well as increasing sensitivity

to danger, we are carrying out Hiyari-Hatto fear and alarm activities with all employees participating.

3. Interactive individual safety interviews

With the aim of increasing safety awareness based on "steadily looking" at unsafe working conditions, we are conducting "interactive individual safety interviews" to foster communication and a common awareness of unsafe behavior between overhead managers and workers, seeking to correct behavior.

4. Auditing the state of adherence to laws on dangerous and harmful work

We used a checklist to conduct an internal audit of the state of adherence to laws on handling harmful substances, wearing protective gear, inspections mandated by law, and certified workers.

5. Safety and health education to transferred personnel and temporary workers

We are conducting OJT education using the "operating manual" to instruct people with less than one year of working experience through periodic skills assessment and individual safety interviews.

Health Efforts

● Mental health education

Furukawa Electric has been promoting company-wide mental health measures since 2002, in line with "Guidelines for Promoting Mental Health Care in Enterprises" published by the Ministry of Health, Labor and Welfare. From fiscal 2002 to fiscal 2004, we conducted basic education for all of our employees on mental health. In fiscal 2005, we are currently offering an advanced course, incorporating case studies, to help them acquire skills in practical response for preventing and responding quickly to any mental health problems.

● Health care for employees that work long hours

Based on the guidelines issued by the Labor Standards Bureau, "Measures to be Taken by Employers to Prevent Health Impairment Due to Overwork," we are committed to checking up and following the health care of our employees that work long hours by placing strict restrictions on the time they work, based on the

results of a medical examination, and using a consultation system which involves a medical officer and the employee who works long hours.

● Responding to asbestos-related illnesses

Since the asbestos problem was covered on media during the summer of 2005, we investigated workplaces that had handled asbestos products in the past and conducted special health exams for employees at these workplaces. We also sent notices urging retired employees of the workplaces to take special health examinations. As of now, one retired employee who had been in charge of underground electric power line installation died of mesothelioma and has received workers' accident recognition.

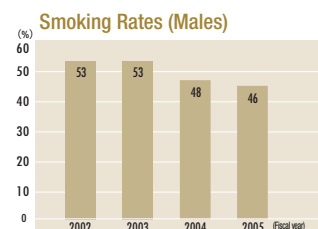
There are currently no workplaces that handle products containing asbestos.

For illnesses caused by asbestos, the illness develops after an extremely long period of time since exposure, often 20 or 30 years, and we

will continue to successively follow up on these illnesses.

● Promoting separate smoking areas

We set up more than 70 smoking rooms during fiscal 2004 to promote separate smoking areas, in line with the "Concerning the Guidelines for Measures on Smoking in the Workplace," a notification issued by the Director-General of the Labor Standards Bureau in 2003. Thanks to these efforts, the company-wide percentage of smoking among males in the company decreased from 53% in fiscal 2002 to 46% in fiscal 2005. In the future, we will continue to prevent passive smoking and actively promote nonsmoking.



Involvement with Employees

Compliance

The Furukawa Electric Group defines “compliance” as “more than simply abiding by laws and regulations. Rather, compliance is based on the values and ethics that the company and its employees adhere to, as responsible members of society.” In June 2004, we established the “Furukawa Electric Group Action Guidelines” as the basic philosophy for adhering to ethics. In June 2005, we established internal regulations on conducting compliance, a system for promoting compliance, and an internal reporting system, and we are promoting compliance based on these.

● System for promoting compliance

As the central organization for promoting compliance, we established the Central Compliance Committee with the CAO (Chief Administrative Officer) as the chairman. We have set compliance committees in the works and branches around the country as subordinate organizations.

Through these organizations, we are conducting enlightenment and educational activities, getting a grasp on compliance risks and investigating and responding to internal reporting matters.

● Compliance education

Based on the “Furukawa Electric Group Action Guidelines,” in June 2005 we have compiled the “Action Guidelines for Company Officials and Employees” that demonstrated specific codes of conduct and the “Manual on Action Guidelines for Company Officials and Employees” that contained additional explanations. We combined these along with messages from the President and CAO into a booklet called the “Compliance Handbook,” which we distributed to all employees, conducting education on compliance in the workplace.



● Internal reporting system

In order to realize early discovery and correction of compliance violations, we introduced a system where company officials and employees can report directly to the Central Compliance Committee (internal reporting system) from July 2005. External specialists also serve as windows for these reports, utilizing a mechanism where mutual contact between the company and reporting body is possible, giving feedback to the reporter on company response after ensuring strict anonymity for the reporter. The results of the investigations into reported matters and our response to them is reported to the board of directors as appropriate.

● Protecting personal information

On the occasion of the full-fledged enforcement of Act on the Protection of Personal Information in April 2005, the Furukawa Electric Group began operating under the awareness that protecting personal information is a social responsibility given to companies. We established internal regulations concerning the protection of personal information called “Guidelines for Handling Personal Information” and sought to thoroughly spread awareness. We are working to maintain an appropriate control system for personal information and prevent the leakage of information.

Furukawa Electric Group Action Guidelines

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

- 1 Abide by the laws and regulations in Japan and abroad, and act in conformity with internal rules and external rules such as social codes and ethics;
- 2 Properly display and adequately disclose corporate information, including financial statements;
- 3 Deal with antisocial groups in a resolute manner;
- 4 Aim to be a company that is useful to society by developing products that aid the development of society and by providing reliable products and services;
- 5 Try to act with consideration for the protection of the global environment;
- 6 Respect human rights, cultures and traditions as a member of the international community;
- 7 Create a company in which employees can feel a sense of reward, ease and fulfillment; and
- 8 Maintain and develop sound and good relations with all stakeholders.

Environmental Performance of Affiliated Companies

Sunsunny Industry Co., Ltd.



Head Works: 54-12 Inuzukadaiyama, Oyama-shi, Tochigi
Number of Employees:41
URL: <http://www.sunsunny.co.jp/>
<http://www.furukawa.co.jp/netsu/>
Contact: Promotion Section of ISO
TEL : +81-285-24-3191
FAX : +81-285-24-3083

The Awareness of the Environment has Increased Dramatically

History

Our company began its operation in Aomori Prefecture as a joint business venture with Furukawa Electric and Miyoshi Industry Co., Ltd. in 1976. Later, in 1981 we moved to the current location in Oyama, and we became the wholly owned company of Furukawa Electric. Since our founding, we have worked as the pioneers of floor heating systems, conducting everything from development, production, operation, and follow-ups.

As our company products are installed as heating devices in buildings, we fall under the Building Standard Law. We are also promoting the development of products that are environmentally friendly, such as products that fall under the highest ranking of F☆☆☆☆ for formaldehyde emission division by JIS and JAS and Hot-Water Floor Heating System called "Yukadan Hot Cool" using a heat pump that consume a low level of energy when used.

Preparatory stages

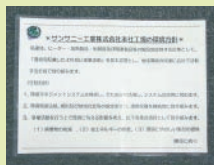
Efforts for Environmental Preservation -Activities to acquire ISO14001 certification-

Our company acquired ISO9001 certification in 2002, and we are aware that environmentally friendly activities are important issues for the company. We have decided to carry out environmental preservation activities based on ISO14001. In July 2004, the company's president made the kickoff declaration, "Acquisition during fiscal 2005," and began conducting activities towards acquisition. Newly placing an individual in charge of the environment in the Promotion Section of ISO that was the promotion department for quality systems, this became the head office for environmental management systems where preparations were begun. First, we acquired environmental manuals and related documents from companies that had already acquired certification within the Furukawa Electric Group and used them for reference in creating a mechanism. For study groups on ISO standards and training of internal auditors, we asked for instructors from Furukawa Electric and deepened the understanding of the

employees who are central to our activities. In December 2004, as we were in the midst of making these preparations, the ISO14001 standards were revised, and we struggled to acquire information on the revised points and their interpretation.

Environmental policy

In June 2005, the President set the environmental policy, and these were distributed as wallet size versions to ensure a thorough awareness of the policy among all employees. Further, this policy was explained from time to time in our monthly company-wide morning meetings. The President wished to have the purposes and targets follow upon this policy, and to conduct activities that would have a positive effect on accounts, so he set indicators where the reduction of the amount of environmental impact is reflected in cost reductions.



Assessment of law-abidance

In terms of law-abidance, we newly investigated and sorted out which tasks for each process fell under what laws and regulations. We measured noise and vibrations and rechecked the storage conditions of dangerous substances, confirming that there were no problems. For wastewater, we reviewed the wastewater disposal method. As the waste liquid from the cleaning water in gluing and printing equipment did not contain harmful substances, after filtration we were taking the method of letting it seep into the ground. From the perspective of risk management, we stopped this format for waste liquid from production line and decided to have the waste liquid collected by a disposal company. In fiscal 2006, we are conducting activities after incorporating the reduction in the volume of this waste liquid commissioned for collection into our targets. This investigation and sorting was a good opportunity for us all to study the law and was effective in raising awareness of compliance with laws.

Certification audit

We had a pre-survey by the certification body in the August before actual certification audit, and we checked to ensure that there were no major defects in the system we had built. In this pre-survey, we received requests to improve the aspect evaluation system and were told of our lack of interpretation of the standards. We had the actual audit in late October to early November. The results of the audit revealed no major nonconformities, and four minor nonconformities. We immediately corrected the nonconformities and reported this to the certification body. The following December, we were able to acquire certification without any trouble.



Effects and future issues

As a year has not yet passed since we began full-fledged activities, numerical effects cannot yet be seen, but information has been shared and there has been an increase in the awareness of the environment among all employees. In the future, we can expect major tangible and intangible results. We have also begun to see voluntary beautification activities in the areas surrounding the plant, with employees picking up trash on the public roads and clipping hedges.

The two issues that were mentioned were 1) the improvement of slightly heavy mechanisms and 2) reflection in accounts, and we plan to see results from these improvements.

Environmental Performance of Affiliated Companies

Shodensha Co., Ltd.



Headquarters: 5-23-8 Nishi-Gotanda, Shinagawa-ku, Tokyo
 Tokyo Factory: 23-8 Nishi-Gotanda, Shinagawa-ku, Tokyo
 Mie Factory: 16-13 Nobono-cho, Kameyama-shi, Mie
 Saitama Factory: Aza-sakuranami, Ooaza-kitanagai, Miyoshi-machi, Iruma-gun, Saitama
 Engineering Department: 2-10-4 Oonodai, Midori-ku, Chiba-shi, Chiba
 Number of Employees: 122
 URL: <http://www.ksd-shodensha.co.jp/>
 Contact: Quality Assurance Department
 TEL : +81-3-3493-1282 / FAX : +81-3-3493-1727

We are aiming to make environmental management systems more efficient and slim

History

Our company was founded in 1922, and in 1950 the current Shodensha Co., Ltd. was established to produce telecommunication line facility materials mainly of ready access terminal box. Since then until today, we have given technical aid on the development of line products while consecutively increasing the types of products we sell.

Due to capital participation of Furukawa Electric in January 1985, we were able to strengthen technological development, diversify the items sold and work to accumulate technical strength.

In June 2002 we merged with Shinseidenzai and in September 2004 we relocated the Chiba Factory functions to the Saitama Factory. Our current organization is composed of the headquarters, engineering department, Tokyo Factory, Mie Factory, and Saitama Factory.

Our main products are optical cable closure (for underground and aerial) and optical cabinets. We are supporting "information and telecommunication" in the optical and broadband era from the aspect of facilities and equipment.

Efforts for Environmental Preservation

Our company recognizes that preventing the pollution of the earth and preserving the environment are the most crucial issues for all mankind, and in the production of devices for telecommunications lines, we are promoting environmentally friendly business activities.

In June 1999, we acquired ISO14001 certification, and in June 2005 we switched to ISO14001:2004. In July 2005 we combined the manuals for the quality management system and the environmental management system, aiming for the increased efficiency of operations and the streamlined management.

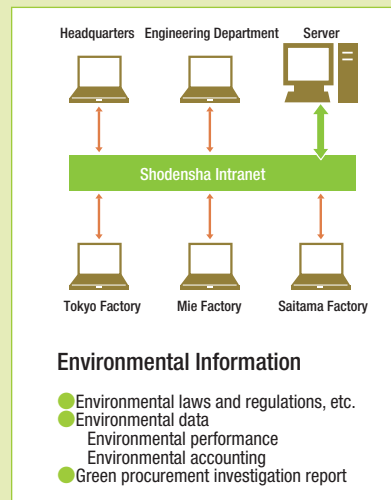
Priority Items (Fiscal 2005)

1) Adhering to environmental laws and regulations

From June 2003, we have posted the relevant environmental laws, regulations and our customers' green procurement guidelines (referred

to as environmental laws and regulations, etc. hereafter) on the intranet, publicizing them within the company.

We have posted the following environmental information on the intranet, and are aiming for the sharing of environmental information.



2) Developing products with a minimal impact on the environment

With optical measurement technology and plastic molding technology as our foundation, we are conducting optical access product development.

Taking into consideration our customers' green procurement guidelines, we conduct product assessments and consider what materials and parts to use, and how to design products to minimize the impact on the environment, not only when the manufacturing the products, but also when customers use them and when they are disposed of as waste.

3) Energy conservation

Tokyo Factory carries out assembly, and Mie Factory and Saitama Factory carry out plastic molding and assembly.

The specific consumption of electricity for the assembly factory in fiscal 2005 (compared to sales) was reduced by 28% compared to the

previous fiscal year.

The specific consumption of electricity for the molding factory in fiscal 2005 (compared to the amount of plastic used) was reduced by 1% compared to the previous fiscal year.

Molding factory account for approximately 90% of our company's electricity consumption. In order to reduce the electricity consumption of molding factory, we are engaging in efforts to improve the operating rates of molding machines and shorten the setup time.

4) Reduction of waste

The specific waste plastic generation for the molding factory in fiscal 2005 (compared to the amount of plastic used) increased by 20% due to the launch of new products.

In order to reduce waste plastic generation, we are engaging in efforts to increase the product yield rate and also to reduce the short downtimes of molding machines.

We installed a padding material manufacturing machine in Mie Factory in April 2002, in order to reuse used cardboard as padding material for packaging, and we are continuing to reduce the amount of cardboard waste.



Padding material using waste cardboard

5) Promotion of recycling

Since 1999, we have been recycling the covers of the connecting terminal boxes that we deliver to the Nippon Telegraph and Telephone East Corporation and the Nippon Telegraph and Telephone West Corporation, working towards the effective use of our resources.

Nikkei Kakoh Co., Ltd.



Headquarters: 3-8-39 Tagawa, Yodogawa-ku, Osaka-shi, Osaka
 Headquarter Plant: 3-8-39 Tagawa, Yodogawa-ku, Osaka-shi, Osaka
 Hiroshima Plant: 1368-1 Sasabe, Takamiya-cho, Akitakata-shi, Hiroshima
 Sendai Plant: 11-1 Myojindo, Kaminomyo, Shibata-machi, Shibata-gun, Miyagi
 Oyama Works: 54-3 Inuzuka Aza Daiyama, Oyama-shi, Tochigi
 Number of Employees: 264
 Contact: Environmental Office, Sendai Plant
 TEL : +81-224-55-1441
 FAX : +81-224-55-2879

We will implement various measures to decrease the impact on the environment

History

Our company was newly launched upon the merger of the former Nippon Keikinzo Kakoki and the former Tohoku Furukawa Keikinzo Kako in December 2001. Our headquarters are in Osaka, and we have plants in Osaka, Hiroshima, Oyama (Tochigi Prefecture) and Sendai (Miyagi Prefecture).

Our company works mainly with aluminum joining technologies (Headquarter plant: welding, Sendai plant: brazing), manufacturing automobile parts, bicycle parts, large-scale welded structures, farm equipment parts (assembly), precision instruments (assembly), and heat sinks.

Efforts for Environmental Preservation

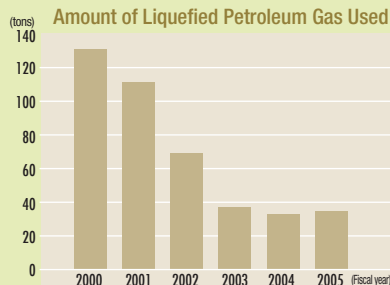
Our company believes that global environmental problems are crucial challenges for all mankind, and we have placed them as one of our top priority issues for company management. All of our employees have an enhanced awareness of the global environment and are engaged in environmental preservation activities.

■ August 2003, Hiroshima Plant acquired ISO14001.

Priority Items (Fiscal 2005)

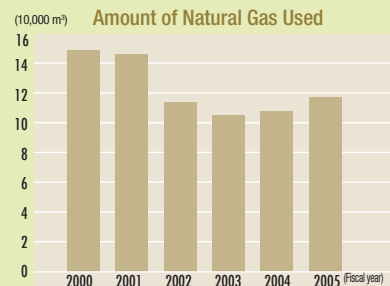
- Reduction of greenhouse gases
- 1) Reducing the amount of liquefied petroleum gas used

On the continuous paint line of Hiroshima plant, we have removed conveyers and paint robots, switching to hand painting line to respond to the recent trend of various products and small lots, to reduce energy consumption. We have reduced the amount of liquefied petroleum gas used in the drying process by approximately 74% compared to fiscal 2000.



- 2) Reducing the amount of natural gas used

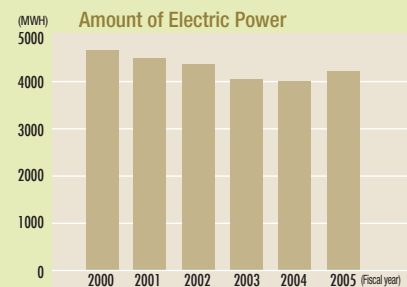
At the alumite facilities in the Osaka Headquarter Plant, we consolidated two boilers to one, and reduced the amount of natural gas used by approximately 21% compared to fiscal 2000.



- 3) Reducing the amount of electric power

In addition to the reduction in the amount of electric power consumed due to the switching to hand painting of Hiroshima plant paint line, we have reduced mercury lights and fluorescent lights, removed unnecessary electric wires, dis-

mantled unnecessary welding machines, conducted overall inspections of air conditioning systems and turned off lights when they are not needed, achieving a 10% reduction when compared to fiscal 2000.



- Reducing the amount of environmental impact substances used

At our company, we use dichloromethane for the purpose of cleansing fat and grease on the processed parts. We conducted an overall maintenance of the whole ultrasonic cleaning facility including the chiller and pipes in 2002. By suppressing the emissions into the atmosphere, we were able to reduce consumption by 32% compared to fiscal 2000.

We will engage in efforts to consider substitute cleansers and cleaning methods towards completely eliminating the use of chlorinated organic solvents.

