

**Furukawa Electric Revises Earnings and Dividend Forecasts for  
Fiscal Year Ending March 2003**

In light of recent trends in operating results, Furukawa Electric has made the decision to revise its earnings forecasts, made on May 20, 2002 at the end of the previous fiscal year, in the following manner.

(1) Revisions to Non-Consolidated Earnings Forecasts

1. Earnings Revisions for Interim Period of Fiscal Year Ending March 2003 (April 1, 2002 – September 30, 2002)

(Units: Millions of yen, %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	212,000	0	0
Revised forecast (B)	202,000	(5,100)	(4,800)
Change (B – A)	(10,000)	(5,100)	(4,800)
Percentage change	(4.7)	-	-
Previous year figure	235,983	6,844	(67)

2. Earnings Revisions for Fiscal Year Ending March 2003 (April 1, 2002 – March 31, 2002)

(Units: Millions of yen, %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	456,000	7,000	4,100
Revised forecast (B)	426,000	0	0
Change (B – A)	(30,000)	(7,000)	(4,100)
Percentage change	(6.6)	-	-
Previous year figure	465,032	5,787	(5,792)

3. Reasons for the Revisions

Stagnation in demand in the U.S.-centered telecommunications business failed to improve, and demand for Furukawa Electric's optical products also fell further than was originally expected. As a result, the current interim period looks set to see net sales, ordinary income and net income all fail to match previous forecasts.

In response, Furukawa Electric will commit itself to exhaustive cost reduction activities. Fixed costs, including personnel costs, will provide a particular focus here. Furthermore, earnings are expected to stage a recovery in the second half of the current fiscal year, as growth in domestic demand and other factors tie into higher sales of optical products. In spite of these factors, however, results are not expected to reach the levels of previous

forecasts, hence the revisions outlined above.

## (2) Revisions to Consolidated Earnings Forecasts

### 1. Earnings Revisions for Interim Period of Fiscal Year Ending March 2003 (April 1, 2002 – September 30, 2002)

(Units: Millions of yen, %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	364,000	(20,000)	(19,000)
Revised forecast (B)	340,000	(41,000)	(102,000)
Change (B – A)	(24,000)	(21,000)	(83,000)
Percentage change	(6.6)	105.0	436.8
Previous year figure	384,186	16,043	22,456

### 2. Earnings Revisions for Fiscal Year Ending March 2003 (April 1, 2002 – March 31, 2002)

(Units: Millions of yen, %)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	810,000	(19,000)	(49,000)
Revised forecast (B)	720,000	(50,000)	(115,000)
Change (B – A)	(90,000)	(31,000)	(66,000)
Percentage change	(11.1)	163.2	134.7
Previous year figure	771,411	7,642	(3,384)

### 3. Reasons for the Revisions

In addition to the reasons outlined in the non-consolidated section, the slump in demand in the telecommunications business mentioned above adversely affected the results of consolidated subsidiaries both domestically and overseas. Consequently, net sales, ordinary income and net income are all predicted to fail to meet up to original expectations.

Compounding these factors is the goodwill incurred in the previous fiscal year when Furukawa Electric purchased the optical fiber cable division of U.S. company Lucent Technologies. In accordance with U.S. Accounting Standards, No. 142, Furukawa Electric was obliged to adopt loss accounting with regards to this goodwill. Management expects this to result in the recording of a valuation loss of 46.2 billion yen for the current year. Hence the size of the downward revision for consolidated results.

## (3) Dividend Forecasts for the Fiscal Year Ending March 2003

Interim dividends have been postponed for the current year as a consequence of the

revisions outlined in this document. Year-end dividends have yet to be set, due to the difficulties Furukawa Electric's operating environment currently presents the company with. We would like to take this opportunity to apologize to our shareholders for this situation.

Annual dividends per share, including both interim and year-end dividends, are to be revised as outlined below.

1. Dividend Forecast Revisions

	Interim	Year-End	Annual
Previous forecast	3.00 yen	3.00 yen	6.00 yen
Revision forecast	-	Undecided	Undecided

2. Previous Year Dividends

	Interim	Year-End	Annual
Dividends per share	3.00 yen	3.00 yen	6.00 yen

Note:

Sales and earnings forecasts included in this document are based on the information available to management at the time they were made. Actual results can differ from these forecasts for a wide variety of reasons, including, but not limited to, relevant industry and economic trends domestically and overseas, and exchange rate fluctuations.

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