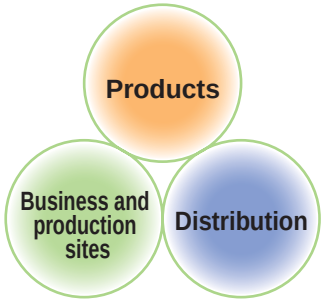
Environment Initiatives to Help Prevent Global Warming: Working to Achieve Fiscal 2011 Targets

Casio has put in place the following Casio Environmental Action Plans to counter global warming, each of which has targets to be achieved by fiscal 2011: (1) developing eco-products; (2) saving energy and reducing greenhouse gas emissions at business and production sites; and (3) lowering emissions in the distribution stage (see pages 32 and 33).



CO_2 Reduction Targets in Three Areas

Product Initiatives

Casio has been a leader in innovation since its founding, thanks to the core competence the company has developed in compact, lightweight, slim, and energy-efficient products. Today, Casio is working to equip all of its radio-controlled watches with a solar power system that is able to obtain power even from weak light sources such as fluorescent lights. The 10.0-megapixel Casio EX-Z1000 digital camera now has a still-picture continuous viewing time of about 13 hours on just a single battery charge, even with its super bright 2.8-inch wide LCD. The company's W43CA mobile phone offers continuous talk time of about 220 minutes.

Casio is committed to continuing to improve the energy-efficiency of its products. The company is also pushing forward with R&D to commercialize its Reformed Methanol Fuel Cell System, which has less impact on the environment than batteries (see page 15).

Business and Production Site Initiatives

Casio's total CO_2 equivalent emissions worldwide in fiscal 2006 were 132,000 tons. In fiscal 2006, Casio joined in the Japanese government's new "Team Minus 6%" campaign and also adopted the government-encouraged "Cool Biz" dress code (casual summer clothes to reduce office cooling in summer). Cool Biz reduced 190,000 kWh of electrical consumption at Casio headquarters, compared to fiscal 2005. At the Hachioji R&D Center, in addition to implementing Cool Biz, the company improved the energy-saving management system, reducing both electricity and natural gas consumption as described in the box below.

The Hachioji R&D Center is now examining technologies for reducing the use of sulfur hexafluoride (SF_6) gas, after the successful replacement of NF_3 cleaning agent at the Kochi Casio manufacturing site.

Casio has already achieved the fiscal 2011 energy-saving targets (fiscal 1991 basis) set by Japan's four electrical and electronic industry associations. Further steps are required, however, in order to achieve Casio's own, more challenging targets. The company is formulating the following measures in fiscal 2007 to step up its efforts to achieve its fiscal 2011 targets.

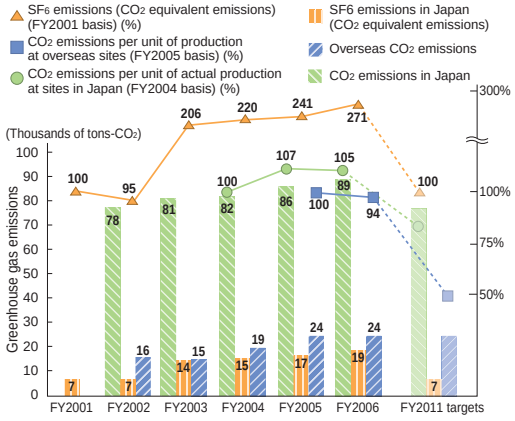
(1) Setting targets and managing measures by site.
(2) Introducing IT mechanisms to provide monthly updates on environmental performance.
(3) Introducing supplementary measures based on the Kyoto Mechanisms (Clean Development Mechanism [CDM], emission credit transactions, Certification of Green Power, Joint Implementation [JI]).
(4) Establishing a strategy for investment in energy-saving facilities.

Distribution-Stage Initiatives

Casio continues to close down, combine, and relocate its distribution centers in Japan. As for overseas distribution, part of the cargo being sent to Europe from China directly by air has now been changed to ocean cargo to Dubai, followed by air cargo to Europe. Cargo to the United States, which was previously sent by sea and rail, is now being shipped only by sea. These steps have all helped reduce Casio's CO_2 emissions.

As described above, Casio is actively engaged in efforts to help prevent global warming—in the three distinct areas of products, business/production sites, and distribution.

CO_2 and SF_6 emissions, and emissions per unit, at sites in Japan and overseas



Key Person

Working to Reduce CO_2 Emissions at the Hachioji R&D Center

Katsuyuki Tada
Hachioji Office
Casio Business Service Co., Ltd.
(Pictured at far right, together with team members)

I am serving on the energy-saving study team at the Hachioji R&D Center. I was also a project team member in the planning phase for a new, energy-efficient building that has now been completed. The building accommodates both the Tokyo Technical Center and the Hachioji Laboratory. After discussions with the building planners, we adopted the latest in energy-saving technologies, and achieved 20% savings in energy consumption compared to the combined energy usage of the former Tokyo Technical Center and Hachioji Laboratory. The energy-saving technologies include a weather-optimized thermal storage system that takes into account weather forecasts to save energy and uses vertical thermal storage tanks to save on power needed to circulate cold water. The building also boasts a natural ventilation system, completely automatic air-conditioning, lighting, ventilation, and blinds, a free cooling system, and special insulation methods for windows and the building as a whole.

In fiscal 2006, in addition to our Cool Biz efforts, we also saved energy by adding manual intermediate modes to the nine automatic operation modes of the heating and cooling system. As a result, we saved 220,000 KWh of electricity and 31,000 m^3 of natural gas, compared to fiscal 2005. The energy-saving study team continues to promote more energy saving measures.