

For Immediate Release

December 10, 2009

Company name: Furukawa Electric Co., Ltd.
Code: 5801 (First Section of TSE and OSE)
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Asahi Electric Works Co., Ltd. Becomes a Wholly Owned Subsidiary through Share Exchange

Furukawa Electric Co., Ltd. announces that a meeting of its Board of Directors held December 10, 2009 resolved to acquire Asahi Electric Works Co., Ltd. (“Asahi Electric”) and make it a wholly owned subsidiary through a share exchange as of February 1, 201. Accordingly, the following share exchange agreement was concluded.

It should be noted that, because this share exchange qualifies a simplified share exchange, through which a consolidated subsidiary becomes a wholly owned subsidiary, disclosures that would otherwise be required are provided herein with certain omissions.

1. Purpose of Share Exchange

As part of its energy segment restructuring program, in January 2005 Furukawa Electric consolidated its ultra-high voltage power cable business into VISCAS Corporation and the industrial cable business into Furukawa Electric Industrial Cable Co., Ltd. In its electric power component business, Furukawa Electric acquired the electric power business of FCI Japan Co., Ltd., which excelled in the overhead distribution line business, through Furukawa Power Components Inc. in January 2008. Furukawa Electric also made Inoue Manufacturing Co., Ltd., which has strength in the underground distribution line business, a wholly owned subsidiary in October 2008. In line with its ongoing electric power component business restructuring and consolidation, Furukawa Electric has now decided to acquire Asahi Electric, which excels in power transmission component business, and make it a wholly owned subsidiary.

Of the energy business segment of Furukawa Electric, the electric power component business requires technology associated with raw materials. The electric power component business is vital to meeting customer expectations, such as upgrading transmission and distribution networks, represented by the smart grid, and building power infrastructure, where the Furukawa Electric Group can benefit from its expertise in raw materials (resin and metal), in fast-growing global markets such as China and Southeast Asia.

Meanwhile, Asahi Electric excels in transmission components based on its proprietary technologies, which include vibration analysis and aluminum casting. The acquisition of the company into a wholly owned subsidiary will boost the foundations of Furukawa Electric, enabling it to grow into a general electric power

component manufacturer that can cover the entire power supply network, ranging from power stations to customers. Furukawa Electric is determined to develop new products that meet diverse and advanced needs, including those from globalizing customers and for cost savings.

2. Summary of the Share Exchange

(1) Schedule of the share exchange

Board of Directors' meeting on the share exchange resolution adopted (by Furukawa Electric/Asahi Electric): December 10, 2009

Share exchange agreement concluded (by Furukawa Electric/Asahi Electric): December 10, 2009

Extraordinary general meeting of shareholders for approval of the share exchange (by Asahi Electric): December 22, 2009 (planned)

Share exchange effective date: February 1, 2010 (planned)

- Furukawa Electric will conduct this simplified share exchange procedure in accordance with Article 796-3 of the Companies Act in Japan without obtaining approval at a general meeting of shareholders.

(2) Terms of the share exchange

	Furukawa Electric Co., Ltd. (Wholly owning parent company)	Asahi Electric Works Co., Ltd. (Wholly owned subsidiary)
Share exchange ratio	1	25.50

Note 1: Share allotment ratio

Furukawa Electric will issue 25.50 shares of its common stock for each share of common stock of Asahi Electric. However, it will not issue any shares in the share exchange for the 454,200 shares of Asahi Electric that Furukawa Electric holds.

2. Shares to be delivered for share exchange

For this share exchange, Furukawa Electric will allot and deliver 3,717,900 shares of treasury stock to the shareholders of Asahi Electric, excluding Furukawa Electric.

(3) Basis of the calculation of the share exchange ratio

(i) Basis and background for the calculation

To ensure a fair and reasonable share exchange ratio in this share exchange, Furukawa Electric retained Deloitte Tohmatsu FAS Co., Ltd. ("Tohmatsu") as its independent financial advisor to calculate the share exchange ratio.

Tohmatsu analyzed the stock value of Furukawa Electric by applying the market stock price method to calculate the value of each share of Furukawa Electric. Tohmatsu also analyzed the stock value of Asahi Electric by applying the discount cash flow method (the DCF method) and the adjusted book value method to calculate the value of each share of Asahi Electric.

Based on the results of the calculation described above, after Furukawa Electric and Asahi Electric held a series of consultations and negotiations, the share exchange ratio for this share exchange was approved and resolved by separate meetings of the Board of Directors of Furukawa Electric and Asahi Electric held on December 10, 2009. The two companies concluded a share exchange agreement on that day.

The share exchange ratio is subject to change by mutual agreement between Furukawa Electric and Asahi Electric in the event of any material changes to the conditions on which the share exchange is based.

(ii) Relationship with the financial advisor

Tohmatsu, the financial advisor, is not a related party of Furukawa Electric or Asahi Electric.

(4) Handling of share warrants and convertible bonds with warrants of the wholly owned subsidiary

Not applicable

3. Profile of Furukawa Electric and Asahi Electric (as of March 31, 2009)

(1) Company Name	Furukawa Electric Co., Ltd. (Wholly owing parent company)	Asahi Electric Works Co., Ltd. (Wholly owned subsidiary)
(2) Description of Business	Production and sales of electric cables, telecommunication equipment, copper products, and automotive components	Production and sales of transmission lines, substations, distribution lines, underground lines, products for train railways, and measurement instruments
(3) Date of Incorporation	June 25, 1896	July 1, 1948
(4) Head office	2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	Azamino-Minami 2-11-6, Aoba-ku, Yokohama City, Kanagawa Prefecture, Japan
(5) Representative	Masao Yoshida, President and CEO	Toshio Nakada, President and Representative Director
(6) Capital	¥69,375 million	¥300 million
(7) Shares Issued	706,554,179 shares	600,000 shares
(8) Net Assets	¥190,428 million (consolidated)	¥5,667 million (non-consolidated)
(9) Total Assets	¥845,658 million (consolidated)	¥8,006 million (non-consolidated)
(10) Fiscal Year End	March 31	March 31

(11) Major Shareholders and their Percentage Shareholdings	Japan Trustee Services Bank, Ltd. (Trust account 4G): 6.11% Japan Trustee Services Bank, Ltd. (Trust account): 5.09% The Master Trust Bank of Japan, Ltd. (Trust account): 4.39% Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank account): 3.25% Japan Trustee Services Bank, Ltd. (Trust account 4): 3.17%	Furukawa Electric Co., Ltd.: 75.7% Eijiro Mori: 13.8%
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4. Status of Furukawa Electric Following Share Exchange

(1) Company name, description of business, head office, representative, and capital

The details described in 3, Profile of Furukawa Electric and Asahi Electric (wholly owning parent company) above, will remain the same.

(2) Impact on financial results

The impact of this share exchange on the consolidated and non-consolidated results of Furukawa Electric for the fiscal year ending March 31, 2010 will be minimal.