



August 2, 2016

To whom it may concern:

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Code	5801 (TSE First Section)
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Notice Regarding Determination of Details of Introducing Performance-Linked Stock Compensation System

Furukawa Electric Co., Ltd. (the “Company”) announced it would introduce a new Performance-Linked Stock Compensation System (the “System”) in May this year, and a resolution to introduce the System was adopted at the 194th Ordinary General Meeting of Shareholders on June 27, 2016. The Company hereby announces that it adopted at its Board of Directors’ meeting held today a resolution to establish a trust for managing the System (the “Trust”) as follows.

1. Background and objective of introducing the System

In order to create an executive compensation system that has stronger linkage to the Company’s business performance and contributes to higher corporate value on a medium- to long-term basis, the Company revised its executive compensation system to reduce the portion paid in a fixed amount and increase the performance-linked variable portion. The revision is applicable to executive compensation paid in and after July 2016. The revised executive compensation system consists of basic remuneration, short-term performance-linked compensation and medium- and long-term performance-linked compensation. The portion of performance-linked compensation after the revision is, though it depends on rank, generally 30 to 50 percent of total compensation.

The medium- and long-term performance-linked compensation represented by the System provides shares and money in lieu of shares to the Directors excluding Outside Directors, and the Executive Officers and the Senior Fellows (“Directors, etc.”) at the time of their retirement from those positions.

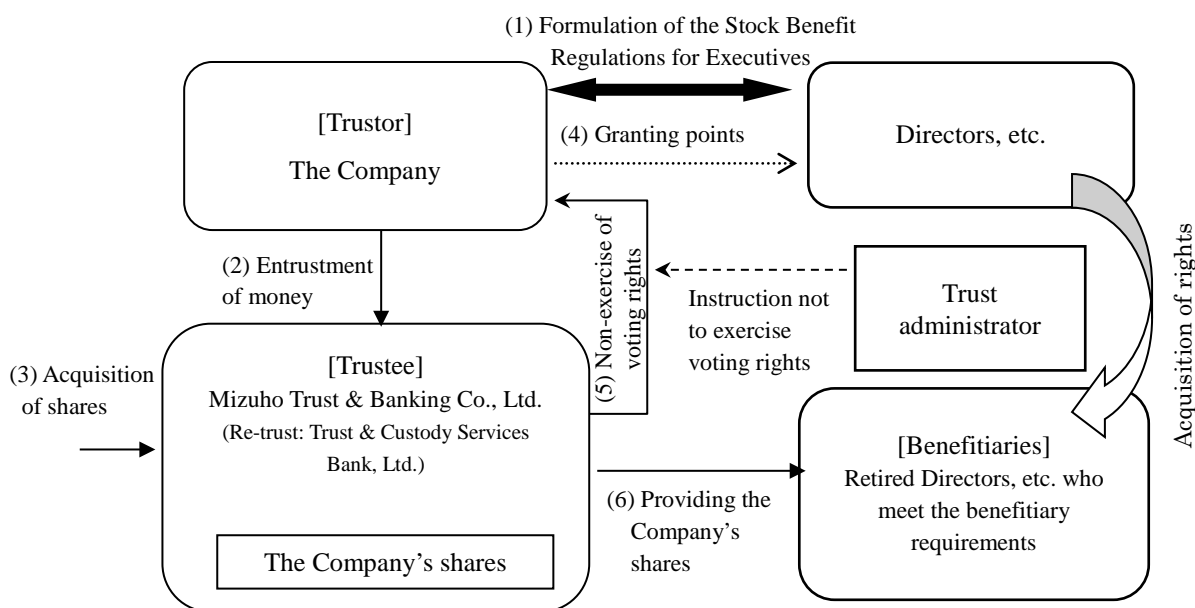
2. About the Trust

- (1) Name: Board Benefit Trust (BBT)
- (2) Trustor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd. (Re-Trustee: Trust & Custody Services Bank, Ltd.)
- (4) Beneficiaries: Retired Directors, etc. who meet the beneficiary requirements set forth in the Stock Benefit Regulations for Executives
- (5) Trust administrator: A third party having no conflict of interest with the Company (lawyer)
- (6) Type of trust: Trust of money other than money trust (third party beneficiary trust)
- (7) Date of conclusion of the Trust agreement: August 8, 2016
- (8) Date of entrusting money: August 8, 2016
- (9) Trust term: From August 8, 2016 to the Trust’s expiration (without specifying any expiration date—the trust will continue as long as the System continues)

3. Acquisition of the Company's shares by the Trust

- (1) Type of shares to be acquired: Shares of the Company's common stock
- (2) Amount of money to be entrusted for acquiring shares: 347 million yen
- (3) Upper limit of the number of shares to be acquired: 1,750,000
- (4) Method of acquiring shares: Acquisition through market transactions
- (5) Period for acquiring shares: From August 8, 2016 to August 18, 2016 (tentative)

<Reference: Framework of the System>



1. The Company establishes the "Stock Benefit Regulations for Executives" within the framework of the System approved at its general meeting of shareholders.
2. The Company entrusts money within the scope approved by resolution of its shareholders' meeting in (1).
3. The Trust acquires the Company's shares from the stock market or by subscribing to the Company's shares retired using the monetary assets entrusted in (2).
4. The Company grants points to Directors, etc. in accordance with the "Stock Benefit Regulations for Executives".
5. In the Trust, in accordance with the instructions given by an independent trust administrator, the voting rights on the shares of the Company held in the Trust are not to be exercised.
6. To those eligible individuals who retired as Directors, etc. and satisfy the requirements for the grant set forth in the "Stock Benefit Regulations for Executives" ("Beneficiaries"), the Trust offers the Company's shares in a number corresponding to the number of points granted to the Beneficiaries. However, if Directors, etc. satisfy the requirements separately set forth in the "Stock Benefit Regulations for Executive", money in an amount equivalent to the fair value of retirement of the Company's shares at the time of retirement corresponding to a certain portion of the points granted to the Directors, etc. shall be provided to the Directors, etc. in lieu of the Company's shares.