

February 27, 2018

Furukawa Electric Co., Ltd.

Regarding the Notice of Executive Appointments Made by UACJ Corporation

A notice was made today by UACJ Corporation, an equity method affiliated company of Furukawa Electric Co., Ltd., regarding executive appointments for April 1 and June 21 of this year. However, there were parts of these appointments that we found difficult to agree with as the principal shareholder, holding 24.90% of the shares issued by UACJ Corporation, which led us to ask UACJ Corporation to reconsider, as detailed in this release.

The original notice stated that director, member of the board managing executive officer Mr. Miyuki Ishihara would, on April 1 of this year, resign from his position of managing executive officer to become a non-executive director, and subsequently, on June 21 of this year, be appointed to the position of representative director and president, with the current representative director and president Mr. Mitsuru Okada appointed to the position of representative director and deputy chairman of the board. The current representative director and chairman of the board, Mr. Shigenori Yamauchi, would retain his position, and following these assignments, from June 21, the management of UACJ Corporation would be led by Mr. Yamauchi (chairman), Mr. Okada (deputy chairman), and Mr. Ishihara (president).

On October 1 of this year, UACJ Corporation will welcome the fifth anniversary of its formation from the merger of the former Furukawa-Sky Aluminum Corp. and the former Sumitomo Light Metal Industries, Ltd. However, on reviewing the business results of the company under the management of Mr. Yamauchi (chairman) and Mr. Okada (president), we regrettably find that the results that the merger was intended to achieve have not materialized, and that not only has the company failed to secure results with its large-scale investment overseas, but this investment has in fact become a major risk and matter for concern; additionally, while the stock price is currently seeing a major rise in the Nikkei Average, it is also less than the prices before the merger.

Under these circumstances, Furukawa Electric Co., Ltd. has no objections to a change in assignment for the company's president with a view toward changing the management mindset and improving business results to herald the fifth anniversary of the merger, and we hope for the company's growth under the leadership of its new president, Mr. Ishihara.

However, it is clear that any assignment that retains Mr. Yamauchi and Mr. Okada (who have served as representative director & chairman and representative director & president respectively since the merger) in the senior management team as representative directors following the change in the assignment of president raises major governance concerns. Not only would this demonstrate a lack of seriousness with regard to managing the company, but additionally, the fact that both are currently serving raises issues from the point of view of corporate governance, particularly as the assignment to consultative/advisory roles of personnel who have served in senior management positions has been the subject of recent concern. We believe that that Mr. Yamauchi and Mr. Okada should resign from their positions as directors under these circumstances, and we strongly urge UACJ Corporation to reconsider its executive appointments.