

June 3, 2011

Dear Shareholders:

Notice of the 189th Annual Meeting of Shareholders

You are cordially invited to attend the 189th Annual Meeting of Shareholders (the “Annual Meeting”) of Furukawa Electric Co., Ltd. to be held on June 29, 2011, at 10:00 a.m., at Tokyo Prince Hotel , 3-1 Shibakoen 3-chome, Minato-ku, Tokyo, Japan.

The Annual Meeting will be conducted:

To receive the following reports,

1. Business Report, Consolidated Accounting Documents and the Audit Reports of Account Auditors and the Board of Statutory Auditors for Consolidated Accounting Documents for the 189th fiscal year (from April 1, 2010 to March 31, 2011)
2. Reports on Accounting Documents for the 189th fiscal year (from April 1, 2010 to March 31, 2011)

To consider and act on the following proposals,

- Proposal One: To approve the dividends from surplus**
Proposal Two: To elect twelve (12) directors

The foregoing proposals of business are more fully described in the documents attached and made a part hereof. Your vote is important. When you are attending the Annual Meeting, please bring enclosed Card for Exercise of Voting Rights with you. If you are unable to attend the Annual meeting, please exercise your voting rights in writing or via the Internet (<http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>).

Sincerely

Masao Yoshida
President

Notes: This is the translation, for reference and convenience only, of a part of the original notice of the Annual Meeting of Shareholders, the business report, financial statements for the fiscal year ended March 31, 2011, which consist of non-consolidated balance sheet, non-consolidated statement of operation, non-consolidated statement of changes in net assets, consolidated balance sheet, consolidated statement of operation and consolidated statement of changes in net assets , and reference documents for the Annual Meeting of Shareholders written in Japanese.

Due to differences of accounting, legal, and other systems as well as language, etc., this English version might contain inaccuracies, and therefore, might be inconsistent with the original import intended in Japanese. In the event of any discrepancies between the Japanese and English versions, the former shall prevail as the official version.

Business Report

(From April 1, 2010 to March 31, 2011)

1 . Overview of business activities

(1) Overview and results of business activities for the term

During the fiscal year under review, the global economy faced a fiscal crisis in Greece and other financial instability, principally in Europe, combined with persistently high resources prices. Despite these uncertain factors, a gradual and general recovery began to become evident, helped by fiscal stimulus adopted by governments around the world and the economic growth of emerging economies. The U.S. economy made positive progress as it grew steadily on the back of rising consumer spending and capital investment. Europe, however, continued to struggle with a severe economic environment, with lackluster growth and high unemployment. In Asia, the economies of China and India grew, mainly driven by their strong domestic demand. Economies in South Korea, Taiwan, and the ASEAN region also remained steady, given strong demand for digital appliances. Meanwhile, following a series of pro-democracy movements that emerged in Egypt, Libya, and neighboring countries, the political situation in the Middle East and North Africa began to deteriorate from the start of this year. As a result, oil prices surged and the economic outlook became increasingly uncertain. In Japan, the economy showed signs of improving in the first half of the fiscal year under review, as demand for automobiles and digital appliances in particular grew steadily, primarily thanks to the effects of government stimulus packages. However, the management environment still remained severe, as earnings remained sluggish through the year, particularly in the export industry, reflecting the persistently strong yen. The devastating damage wrought by the Great East Japan Earthquake that took place in March 2011 has made economic outlook much more uncertain.

In the fiscal year under review, the first year of its medium-term management plan, “New Frontier 2012,” which was established in the previous year, the Furukawa Electric Group aggressively invested in microformed PET sheet (MCPET) for reflection panels for liquid crystal display (LCD) TVs, and copper foil for lithium ion batteries in its high-performance material business. Moreover, to create new environmental businesses in the future, the Group strengthened its research and development of smart grid energy, a next-generation power grid, and next-generation automobiles. By steadily pursuing these initiatives, as stated in its plan, the Group has developed the foundations for future growth. In light of a series of compliance violations associated with the Antimonopoly Act, the Group made reforming its corporate culture one of the targets of the plan, and continued to carry out specific measures to prevent the reoccurrence of any violations. It also increased opportunities for direct dialogue between management and employees of all levels. In this way, in terms of both reform and culture, the Group actively sought to ensure that all employees thoroughly understand the need for compliance. Following the Great East Japan Earthquake, some facilities of the Furukawa Electric Group were forced to suspend or slow their operations, mainly because of damage to certain plants, as well as damage experienced by suppliers, which led to a shortage of materials, along with power shortages. However, as a result of reconstruction efforts to date, operations even at facilities that sustained extensive damage have now recommenced. While continuing to take steps to ensure a full recovery in operations at all plants, the Group will bring together all its strength in meeting the needs of society and customers by flexibly responding to the situation in the future.

Looking at the Group’s performance over the fiscal year under review, consolidated net sales rose 14.3% year on year, to 925.8 billion yen. This steady performance was attributable to strong sales from the high-performance material businesses, such as wire harnesses for automobiles and MCPET, and from the light metals segment, in addition to the impact from a surge in the bare copper prices. Overseas sales also rose 23.4% from the previous year, to 307.5 billion.

In profit terms, earnings of the metals segment and the light metals segment—which posted operating losses in the previous fiscal year—improved significantly. Results of the automobile business in the electronics and automotive systems segment also held firm. As a result, consolidated operating income jumped 72.9% year on year, to 35.1 billion yen. Consolidated recurring profit rose 62.4% from the previous year, to 31.4 billion yen, despite a decline in equity in income of non-consolidated subsidiaries and affiliates. Consolidated net income stood at 12.2 billion yen, up 25.8% from the previous fiscal year, incorporating an extraordinary loss of 15.1 billion yen, including losses from the Great East Japan Earthquake, a write-down of investment securities, and the impact of the application of the accounting standards for asset retirement obligations, partially offset by extraordinary income of 7.3 billion yen from gains on sales of property, plant, and equipment.

Turning to non-consolidated results, net sales stood at 417.7 billion yen, up 19.2% year on year. The operating loss amounted to 2.1 billion yen, an improvement of 0.7 billion yen from the previous fiscal year. Recurring profit rose 11.7 billion yen year on year, to 14.3 billion yen, and net income increased 7.0 billion yen, to 9.9 billion yen.

Below, we provide a business report for each segment:

[Telecommunications]

In the telecommunications segment, sales of system equipment for cable TV companies remained strong in Japan, as they prepared for a wholesale switch to terrestrial digital broadcasting throughout Japan in July 2011. Demand for communication cables, meanwhile, was sluggish throughout the year. In overseas markets, while demand for optical cables for Asia, mainly China, remained stagnant, OFS Fitel, LLC of the United States, and Furukawa Industrial S.A. Produtos Electricos of Brazil extended their sales of communication cables for mobile phones. Mainly because of these factors, consolidated net sales in this segment rose 10.2% from the previous fiscal year, to 149.3 billion yen. Consolidated operating income stood at 9.6 billion yen, down 2.6% year on year, mainly because of a fall in product prices, offsetting the effect of reduced fixed costs. Non-consolidated net sales fell 2.3% year on year, to 64.5 billion yen. In June 2010, OFS Fitel, LLC of the United States agreed to establish a joint venture company to manufacture optical fibers preform with Jiangsu Hengtong Photoelectric Stock Co., Ltd. of China. Based on this initiative, the Company will be able to achieve integrated manufacturing of optical fiber preforms, the base materials, to optical fibers, the finished products, in China, today the world's largest optical fiber market. Taking advantage of this superior position, the Group will seek to further expand overseas sales.

[Energy and Industrial Products]

In the energy and industrial products segment, consolidated net sales rose 21.2% from the previous fiscal year, to 253.0 billion yen, mainly reflecting an increase in the production of MCPET high-performance materials, following the receipt of new orders for the product, and a surge in prices of bare copper, offsetting sluggish sales of industrial cables linked to a continued slump in demand for construction in Japan. Consolidated operating income amounted to 0.9 billion yen, down 76.5% year on year. This performance was primarily attributable to MCPET, as a result of its declining prices, and escalating competition in the electric power market in China, in addition to the lower product prices of industrial cables. Non-consolidated sales rose 35.4% from the previous fiscal year, to 129.0 billion yen, mainly owing to the surge in prices of bare copper. Meanwhile, in July 2010, two subsidiaries of Furukawa Electric Co., Ltd., Furukawa Electric Industrial Cable Co., Ltd. and Shenyang Furukawa Cable Co., Ltd. of China, agreed with Hebei Huatong Wires & Cables Group Co., Ltd. to establish a joint venture to manufacture and sell industrial rubber cables. By introducing the Furukawa Electric Group's technologies for industrial rubber cables, which have a strong reputation in Japan, to China and other regions where social infrastructure is rapidly being developed, the Group aims to expand its business territories in overseas markets.

[Electronics and Automotive Systems]

In the electronics and automotive systems segment, consolidated net sales increased 18.3% from the previous fiscal year, to 209.6 billion, reflecting strong sales of automotive wire harness and components in both the Japanese and overseas markets throughout the fiscal year under review, and robust demand for magnet wires used in smartphones. Consolidated operating income climbed 8.7% year on year, to 7.8 billion yen, given steady sales of automotive wire harness and components throughout the year, despite a slowdown in demand for aluminum blank materials for hard discs in the second half. Non-consolidated net sales rose 19.7% from a year earlier, to 128.3 billion. In April 2010, Furukawa Magnet Wire Co., Ltd., the Company's subsidiary, was established by acquiring magnet wire operations from the Company and Riken Electric Wire Co., Ltd., and it also acquired magnet wire operations from Totoku Electric Co., Ltd. in October 2010. As a result of these initiatives, Furukawa Magnet Wire Co., Ltd. successfully consolidated costs and exerted synergies, and contributed to an improvement in the Group's sales and income.

[Metals]

In the metals segment, consolidated net sales increased 27.8% year on year, to 152.9 billion, chiefly reflecting the fact that bare copper prices remained at a high level, demand for copper strips used in electronics components recovered, and demand for copper pipes used in air conditions grew, a result of the effects of the scorching summer. Consolidated operating income amounted to 3.2

billion yen, an improvement of 5.4 billion yen from the previous fiscal year, given the impact of structural reforms in this segment, and the effects of an improvement in productivity, due to higher demand particularly in the first half of the year. Non-consolidated net sales rose 17.6% year on year, to 91.6 billion. In March 2011, the Company established a new company, Furukawa Circuit Foil Taiwan Corporation (FCFT) in Taiwan, to manufacture and sell lithium-ion batteries. Based on this initiative, the Company will bolster the lithium-ion batteries business, where it holds the leading market share.

[Light Metals]

In the light metals segment, demand for a wide range of products increased in the first half of the fiscal year under review, including cans for beverages—reflecting an extremely hot summer—materials used in automotive heat exchangers, and thick plates used in LCDs and semiconductor fabrication equipment. In the second half of the year, although demand for certain products started to fall, sales continued to rise, mainly reflecting a recovery in demand for automotive heat exchangers and an increase in demand for materials for foils. As a result, consolidated net sales in this segment rose 11.1% from the previous year, to 209.0 billion yen. Consolidated operating income improved a significant 11.6 billion yen year on year, to 11.5 billion yen, given steady prices of aluminum ingots compared with those in the previous fiscal year, in addition to the recovery in sales.

[Services and Others]

The services and others segment encompasses data processing, software development, logistics and outsourced operations to support different businesses in our Group as well as property leasing. This segment's consolidated net sales increased 1.9% year on year, to 37,600 million yen. Consolidated operating income was 2,300 million yen, representing an 20.9% year-on-year increase, owing to the effect of cost cutting initiatives. Non-consolidated net sales increased 5.5% from the previous fiscal year, to 4,200 million yen.

[Consolidated Net Sales and Operating Income by Segment] (unit: million yen)

Segment	Net sales	Increase/Decrease from the Previous Year-End	Operating income	Increase/Decrease from the Previous Year-End
Telecommunications	149,317	13,821	9,572	(259)
Energy and Industrial Products	252,997	44,171	866	(2,824)
Electronics and Automotive Systems	209,624	32,392	7,801	621
Metals	152,937	33,303	3,237	5,434
Light Metals	209,043	20,926	11,487	11,638
Services and Others	37,594	687	2,312	399
Elimination	(85,759)	(29,242)	(132)	(188)
Total	925,754	116,061	35,144	14,822

(2) Capital Investment

During the fiscal year under review, our Group has spent a total of 27,900 million yen in capital investment. Major investments include the following:

(i) Major facilities that were completed in the fiscal year under review

Update of internal accounting systems	The Company's accounting division
Construction of plants and production lines	FURUKAWA AUTOMOTIVE SYSTEM VIETNAM INC. (Vietnam, Electronics and Automotive Systems)
Renewal of large sized cranes	Furukawa-Sky Aluminum Corp.(Light Metals)

(ii) Ongoing installation and expansion of major facilities during the fiscal year under review

Construction of new plants and integration of production facilities	Asahi Electric Works, Ltd.(Energy and Industrial Products)
Strengthening of manufacturing facilities of foam sheets	The Company's Energy and Industrial Products company

Mass production of new type rectangular wire	Furukawa Magnet Wire Co.,Ltd. (Electronics and Automotive Systems)
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(3) Fund procurement

Furukawa Electric and the Group raise the funds it needs through short-and long-term loans from financial institutions, the issuing of corporate bonds, commercial paper, discounting of bills, and liquidation of acceptance receivables and accounts receivable, among other methods. During the fiscal year under review, to secure funds to finance the part of the redemption of corporate bonds that were maturing within the year, the Company issued straight corporate bonds of 10 billion yen in total in October 2010.

In addition, within our Group, Furukawa Electric and its 31 subsidiaries participate in the cash management system (CMS) operated by Furukawa Finance and Business Support Co., Ltd., a wholly owned subsidiary of Furukawa Electric, to increase fund efficiency and reduce interest-bearing debt.

As of March 31, 2011, at the end of the fiscal year under review, the amount of consolidated interest-bearing debts decreased 20,500 million yen year on year to 341,600 million yen.

(4) Tasks in the near future

(i) Effects of the Great East Japan Earthquake and countermeasure policies in the future

1) Implementation of the business continuity plan and the effects of the March 11 earthquake

In April 2008, the Company established a project team to develop a business continuity plan (BCP) for use in the event of a major earthquake. The Company has since been engaged in BCP activities, including the development of BCPs for the core operations of the headquarters and the main operations of Chiba Plant, as well as seismic examinations of major facilities and buildings at all plants in Japan. During the fiscal year under review, by establishing a committee in July 2010 to promote business continuity management (BCM) across the Company, the Company put in place an internal system to execute BCM activities. Moreover, in January 2011, it acquired the business continuity management standard, BS25999, effectively an international standard, for its optical and semiconductor device operations. With these initiatives, the Company sought to build on its existing activities.

When the Great East Japan Earthquake took place, certain buildings and facilities in the Chiba Plant, the Nikko Plant and the Copper Foil Division were damaged. Based on the BCP as described above, the Company established an emergency headquarters. Under the direction of the President as its General Manager, the emergency headquarters promptly collected information about the well-being of employees and about damage caused to buildings and production facilities of plants in the afflicted areas. These actions enabled the Company to make appropriate decisions and take effective action. As a result, the Company was able to repair the damage caused by the disaster in the plants faster than was initially anticipated. It has also restarted the supply of some products that had been suspended to its customers. Using the experience of this disaster as a lesson, the Company will take steps to further strengthen the seismic capacity of each plant, and develop more effective BCPs. The Company will also examine the possibility of action to meet the responsibility of supplying products in the global supply chain to customers.

2) Future policies

The Great East Japan Earthquake and subsequent tsunami not only caused devastating damage to houses and buildings, it also delivered a serious blow to the social infrastructure, causing power shortages, disruption to transportation systems, and other problems. The Furukawa Electric Group has for many years operated transmission infrastructure businesses, including a electric power cable business and a communication cable business. As the reconstruction effort moves forward, the restoration and development of the social infrastructure, including transmission infrastructure, is likely to be a matter of priority. The Group is committed to actively contributing to this aspect of the reconstruction. In its future operations, because of the earthquake, the Group is likely to face a number of difficulties in securing a reliable source of raw materials and adequate electric power. In response, the Company has established a project team comprising members from all divisions, and is examining ways of contributing to the effort of electricity saving and maintaining the Group's production activities from a comprehensive perspective.

(ii) Bolstering compliance

In May 2010, the Company was issued with a cease and desist order and an administrative surcharge payment order by the Japan Fair Trade Commission as a result of acts in violation of the

Antimonopoly Act in connection with optical fiber cable for electric and communication operators. With respect to the administrative surcharge payment order for certain products, the Company has referred the matter to the courts, where proceedings are underway. In November 2010, Furukawa Elecom Co., Ltd. was issued with an administrative surcharge payment order by the Japan Fair Trade Commission as a result of acts in violation of the Antimonopoly Act in connection with the transactions of three types of industrial cables for general use. The Company is also cooperating with investigations conducted by the Japan Fair Trade Commission and other authorities under competition law mainly in the United States and European Union on the Group's automotive wire harnesses and related products. It is also working with the Japan Fair Trade Commission in an investigation into transactions involving industrial cables with Kyowa Electric Wire Co., Ltd., the Company's subsidiary. The Furukawa Electric Group once again would like to extend its sincere apologies for causing serious concerns and inconvenience to its shareholders and related parties over an extended period in connection to this series of problems associated with the Antimonopoly Act.

As pledged with its shareholders in the previous year, to prevent the reoccurrence of these problems in the future, the Furukawa Electric Group will seek to reform its corporate culture as the most critical challenge, as set out in its medium-term management plan, and will continue to adopt specific measures to prevent the occurrence of any similar incidents in the future. To achieve its philosophy of all Group members contributing to the realization of a truly prosperous and sustainable society, the Furukawa Electric Group will take a range of actions to ensure that all officers and employees constantly maintain a high awareness about the social responsibility that is typically related to the compliance, while reforming its corporate culture.

[Measures taken or to be taken to ensure comprehensive compliance]

Items	Specific measures
Clear statement of the policy by the manager	* Carrying out comprehensive dialogues between the President and employees in the field (about the introduction of special activities mainly related to the safety, quality, compliance and manufacturing capabilities, and communication with employees in the field chiefly through on-site inspections) in each plant
Strengthening of monitoring functions	* Assignment of managers responsible for compliance and staff in charge of the promotion of compliance at each division * Implementation of compliance inspection activities at each division * Strengthening of advice and instructions from external professionals (lawyers) * Implementation of audits by the internal audit division that focus on the status of the compliance with the Antimonopoly Act, the Subcontract Act, and the management of safety and working hours
Strengthening of control, training, etc. for the compliance with the Antimonopoly Act	* Ensuring of the submission of a preliminary application and ex post facto report on participation in meetings with peer companies, and implementation of an audit by the internal audit division * Clarifying the handling of violations of the Antimonopoly Act in the disciplinary items of the Working Regulations, and the establishment of a Disciplinary Committee to ensure the appropriate implementation of the disciplinary procedures * Periodic personnel reshuffles in sales and other departments * Strengthening of controls related to pricing processes and other related matters in sales departments * Confirmation of the nature of associations and industry organizations in which the Group's officers and employees participate, and a review of participants * Holding of seminars on the Antimonopoly Act at the Company and its affiliates * Revision of the manuals on the Antimonopoly Act and the raising of awareness about the manuals * Creation of a consultation office for issues related to the Antimonopoly Act
Other training and enlightenment activities	* Holding of a compliance meeting in a small group to discuss the Company's organizational systems * All executives and managers to submit a "Compliance Covenant" * All employees to use of the compliance check sheet and hold a team

	meeting about the check sheet * Revision of the Furukawa Electric Group CSR Code of Conduct, and the full-fledged revision of the CSR Compliance Handbook * Issuance of a CSR report for the employees
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(iii) Promotion of the medium-term management plan, New Frontier 2012

The outlook for the Japanese economy remains uncertain, given the ongoing effects from the Great East Japan Earthquake. The overseas economy is also likely to face an increasing number of negative factors, such as a debt crisis in Europe and a surge in prices of raw materials, while emerging economies are likely to continue to enjoy strong economic growth.

In this environment, the Furukawa Electric Group established a medium-term management plan called New Frontier 2012 in 2010. By continuing to steadily execute the measures set out in the plan in the future in the same manner as it conducted in the fiscal year under review, the Group will seek to expand its operations in the new frontier (new markets and new businesses), and achieve management that can appropriately respond to change.

In the transmission infrastructure business, the Group will strive to strengthen its production structure and sales capabilities to capture investments in communication and electric power-related infrastructure in emerging economies that are expected to continue to show a strong level of demand. In the functional materials business, to further improve the profitability of each product, the Group will focus on developing competitive technologies and bolstering productivity. It will also actively proceed with capital investment by appropriately judging demand trends. In cultivating new environmental businesses, the Group will strive to strengthen measures for developing new markets and products through organizations created in 2010, including the Smart Grid Business Development Department, the Next Generation Vehicle Project Team, and the Next Generation Battery Materials R&D Center.

We respectfully ask our shareholders for their continued support in the future.

(5) Changes in business outcomes and assets

(i) Changes in Group business outcomes and assets

Category	186 th term Fiscal 2007	187 th term Fiscal 2008	188 th term Fiscal 2009	189 th term (Current term) Fiscal 2010
Net sales (million yen)	1,174,247	1,032,807	809,693	925,754
Operating income (million yen)	48,447	9,752	20,321	35,144
Ordinary income (million yen)	40,831	(14,788)	19,347	31,422
Net income (million yen)	15,291	(37,405)	9,704	12,213
Net income per share (yen)	21.81	(53.34)	13.80	17.30
Total assets (million yen)	1,014,777	845,658	835,819	826,944
Net assets (million yen)	294,982	190,428	208,928	215,904

(ii) Changes in Company business outcomes and assets

Category	186 th term Fiscal 2007	187 th term Fiscal 2008	188 th term Fiscal 2009	189 th term (Current term) Fiscal 2010
Net sales (million yen)	532,665	426,125	350,424	417,687
Operating income (million yen)	9,319	(9,713)	(2,801)	(2,072)
Ordinary income (million yen)	12,991	(3,490)	2,602	14,297
Net income (million yen)	10,446	(14,850)	2,905	9,882
Net income per share (yen)	14.90	(21.18)	4.13	13.99
Total assets (million yen)	537,804	474,308	474,272	450,891
Net assets (million yen)	145,978	113,371	121,011	124,606

(6) Main Subsidiaries (as of March 31, 2011)

Company name	Capital	% of the FEC's share	Scope of business
Furukawa-Sky aluminum Corp.	16,528 million yen	53.00%	Manufacture and sales of aluminum products
Nippon Foil Mfg. Co., Ltd.	490 million yen	100%	Manufacture and sales of aluminum products
Furukawa Battery Co., Ltd.	1,640 million yen	58.06%	Manufacture and sales of batteries
FCM Co., Ltd.	687 million yen	55.19%	Manufacture and sales of plated copper products
FURUKAWA AUTOMOTIVE SYSTEMS INC.	3,000 million yen	100%	Manufacture of automotive harnesses and automotive components
Furukawa Sangyo Kaisya, Ltd.	700 million yen	100%	Sales of electric cables, non-ferrous metal products
Okano Electric Wire Co.,Ltd.	489 million yen	43.48%	Manufacture and sales of metal communication cables and optical parts
Furukawa Industrial Cable Co., Ltd.	450 million yen	100%	Manufacture of electric cables
Okumura Metals Co., Ltd.	310 million yen	100%	Manufacture and sales of aluminum products and copper products
Furukawa Logistics Corp.	292 million yen	100%	Logistics services
Furukawa Elecom Co.	98 million yen	100%	Sales of electric cables
Furukawa Magnet Wire Co.,Ltd.	96 million yen	100%	Manufacture and sales of electric cables, processed products and varied metal wires
OFS Fitel, LLC	211 million US dollars	100%	Manufacture and sales of optical fiber and assemblies
American Furukawa, Inc.	500 thousand US dollars	100%	Manufacture and sales of automotive components
Furukawa Industrial S.A. Produtos Eletricos	122 million Brazilian real	100%	Manufacture and sales of optical fiber cables, metal communication cables and LAN cables
Shenyang Furukawa Cable Company Ltd.	229 million Chinese yuan	100%	Manufacture and sales of electric wires and components
Furukawa Metal (Thailand) Public Co., Ltd.	480million Thai baht	44.00%	Manufacture and sales of copper tubes
Trocellen GmbH	8,500 thousand Euro	60%	Manufacture and sales of foamed plastics
Furukawa Electric Singapore Pte. Ltd.	3 million US dollars	100%	Sales of electric cables, electric wires, coiled wires and copper products
P.T. Tembaga Mulia Semanan	18,367 million Indonesian Rupiah	42.42%	Manufacture and sales of copper rod

[Note] The figures in the bracket include the ratio of indirectly ownership. Equity contributions in Nippon Foil Mfg. Co., Ltd. show those from Furukawa-Sky Aluminum Corp.

(7) Scope of major businesses (as of March 31, 2011)

Division	Scope of major businesses
Telecommunications	Optical fiber cables, Metal communication cables, Semiconductor optical devices, Electronic appliance wires, Optical components, Network equipment, Optical fiber cable accessories and installations, CATV system, Radio products, etc.
Energy and Industrial Products	Copper wires and Aluminum wires, Power transmission Cable, Insulated wires, Power transmission cable accessories and installations, Cable conduits, Water-feeding pipe materials, Foam products, UV tapes for semiconductor manufacturing, Electrical Insulation Tape, Electric material products, etc
Electronics and Automotive Systems	Automotive components and wire harness, Magnet wires, Electronic component materials, Heatsinks, Hard disc drive(HDD)substrates(aluminum), Battery products , etc.
Metals	Wrought copper products(plates, strips, pipes, rods, and wires),Functional surface products(Plating), Electrodeposited copper foil, Processed products for electronic parts, Superconducting products, Special metal materials(Shape-memory and super-elastic alloys), etc.
Light Metals	Aluminum plates, Extruded aluminum products, Casting products, Forged products, Processed light metal products, etc.
Services and Others	Logistics, Information processing service, Software development, Service business (real-estate leasing and so on), etc.

(8) Main offices and plants (as of March 31, 2011)

Furukawa Electric Co., Ltd

- Head office: 2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo
- Branch offices: Kansai Branch Office (Osaka), Chubu Branch Office (Nagoya), Kyushu Branch Office (Fukuoka)
- Plants: Chiba Plant (Ichihara, Chiba Pref), Nikko Plant (Nikko, Tochigi Pref), Hiratsuka Plant (Hiratsuka, Kanagawa Pref), Mie Plant (Kameyama, Mie Pref) , Copper Tube Division (Amagasaki, Hyogo Pref), Copper Foil Division(Nikko, Tochigi Pref)
- Research Laboratory: Yokohama R&D Laboratory (Yokohama)

(9) Employee Data (as of March 31, 2011)

(i) the Furukawa Electric Group

Division	Number of employees		Increase/Decrease from the Previous Year-End	
Telecommunications	5,724	(1,021)	+347	+14
Energy and Industrial Products	3,642	(671)	+33	+52
Electronics and Automotive Systems	21,514	(255)	+1,197	-205
Metals	2,646	(1,246)	-186	-22
Light Metals	3,592	(-)	+170	(-)
Services and Others	2,180	(972)	+13	(-5)
Total	39,352	(4,227)	+1,615	-99

[Note]1. The above figures do not include the number of the temporary workers and temporary transferred workers to the other Company other than the Furukawa Electric Group.

2. The figure in the bracket is the number of employees of Furukawa Electric.

(ii) Furukawa Electric

Number of employees	Average age	Average years in service
4,227	41.7	18.8

[Note] The above figures do not include the number of the temporary workers and temporary transferred workers to the other Company.

(10) Main loan creditor (as of March 31, 2011)

Name of creditor	Amount of loan credit (¥ in million)
Mizuho Corporate Bank, Ltd.	69,664
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	37,015
Asahi Mutual Life Insurance Co.	24,299

2 . Shares (as of March 31, 2011)

(1) Stockholders' Equity

Class of share	Total number of shares to be issued by the company	Total number of outstanding shares	Number of stockholders
Common Stock	2,500,000,000	706,669,179	69,046
Preferred Stock	50,000,000	-	-
Deferred Stock	46,000,000	-	-

(2) Major top 10 shareholders of the Company and the Company's capital contributions to such shareholders.

Name of major shareholders	Number of shares	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	35,774,000	5.07%
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,745,000	4.78%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	29,295,000	4.15%
Trust & Custody Services Bank, Ltd.(Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	22,928,250	3.25%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	22,410,000	3.17%
Asahi Mutual Life Insurance Co.	16,060,500	2.27%
Furukawa Co., Ltd.	13,290,455	1.88%
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	12,894,100	1.83%
Nippon Life Insurance Co.	11,895,000	1.68%
Fuji Electric Holdings Co., Ltd.	11,000,000	1.56%

[Note]1. The Company holds 438,730 shares of treasure stock, they are excluded from the capital positions of the above shareholding ratio.

2. Although not mentioned in the above table, Asahi Mutual Life Insurance Company has placed 10,500,000 shares in a retirement benefits trust.
3. Although not mentioned in the above table, Furukawa Co., Ltd. has placed 10,919,000 shares in a retirement benefits trust.
4. Fuji Electric Holdings Co., Ltd. changed its trade name to FUJI ELECTRIC CO., LTD. on April 1, 2011.

3 . Corporate Officers (as of March 31, 2011)

(1) Directors and auditors

Hiroshi Ishihara	Chairman (Representative Director)
Masao Yoshida	President (Representative Director)
Tetsuo Yoshino	Director (Outside director)
Takasuke Kaneko	Director (Outside director)
Sumitaka Fujita	Director (Outside director)
Hideo Sakura	Director, Corporate Senior Vice President and CFO
Masahiro Yanagimoto	Director, Corporate Senior Vice President and President of the Electronics and Automotive Systems Company, General Manager of the Magnet Wire Division of the Electronics and Automotive Systems Company
Shunichi Shindo(*)	Director, Corporate Senior Vice President, President of Energy and Industrial Products Company and General Manager of Smart Grid New Business Development
Tetsuya Sato	Director, Corporate Vice President, CSRO, General Manager of CSR Division and General Manager of Export Security Administration Department
Mitshuyoshi Shibata(*)	Director, Corporate Senior Vice President and President of Metals Company
Toru Shirasawa(*)	Director, Corporate Senior Vice President and CPO
Nozomu Amano(*)	Director, Corporate Vice President and CSO
Takahiko Ito	Statutory Auditor (Full-time)
Kaoru Yabuki(*)	Statutory Auditor (Full-time)
Yuzuru Fujita	Statutory Auditor (Outside auditor)
Tadashi Kudo	Statutory Auditor (Outside auditor)
Kenji Koroyasu(*)	Statutory Auditor (Outside auditor)

- [Note]1. Mr. Tetsuo Yoshino , Takasuke Kaneko and Sumitaka Fujita are the outside directors.
2. Mr. Yuzuru Fujita , Tadashi Kudo and Kenji Koroyasu are the outside auditors.
3. Mr. Takasuke Kaneko, a director, Mr. Sumitaka Fujita, a director, and Mr. Tadashi Kudo, an outside auditor, Mr.Kenji Koroyasu are registered with the Tokyo Stock Exchange and the Osaka Securities Exchange as independent directors and auditor, respectively.
4. The expertise in finance and accounting held by each Auditor is as follows:
- Mr. Takahiko Ito, a Statutory Auditor(Full-time), has held management positions in the Accounting, Purchasing, and Personal & General Affairs Departments of Furukawa Group companies, and possesses a sound knowledge of finance and accounting.
 - Mr.Kaoru Yabuki, a Statutory Auditor(Full-time), has held a management position in the Audit Division of the Company and other positions, and was appointed a Director in charge of the accounting division of other listed companies,and possesses a sound knowledge of finance and accounting.
 - Mr. Yuzuru Fujita, a Statutory Auditor(Outside auditor), held the position of representative director of a financial institution, and was appointed Director in charge of a finance division. He possesses a sound knowledge of general business management, including finance and accounting.
 - Mr. Tadashi Kudo, a Statutory Auditor(Outside auditor), help the position of representative director of a financial institution, and possesses sound knowledge of general business management, including finance and accounting.
5. The following changes were made to the status of the directors and their duties as of April 1, 2011:

Hideo Sakura	Director, Corporate Exective Vice President and CFO
Shunichi Shindo	Director

6. Directors and Auditors in the table shown above with the mark of (*) were appointed Directors and Auditors for the first time at the 188th Annual Meeting of Shareholders held on June 29, 2010, and subsequently took up their positions.
7. The Directors described below resigned as Directors as at the close of the 188th Annual Meeting of Shareholders held on June 29, 2010 following the completion of their terms. Directors: Atsushi Kitanoya, Kosaku Nakano, Katsuhiko Murota, and Naoomi Tachikawa
8. Mr. Hiromasa Ogawa, an Auditor, resigned as Auditor as at the close of the 188th Annual

Meeting of Shareholders held on June 29, 2010, before the completion of his term.

9. The Company has transactions relating to loans, etc. with Asahi Mutual Life Insurance Co.. Asahi Mutual Life Insurance Co. holds 3.75% of the Company's outstanding shares (including shares placed by Asahi Mutual Life Insurance Co. in a retirement benefits trust). Furukawa Co., Ltd. holds 3.42% of the Company's outstanding shares (including shares placed by Furukawa Co., Ltd. in a retirement benefits trust), and the Company holds 2.17% of the outstanding shares of Furukawa Co., Ltd. Fuji Electric Holdings Co., Ltd. holds 1.55% of the Company's outstanding shares, and the Company holds 1.79% of the outstanding shares of Fuji Electric Holdings Co., Ltd. There are no specific relationships with the other companies with whom the Company allows its directors and auditors to concurrently hold offices as outside director or outside auditors.
10. Fuji Electric Holdings Co., Ltd. mentioned in the above table and note 9 changed its trade name to FUJI ELECTRIC CO., LTD. on April 1, 2011.

The below table sets forth the area of operation of each Chief Officer.

CSRO	CSR Division
CSO	Legal Dept, Personal & General Affairs Dept., Corporate Strategy Planning Dept., Corporate Real Estate Management Dept. Smart Grid New Business Development
CFO	Finance & Accounting Dept.
CTO	Research & Development Div., Patent & Licensing Dept.
CPO	Purchasing Dept., Production Technology & Engineering Division, Quality Promotion Dept., Production Development Dept.
CMO	Corporate Sales Planning and Marketing, Furukawa Expo Committee, Kansai Branch, Chubu Branch, Kyusyu Branch, Hokkaido Branch, Tohoku Branch, Chugoku Branch

(2) Compensation of the Company's officers

(i) Outline of the compensation of the Company's officers

The Company established a Compensation Committee in May 2010. The committee deliberates and makes decisions on policies, systems and other matters related to the compensation of officers and other issues under the authorization from the Company's Board of Directors. The policy on the compensation of officers, which was determined by the committee, stipulates that the compensation of officers shall be determined in a way that encourages each officer to exert his/her abilities to the maximum level and proactively fulfill his/her duties, so that the Furukawa Electric Group will increase its corporate value and achieve sustainable growth while contributing to society through its business activities.

The Company's compensation of Directors comprises monthly compensation and performance linked compensation. (Performance linked compensations is not applicable to outside officers.) Auditors only receive monthly compensation. Monthly compensation is provided in cash for the amount that is determined in accordance with the titles of the officers. Performance linked compensation is provided, in principle, in cash for an amount that changes in accordance with the results of each division for the relevant fiscal year.

(ii) Compensation of Directors and Auditors for the fiscal year under review

	Number of persons	Amount (million yen)
Directors (outside directors)	16 (3)	339 (21)
Auditors (outside auditors)	6 (3)	76 (19)
Total (outside directors and outside auditors)	22 (6)	415 (41)

[Note]1. The maximum annual compensation for directors in accordance with the resolution of the ordinary general meeting of shareholders is 600 million yen (excluding employees' salaries for directors concurrently holding a position as employee) respectively. Following the addition of one Auditor, the maximum annual compensation for officers was revised to 86 million yen at the 188th Annual Meeting of Shareholders held on June 29, 2010.

2. Mr. Hiroshi Ishihara, Representative Director, and Mr. Masao Yoshida, Representative Director, returned part of their compensation as a result of the cease and desist order and the administrative surcharge payment order received by the Company as of May 22, 2010 in relation to Optical Fiber and Cables and related products, from the Japan Fair Trade Commission for a violation of the Antimonopoly Act.

3. In light of the severe operating results, monthly compensation for full-time Directors was reduced from the level of January 2009, and Statutory Auditors(Full-time) also returned part of their compensation. This reduction in compensation was ended from compensation for February. Part of the compensation for senior managing directors and managing directors has been paid in accordance with the performance for the relevant fiscal year. However, payments of such compensation have been suspended since that for fiscal 2008. It was decided to continue to suspend the compensation for fiscal 2010.

(3) Outside officers

(i) Major activities of outside officers

Outside directors

Name	Attendance at meetings of the Board of Directors	Comments and Remarks
Tetsuo Yoshino	18 of 16 meetings	Mr. Tetsuo Yoshino possesses extensive knowledge and experience as a manager of a non-ferrous metals manufacturer, and has been actively participating in meetings, particularly in areas associated with business restructuring and annual business plans, by presenting specific insights into judgments on business management, market trends, and environmental issues. He has also been providing suggestion about the development of a compliance structure.
Takasuke Kaneko	18 of 16 meetings	Based on extensive knowledge and experience acquired from a number of management positions held in financial institutions and from a position as outside director at other companies, Mr. Takasuke Kaneko has been actively participating in meetings, particularly in areas associated with business plans, capital participation and risk management, by analyzing the details of plans, and presenting specific measures to control and deter risks the Group is facing. He has also demanded a comprehensive awareness of the compliance.
Sumitaka Fujita	18 of 16 meetings	Based on extensive knowledge and experience as a manager of a trading company, Mr. Sumitaka Fujita has been actively participating in meetings, particularly in areas associated with capital participation, business accounting, and annual business plans, by analyzing the details of operational policies, and presenting suggestion from the perspective of global business management. He also requested that the Group take steps to improve its compliance structure.

Outside auditors

Name	Attendance		Comments and Remarks Meetings of the Board of Directors
	Meetings of the Board of Directors	Meetings of the Board of Auditors	
Yuzuru Fujita	18 of 14 meetings	9 of 9 meetings	Based on extensive knowledge and experience acquired from positions as a manger of a financial institution and an outside director of other companies, Mr. Yuzuru Fujita has been actively participating in meetings of the Board of Directors, particularly in areas associated with capital participation, business restructuring, and management of Group companies from the perspective of risk management and institutional investment, by analyzing the details, understanding risks, and presenting suggestion about compliance. Mr. Fujita also has been actively participating in meetings of the Board of Auditors, particularly in areas associated with responses to compliance issues, and questions and confirmation about a review of quarterly results prepared by an Accounting Auditor.
Tadashi Kudo	18 of 18 meetings	9 of 9 meetings	Based on his extensive knowledge and experience acquired from positions as a manger of a financial institution and an outside director of other companies, Mr. Tadashi Kudo has been actively participating in meetings of the Board of Directors, particularly in areas associated with business restructuring, annual business plans and risk management, mainly from the perspective of risk management by presenting appropriate evaluation standards and viewpoints. He also demanded comprehensive awareness of the compliance, and an improvement in the Group's management structure. Mr. Kudo has also been actively participating in meetings of the Board of Auditors, particularly in areas associated with responses to compliance issues, J-SOX and the confirmation of progress with the development of internal control.
Kenji Koroyasu	12 of 11 meetings	7 of 6 meetings	Based on his extensive knowledge and experience acquired from positions as a lawyer and as an outside director of other companies, Mr. Kenji Koroyasu has been actively participating in meetings of the Board of Directors, particularly in areas associated with risk management, by analyzing the details, presenting suggestions about risk management and prevention, and requesting measures to establish a compliance system. Mr. Koroyasu has also been actively participating in meetings of the Board of

			Auditors by raising questions, and making remarks and suggestions, particularly about issues associated with compliance and corporate governance, as well as about risk management, audits by accounting auditors, and the results of quarterly reviews.
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[Note] Since Kenji Koroyasu, Statutory Auditor (Outside auditor), was elected at 188th Annual Meeting of Shareholders on June 29, 2010, the required number of the meetings of the board of directors and auditors to attend is different from the others.

(ii) Outline of response to the Company's improper and unlawful business conduct during the fiscal year under review

As stated in "1. Overview of business activities," on May 21, 2010, the Company was issued with a cease and desist order and an administrative surcharge payment order by the Japan Fair Trade Commission as a result of acts in violation of the Antimonopoly Act in connection with optical fiber cable for electric and communication operators.

At the meeting of the Board of Directors and the Board of Auditors, Outside directors and Outside auditors have been regularly making relevant comments on the development of a compliance system of the Furukawa Electric Group. At the meeting of the Board of Directors that was held after the incident to report and deliberate on the details of the incident and the Company's response, they urged the Company to take appropriate measures to ensure thorough awareness of compliance and to prevent the reoccurrence of incidents. They are also monitoring the progress of such measures.

(iii) Outline of the limited liability agreements

Furukawa Electric has agreements to limit liabilities under Paragraph 1, Article 423 of the Corporation Law with outside directors Tetsuo Yoshino, Takasuke Kaneko and Sumitaka Fujita and Outsider Corporate Auditors Yuzuru Fujita and Tadashi Kudo. The upper limit of liabilities under this agreement is either the amount of 7 million yen or the statutory lower limit, whichever is the higher.

4 . Accounting Auditor

(1) Name of accounting auditors

Ernst & Young ShinNihon LLC

(2) Remuneration of accounting auditors to be paid

(i) Total amount of monetary and other property benefits to be paid by Furukawa Electric and its subsidiaries	281 million yen
(ii) Of the amount stated in (i) above, remuneration for auditing services stipulated in Paragraph 1, Article 2 of the Certified Public Accountant Law	274 million yen
(iii) Of the amount stated in (ii) above, remuneration to be paid by Furukawa Electric to the accounting auditor	84 million yen

[Note] In the auditing agreement between the Company or the Company's subsidiaries and the accounting auditors, no distinctions are made between the amount of remuneration paid to accounting auditors for their auditing service under the Company Law and the amount of remuneration paid to accounting auditors for their auditing service under the Financial Instruments and Exchange Law. For this reason, the amounts of (ii) and (iii) above include the amount of remuneration to accounting auditors for their auditing service under the Financial Instruments and Exchange Law.

Among the key subsidiaries of Furukawa Electric, FCM Co., Ltd. and eight others are subject to auditing (limited to that which is conducted under the Corporation Law, the Securities Exchange Law or any overseas law or regulation equivalent to any of these Japanese laws) performed by certified public accountants or auditing companies other than the accounting auditor of Furukawa Electric (including those with an overseas qualification equivalent to any of these Japanese qualifications).

(3) Policies on making decisions on dismissing or not reappointing accounting auditor

The Board of Directors and the Board of Auditors have determined the following policies on making decisions on dismissing or not reappointing accounting auditors.

(i) Board of Directors

The Board of Directors will include in the objectives of the General Shareholders' Meeting dismissing or not reappointing an accounting auditor with the agreement of the Board of Auditors or at the request, as mentioned below, of the Board of Auditors when it is deemed necessary for reasons such as an impediment to the accounting auditor's ability to fulfill its services.

(ii) Board of Auditors

The Board of Auditors will make a request to the Board of Directors to include in the objective of the General Meeting of Shareholders a proposal to dismiss or not reappoint an accounting auditor provided that it is deemed necessary for reasons such as an impediment to the accounting auditor's ability to fulfill its services.

If any accounting auditor is deemed to fall under any of the Items in Paragraph 1, Article 340 of the Corporation Law, the Board of Auditors will hold discussions to dismiss the accounting auditor in the name of the Board of Auditors and with the approval of all Corporate Auditors. In this event, the auditor designated by the Board of Auditors will report the dismissal of the accounting auditor and the reason for the dismissal at the first General Meeting of Shareholders held after the dismissal takes place.

5 . The Company's Systems and Policies

(1) Systems for ensuring compliance of directors' execution of duties with laws, regulations and the Articles of Incorporation and soundness of other operations

Furukawa Electric has set out the following basic policy on the *establishment of systems necessary to ensure soundness of operations of stock companies*, as stipulated in Item 6, Paragraph 4, Article 362 of the Corporation Law and in Paragraphs 1 and 3, Article 100 of the Enforcement Regulations of the Corporation Law.

<Basic Policy>

Furukawa Electric Co., Ltd. and its Group will operate its businesses in a manner that flexibly responds to changes in the operating environment and in the market in pursuit of quicker decision making and greater management efficiency. The Group will also adopt the following policies and systems to maintain and improve the soundness of management and to increase corporate value.

- (i) Systems for ensuring compliance of the execution of duties by directors and employees with laws, regulations and the Articles of Incorporation
- "Furukawa Electric Group Corporate Philosophy" and "Furukawa Electric Group CSR Code of Conduct" shall serve as a basic principle on ethics and statutory compliance. In accordance with the Regulations on Compliance, the president shall assume final responsibility for compliance and the Compliance Committee shall play a central role in promoting compliance activities, including internal education and inspection of statutory violation.
 - To ensure ongoing compliance activities throughout the Group, a compliance manager and a compliance officer will be appointed in each department to effectively promote compliance activities. The compliance manager and compliance officer will report to the president of their company, who has overall responsibility for compliance for that company, and chief officers.
 - To prevent any future involvement in cartels, the Company will ensure thorough monitoring functions through ongoing educational and enlightening activities relating to the Antimonopoly Act of Japan and competition laws of various countries, strengthening of controls on contacts with industry peers and pricing processes, and advice from external professionals to be received on a regular basis.
 - To enable early discovery of and correction to compliance infringements, active use shall be made of the whistle blowing system. In response to any notice of suspected violation, the Compliance Committee shall promptly take the appropriate action consistent with the protection of the whistle blower and submit a report to the Board of Directors as appropriate.
 - Serving as the section for internal auditing, the Auditing Division shall monitor the execution of duties in individual segments, verify whether the international control framework including the internal control system is operating properly and report the findings to the management team.
 - With a basic philosophy of adopting a resolute approach and cutting out all relations with antisocial individuals or groups as stated in Item 7-4 of Furukawa Electric Group CSR Code of Conduct, comprehensive compliance with the provisions is ensured under the supervision

of Personal & General Affairs Department.

- (ii) Systems for storage and control of information on directors' execution of duties
 - Records and documents relating to critical decisions made by the Board of Directors and under the *ringi* decision-making system shall be stored in accordance with the Regulations on Document Storage and other internal regulations.
 - Information relating to directors' execution of duties shall be controlled in accordance with the Basic Regulations on Information Security and other internal regulations and appropriately treated from the perspective of its importance as information assets and necessity of protection.
- (iii) Regulations and other systems relating to control of possibilities of making losses (hereinafter referred to as "risks")
 - When any critical decision is made by the Board of Directors or under the *ringi* system, any risk that may be expected to be associated with the matter with which the decision is concerned shall be stated in materials and the decision shall be made after developing awareness of the risk. If any risk is recognized that may have a serious impact on Furukawa Electric, a system shall be established to ensure that its details and countermeasures against it are reported to the Board of Directors as needed.
 - Risk control conducted by individual divisions that perform business operations shall be subject to internal audit performed by the Auditing Division. The findings thereof shall be periodically reported to the Board of Directors.
 - The Company's risk management system and management method will be established in the Basic Regulations on Risk Management. In addition, to build more systematic and comprehensive risk management system, a CSR/Risk Management Committee consisting of the president, heads of segments, and chief officers, shall be established to oversee the Group's risks in general operations, and verify the appropriateness of its evaluation and management methods.
 - The CSR/Risk Management Committee shall promote establishment of plans to develop information security systems at each affiliate and each internal division, and to continue business in the event of an earthquake and other disasters. Among the risks, special committees shall be established for quality management, safety, and the environment to strengthen the risk management system.
- (iv) The system for securing appropriateness of financial reporting
 - Based on the Basic Regulations on Internal Control, the Furukawa Electric Group will establish a basic policy for the development and evaluation of an internal control system, to ensure the appropriateness of financial reporting (J-SOX Core Policies). At the same time, the system and responsibilities shall be clarified for the system's construction, development, operation, and monitoring.
- (v) Systems for ensuring effectiveness of directors' execution of duties
 - The medium-term management plan and the single-year budget shall set specific targets. Company presidents and chief operating officers shall execute their duties to attain the target and report the progress to the Board of Directors on a regular basis. The evaluation for remuneration and other purposes shall appropriately reflect the result.
 - The standards for referring matters to the Board of Directors and the *ringi* system for making decisions shall be established in detail and specifically. The Regulations on Duties, Powers and the Like of Operating Officers shall ensure a clear allocation of duties and powers to company presidents and chief operating officers.
 - With respect to the division of duties for division heads, a system to constantly review the division with organizational changes will be established based on the Basic Regulations on Segregation of Duties and the Regulations Regarding Positional Responsibilities and Authority.
- (vi) Systems for ensuring the soundness of operations of the Group, consisting of Furukawa Electric and its subsidiaries
 - In accordance with the Regulations on Group Management Control, administrative managers of individual subsidiaries shall be appointed to understand their business conditions and to offer management guidance to subsidiaries. Predetermined matters shall require approval of Furukawa Electric.
 - Group Company Supervision Department will be established as an organization providing integrated control and support for Group affiliates. The department will assume the role of devising policies for the control of subsidiaries and giving advice and instructions for the

enhancement of corporate governance.

- Part-time officers shall be dispatched to major subsidiaries to monitor their overall management status, including compliance and risk control. The Auditing Division shall perform an audit of subsidiaries from the standpoint of the auditing section of their parent company.
- (vii) Provisions concerning assistant employees requested by Statutory Auditors for assistance in their duties
 - At the request of a Statutory Auditor for any assistant employee, appropriate personnel shall be appointed after consultation with the corporate auditor.
 - The assistant employee shall be appointed as assistant to the Statutory auditor by an order of appointment and shall assist the Statutory auditor in fulfilling his or her duties and in operating the Board of Auditors.
- (viii) Provisions concerning independence of the employees stipulated in the preceding item from directors
 - Pursuant to the Internal Regulations on Assistant Employees to Corporate Auditors, assistant employees shall be guaranteed independence from directors. Transfer, appraisal, disciplinary action and other matters involving assistant employees shall require the approval of the Corporate Auditor.
- (ix) Systems for reporting from directors and employees to Statutory Auditors and other systems relating to notification to Statutory Auditors
 - It shall be ensured that Statutory Auditors have constant access to any meeting or any material they deem necessary for auditing purposes.
 - Directors or division managers shall report to Statutory Auditors the status of development and operation of internal control, compliance and risk control as appropriate.
 - Directors or division managers shall provide swift notification to Statutory Auditors should they discover any fact with the potential to severely damage the Company or any critical fact that constitutes a breach of laws, regulations or the Articles of Incorporation committed by a director or a division manager, should they conduct an investigation into the notification under the whistle blowing system or should government authorities issue any caution or take disciplinary action against the company.
- (x) Other systems for ensuring effectiveness of auditing performed by Statutory Auditors
 - The Board of Auditors shall report its auditing policy and plan to the Board of Directors. They shall be made known throughout the entire Company. The status of auditing shall also be reported to the president and the Board of Directors on a regular basis.
 - The standards for audits performed by Statutory Auditors shall be made known to directors and employees to deepen internal awareness and understanding of the importance of auditing performed by Statutory Auditors.
 - The division responsible for internal audits shall be strengthened and it shall have closer ties with Statutory Auditors.
 - When Statutory Auditors make any request for ensuring effectiveness of their audit, directors and employees shall respond sincerely.

(2) Basic policy concerning control of stock companies

[1] Basic policy concerning persons who control the financial and operational policies of the Company

Furukawa Electric (“the Company”) hereby announce that at a meeting held on March 9, 2007 the Board of Directors adopted the following basic policy concerning control over the financial and operational policies of the Company.

The Company believes that the control of the financial and operational policies of the Company should rest with those parties who contribute to the protection and enhancement of the corporate value of the Company and ultimately the common interests of the shareholders. However, since the Company leaves its shares open to free transactions on the market by listing them on stock exchanges, we believe that persons who control the Company should ultimately be determined by the shareholders and that the judgment on whether the Company should accept a proposal to purchase its shares that will be accompanied by the transfer of the control of the Company should also ultimately be determined by the shareholders. Nevertheless, large-scale purchases and proposals to purchase the Company’s shares could include large-scale purchasers which may act counter to the common interests of shareholders, such as those who could effectively force shareholders to sell their shares, those that do not give enough time and information for shareholders to consider the purchase conditions, etc. or for the Board of Directors of the Company to offer an alternative proposal, and those that require negotiations with the purchaser to set conditions more advantageous than those originally proposed by the purchaser. We believe that an exception should be made that disqualifies those who conduct such large-scale purchases or make such purchase proposals from controlling the financial and operational policies of the Company.

Furukawa Electric is pursuing the initiatives described below as effective actions to maintain and improve our corporate value and the common interests of shareholders, so that it is in the interest of shareholders to continue to invest in the Company. We believe that these initiatives will contribute to the materialization of the basic policy in [1], above.

Based on its corporate philosophy of “Drawing on more than a century of expertise in the development and fabrication of advanced materials, the Company seeks to contribute to the realization of a sustainable society through continuous technological innovation,” Furukawa Electric Group has adopted a vision of “Toward a more profitable, innovative, and dynamic global presence.”

As stated in “1. Overview of business activities,” the Company established a medium-term management plan, New Frontier 2012 in 2010. As a basic philosophy for achieving the Group’s vision, the plan stipulates that the Company will seek to grow in new markets and new businesses, and aim to practice management that can respond appropriately to change. As specific measures to achieve the plan, the Company has been reorganizing its business portfolio, cultivating new businesses, reforming its corporate culture, and improving its financial strength.

<i>New Frontier 2012</i>
<p>. Reorganizing the business portfolio and cultivating new businesses</p> <ul style="list-style-type: none"> a. Achieving global growth in the transmission infrastructure business b. Bolstering high-performance materials business c. Cultivating new environmental businesses d. Restructuring traditional processing businesses
<p>. Reforming corporate culture</p>
<p>. Improving financial strength</p>

[3] Measures to prevent inappropriate parties from controlling the financial and operational policies of the Company in light of the basic policy

The company introduced countermeasures (“The Plan”) against large-scale purchases of the company’s shares upon approval at the 188th Annual Meeting of Shareholders held on June 29, 2010. The outline of The Plan is as follows

(i) Purpose of introducing the Plan

The Plan was introduced as a means to prevent inappropriate parties from controlling the financial and operational policies of the Company in light of the basic policy described in [1] above.

(ii) Purchases covered by the plan

The large-scale purchase that is covered by the plan refers to a purchase of Furukawa Electric shares by a Group of shareholders with the intent to hold 20% or more of the total voting rights of Furukawa Electric, or a purchase of Furukawa Electric shares by a Group of shareholders which results in them holding 20% or more of the total voting rights of Furukawa Electric. The person or a company that conducts a large-scale purchase shall be referred to as the large-scale purchaser.

(iii) Overview of the large-scale purchase rules

Furukawa Electric’s large-scale purchase rules require that (i) a large-scale purchaser provide necessary and sufficient information to the Board of Directors in advance, and (ii) a large-scale purchaser be permitted to commence the large-scale purchase only after the prescribed period during which the Board of Directors assesses the large-scale purchase (60 or 90 days).

(iv) Furukawa Electric’s response to large-scale purchase attempts

If a large-scale purchaser complies with the large-scale purchase rules, the Board of Directors in principle does not intend to block the purchase, even if it constitutes a large-scale purchase. In this case, the Board of Directors will simply seek to persuade shareholders by expressing opposition to the purchase or by presenting alternative proposals to shareholders.

However, if a large-scale purchaser fails to comply with the Company's large-scale purchase rules, or if the Board of Directors decides that the purchase will cause irreparable damage to Furukawa Electric's corporate value and ultimately the common interests of shareholders, the Company's Board of Directors may take exceptional countermeasures against the large-scale purchaser, such as a gratis issue of stock acquisition rights or other measures the Board of Directors is permitted to take under the Companies Act or other laws and regulations, as well as the Company's Articles of Incorporation.

Furukawa Electric has established a Third Party Committee to ensure appropriate applications of the plan, to prevent arbitrary decisions made by the Board of Directors, and to guarantee the objectivity and rationality of the decisions of the Board of Directors.

Prior to taking any action, the Board of Directors will request the Third Party Committee for advice on whether to implement the countermeasures. In response to the request, the Committee will carefully review the case, and issue a recommendation for or against execution of the countermeasures. In turn, the Board of Directors shall respect the recommendation of the Third Party Committee to the extent possible.

[4] The Plan complies with the basic policy and corporate value of the Company and ultimately the common interests of the shareholders, and does not aim to maintain the position of executives of the Company

As stated above, in this severe management environment, the Company has focused on developing growing markets and products, and has sought to restructure its operations and Group companies, and strengthen the compliance structure. These initiatives were designed to bolster the Company's results and management indicators, improve the corporate value, and increase profits that are shared with our shareholders. Moreover, for the following reasons, this plan conforms to the basic policies of improving the Company's corporate value and profits that are shared with shareholders, and it is not designed to maintain the positions of the Company's directors.

1) Fulfillment of the requirements of the guidelines regarding takeover defense

The Plan fulfills the three principles stipulated in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

2) That the plan heavily emphasizes the will of shareholders

The plan was approved at the 188th Annual Meeting of Shareholders held on June 29, 2010 and was subsequently introduced. Therefore, the plan reflects the will of the majority of our shareholders.

3) One-year term of office of directors of the Company

The Company sets the term of office of directors at one year to clearly define their obligation to manage the Company in the interests of shareholders. Also, since the Plan will be abolished by a resolution of a meeting of the Board of Directors consisting of directors elected at a general meeting of shareholders of the Company, the shareholders are able to reflect their opinions on the Plan by exercising their voting rights in the election of directors.

4) Emphasis on the judgment of highly independent outsiders and information disclosure

The effective judgment on the operation of the Plan, such as the launch of countermeasures will be made by the Third-Party Panel, which consists only of highly independent outsiders. Also, as a summary of the judgment will be disclosed to shareholders the Plan is ensured to be operated transparently to protect the corporate value of the Company and the common interests of the shareholders.

The following three persons are the members of the Third Party Committee:

- Masamoto Tazaki (Representative Director and Chairman of Kawasaki Heavy Industries, Ltd.)
- Kunihiro Matsuo (attorney-at-law, former Prosecutor-General)
- Tadashi Kudo (Advisor to Mizuho Bank, Ltd., outside auditor, Furukawa Electric)

5) Establishment of reasonable and objective requirements

Since countermeasures in the Plan will be launched only once reasonable and objective requirements are fulfilled, it can be said that measures to prevent the Board of Directors of the Company from making an arbitrary launch are in place.

End

Consolidated Financial Statements for the 189th Fiscal Year
Consolidated Balance Sheet

(As of March 31, 2011)

(Unit: million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	419,808	Current liabilities	338,861
Cash and deposits	41,899	Notes and accounts payable	120,873
Notes and accounts receivable	227,147	Short-term debt	128,552
Marketable securities	114	Straight bonds	24,199
Merchandise and finished goods	30,202	Accrued income taxes	3,717
Work in Process	30,359	Deferred income taxes	55
Raw materials and supplies	39,344	Provision for product defect compensation	2,266
Deferred tax assets	7,753	Provision for loss due to disaster	1,512
Other current assets	44,770	Other current liabilities	57,683
Allowance for doubtful accounts	(1,784)		
Fixed assets	407,135	Long-term liabilities	272,178
Property, plant and equipment	273,025	Straight bonds	28,866
Buildings and structures	251,660	Long-term debt	160,002
Machinery, equipment and delivery equipment	632,808	Deferred tax liabilities	206
Tools, furniture and fixtures	78,633	Provision for employees' retirement benefits	59,062
Land	83,180	Provision for environmental measures	12,017
Lease assets	1,358	Asset retirement obligations	1,320
Construction in progress	7,400	Other long-term liabilities	10,701
Accumulated depreciation	(782,016)	Total liabilities	611,039
Intangible assets	16,261		
Goodwill	7,496	(Net assets)	
Other intangible assets	8,764	Shareholders' equity	177,598
Investments and other assets	117,848	Capital stock	69,395
Investment securities	85,435	Capital surplus	21,467
Investments	8,789	Retained earnings	87,007
Long-term loans	1,727	Treasury stock	(271)
Deferred tax assets	12,643	Accumulated Other Comprehensive Income	(11,630)
Others	12,839	Unrealized gains on available-for-sales securities	14,222
Allowance for doubtful accounts	(3,586)	Deferred gains on derivatives under hedge accounting	638
		Retirement benefits of overseas subsidiaries - deferred	(3,617)
		Foreign currency translation adjustment	(22,873)
		Minority interests	49,936
Total assets	826,944	Total net assets	215,904
		Total liabilities and net assets	826,944

(Note) Figures above are rounded off to the nearest million yen.

Consolidated Statement of Operation
(From April 1, 2010 to March 31, 2011)

(Unit: million yen)

Account title	Amount	
Net sales		925,754
Cost of sales		773,499
Gross profit		152,254
Selling, general and administrative expenses		117,110
Operating income		35,144
Non-operating income		
Interest and dividends income	2,368	
Equity in income of non-consolidated subsidiaries and affiliates	634	
Others	1,812	4,815
Non-operating expenses		
Interest expenses	6,012	
foreign-exchange loss	529	
Others	1,994	8,537
Ordinary income		31,422
Extraordinary income		
Gain on sales of property, plant and equipment	1,270	
Gains on sales of investment securities	2,287	
Reversal of allowance for doubtful accounts	1,508	
Reversal of allowance for product defect compensation	904	
Others	1,323	7,294
Extraordinary loss		
Loss on disposal of property, plant and equipment	543	
Loss on revaluation of investments in securities	3,466	
Impairment loss	2,410	
Business structural reform costs	700	
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,235	
Loss due to disaster	2,613	
Others	4,160	15,130
Income before income taxes and minority interests		23,586
Income taxes and others	6,826	
Adjustment to deferred income taxes	(1,404)	5,422
Income before minority interests		18,163
Minority interests		5,950
Net income		12,213

(Note) Figures above are rounded off to the nearest million yen.

Consolidated Statement of Changes in Net Assets
(From April 1, 2010 to March 31, 2011)

(Unit: million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2010	69,395	21,467	71,987	(236)	162,614
Changes during the period					
Cash dividends paid			(3,531)		(3,531)
Net income			12,213		12,213
Increase due to increase in consolidated subsidiaries			73		73
Decrease due to decrease in consolidated subsidiaries			(495)		(495)
Increase due to increase in equity method affiliates			1,595		1,595
Decrease due to decrease in equity method affiliates			(0)		(0)
Increase due to increase in acquisition of non-consolidated subsidiary			13		13
Adjustments for retirement benefits of overseas companies			5,152		5,152
Acquisition of treasury stock				(36)	(36)
Disposal of treasury stock			(0)	1	0
Net changes in items other than shareholders' equity during the period					
Total changes during the period	-	-	15,019	(35)	14,983
Balance as of March 31, 2011	69,395	21,467	87,007	(271)	177,598

	Accumulated Other Comprehensive Income					Minority interests	Total net assets
	Unrealized gains on available for sales securities	Deferred gains on derivatives under hedge accounting	Retirement benefits of overseas subsidiaries - deferred	Foreign currency translation adjustment	Total Accumulated Other Comprehensive Income		
Balance as of March 31, 2010	16,482	905	-	(16,586)	801	45,512	208,928
Changes during the period							
Cash dividends paid							(3,531)
Net income							12,213
Increase due to increase in consolidated subsidiaries							73
Decrease due to decrease in consolidated subsidiaries							(495)
Increase due to increase in equity method affiliates							1,595
Decrease due to decrease in equity method affiliates							(0)
Increase due to increase in acquisition of non-consolidated subsidiary							13
Adjustments for retirement benefits of overseas companies			(5,152)		(5,152)		-
Acquisition of treasury stock							(36)
Disposal of treasury stock							0
Net changes in items other than shareholders' equity during the period	(2,260)	(266)	1,534	(6,287)	(7,279)	4,424	(2,854)
Total changes during the period	(2,260)	(266)	(3,617)	(6,287)	(12,431)	4,424	6,976
Balance as of March 31, 2011	14,222	638	(3,617)	(22,873)	(11,630)	49,936	215,904

(Note) Figures above are rounded off to the nearest million yen.

Non-Consolidated Financial Statements for the 189th Fiscal Year

Non-Consolidated Balance Sheet

(As of March 31, 2011)

(Unit: million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	165,945	Current liabilities	147,895
Cash and deposits	288	Notes payable, trade	607
Notes receivable, trade	8,112	Accounts payable, trade	59,972
Accounts receivable, trade	105,132	Short-term debt	39,057
Income taxes receivable	3,343	Straight bonds	22,000
Merchandise and finished goods	2,830	Lease obligations	452
Work in process	10,167	Accounts payable	7,637
Raw materials and supplies	9,127	Accrued expenses	13,661
Advance payments	172	Advances received	417
Prepaid expenses	545	Deposited materials	3
Deferred tax assets	2,348	Provision for product defect compensation	1,472
Short-term loans	5,974	Provision for environmental measures	322
Accrued revenues	17,685	Provision for loss due to disaster	1,010
Other current assets	415	Notes payable for equipment	55
Allowance for doubtful accounts	(201)	Other current liabilities	1,223
Fixed assets	284,945	Long-term liabilities	178,388
Property, plan and equipment	95,763	Straight bonds	27,000
Buildings	36,410	Long-term debt	105,265
Structures	2,298	Lease obligations	1,889
Machinery and equipment	27,551	Provision for employees' retirement benefits	28,904
Vehicles and delivery equipment	138	Provision for environmental measures	11,620
Tools, furniture and fixtures	1,658	Asset retirement obligations	413
Land	24,285	Other long-term liabilities	3,294
Lease assets	44	Total liabilities	326,284
Construction in progress	3,373		
Intangible assets	3,048	(Net assets)	
Goodwill	86	Shareholders' equity	111,015
Software	2,594	Capital stock	69,395
Rights to use public facilities	1	Capital surplus	21,467
Patent rights	15	Additional paid-in capital	21,467
Other intangible assets	351	Retained earnings	20,391
Investments and other assets	186,133	Other retained earnings	20,391
Investment securities	45,257	Special reserve for deferred gains on fixed assets	1,606
Stock held in affiliates	99,537	Retained earnings carried forward	18,785
Investments in affiliates	31,120	Treasury stock	(239)
Long-term loans receivable from subsidiaries and affiliates	1,222	Valuation and translation adjustments	13,591
Deferred tax assets	3,971	Unrealized gains on available-for-sales securities	13,451
Others	8,567	Deferred gains on derivatives under hedge accounting	139
Allowance for doubtful accounts	(3,544)	Total net assets	124,606
Total assets	450,891	Total liabilities and net assets	450,891

(Note) Figures above are rounded off to the nearest million yen.

Non-Consolidated Statement on Operation

(From April 1, 2010 to March 31, 2011)

(Unit: million yen)

Account title	Amount	
Net sales		417,687
Cost of sales		383,511
Gross profit		34,175
Selling, general and administrative expenses		36,248
Operating loss		(2,072)
Non-operating income		
Interest and dividends income	19,892	
Others	702	20,598
Non-operating expenses		
Interest expenses	3,462	
Others	765	4,228
Ordinary income		14,297
Extraordinary income		
Gain on sales of property, plant and equipment	938	
Gains on sales of investment in securities	2,275	
Reversal of allowance for doubtful accounts	843	
Reversal of allowance for product defect compensation	904	
Others	452	5,414
Extraordinary loss		
Loss on disposal of property, plant and equipment	308	
Loss on revaluation of investments in securities	2,645	
Loss on write-down of investments in affiliates	5,037	
Loss due to disaster	1,757	
Others	1,826	11,574
Net income before income taxes		8,137
Income taxes and others	(3,413)	
Adjustment to deferred income taxes	1,669	(1,744)
Net income		9,882

(Note) Figures above are rounded off to the nearest million yen.

Non-consolidated Statement of Changes in Net Assets
(From April 1, 2010 to March 31, 2011)

(Unit: million yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Retained earnings carried forward	Total retained earnings		
					Special reserve for deferred gains on fixed assets				
Balance as of March 31, 2010	69,395	21,467	-	21,467	2,423	11,617	14,041	(236)	104,668
Changes during the period									
Transfer to special reserve for deferred gains on fixed assets					(817)	817	-		-
Cash dividends paid						(3,531)	(3,531)		(3,531)
Net income						9,882	9,882		9,882
Purchase of treasury stock								(4)	(4)
Disposal of treasury stock						(0)	(0)	1	0
Net changes in items other than shareholders' equity during the period									
Total changes during the period	-	-	-	-	(817)	7,167	6,350	(3)	6,346
Balance as of March 31, 2011	69,395	21,467	-	21,467	1,606	18,785	20,391	(239)	111,015

(Unit: million yen)

	Valuation and translation adjustments			Total net assets
	Unrealized gains on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Total valuation and translation adjustments	
Balance as of March 31, 2010	15,871	472	16,343	121,011
Changes during the period				
Transfer to special reserve for deferred gains on fixed assets				-
Cash dividends paid				(3,531)
Net income				9,882
Purchase of treasury stock				(4)
Disposal of treasury stock				0
Net changes in items other than shareholders' equity during the period	(2,419)	(332)	(2,751)	(2,751)
Total changes during the period	(2,419)	(332)	(2,751)	3,595
Balance as of March 31, 2011	13,451	139	13,591	124,606

(Note) Figures above are rounded off to the nearest million yen.

Reference Documents for Annual Meeting of Shareholders

Proposals and reference materials

No.1 Proposition: Dividends from surplus

While the Company's basic stance is to pay a stable dividend, its policy is to declare dividends that are commensurate with future business development, by considering future earnings trends from a long-term viewpoint.

With respect to the final dividend for the fiscal year under review, in consideration of results for the fiscal year and all other circumstances, including the needs to invest in development and research, to make capital investment for future growth, and to continue strengthening our financial situation, we will declare a final dividend of 3 yen per share. Therefore, the annual dividend, including the interim dividend of 2.50 yen per share, will become 5.50 yen per share.

- (1) Matter concerning the allotment of assets for dividend and total amount
3 yen per common share of the Company: total amount of 2,118,691,347yen
- (2) Effective date of dividends from surplus
June 30, 2011

No. 2 Proposition: Election of twelve(12) Directors

The term of office of all directors (12 directors) will expire at the close of this Annual Meeting of Shareholders. We therefore request you to appoint 12 directors. The candidates for directors are as shown below.

Candi-d ate No.	Name (Date of birth)	Brief history *Important Concurrent Posts	Number of shares in the Company
1	Hiroshi Ishihara (August 1, 1941)	Apr. 1965 Joined Nippon Telegraph and Telephone Corporation Jun. 1994 Director of Nippon Telegraph and Telephone Corporation Jun. 1996 Managing Director of Nippon Telegraph and Telephone Corporation Jan. 1999 Resigned from Managing Director Joined the Company as Adviser Jun. 1999 Senior Managing Director of the Company Jun. 2003 President, Representative Director and COO Mar. 2004 President, Representative Director, CEO and COO Jun. 2008 Chairman, Representative Director and CEO Jun. 2009 Chairman and Representative Director (present post)	77,000 Shares
2	Masao Yoshida (February 5, 1949)	Apr. 1972 Joined the Company Jun. 2002 Director Jun. 2003 Corporate Senior Vice President Jun. 2004 Managing Director and Corporate Senior Vice President Jun. 2006 Senior Managing Director and Corporate Executive Vice President Jun. 2008 President, Representative Director and COO Jun.2009 President and Representative Director (present post)	27,000 Shares
3	Tetsuo Yoshino (November 24, 1938)	Apr. 1965 Joined Furukawa Mining Co., Ltd. (currently Furukawa Co., Ltd.) Jun. 1997 Director of the succeeding Company Jun. 1999 Managing Director of the succeeding Company Jun. 2001 President and Representative Director of the succeeding Company Jun. 2003 Director (Outside director) of Furukawa Electric Co., Ltd. (present post) Jun. 2007 Chairman and Representative Director of Furukawa Co., Ltd Jun.2009 Senior adviser of Furukawa Co., Ltd. (present post) * Senior adviser of Furukawa Co., Ltd.	1,000 Shares

Candi- date No.	Name (Date of birth)	Brief history *Important Concurrent Posts	Number of shares in the Company
4	Takasuke Kaneko (September 29, 1942)	Apr.1966 Joined the Dai-Ichi Bank, Ltd. (Formerly The Dai-Ichi Bank, Ltd., currently Mizuho Bank, Ltd.) Jun. 1994 Director of the Bank May.1995 Managing Director of the Bank May.1997 Senior Managing Director of the Bank Jun. 1997 Deputy President of the Bank Apr. 1999 Resigned from Deputy President President and Representative Director of the DKB Securities Co., Ltd. (currently the Mizuho Securities Co., Ltd.) Oct. 2000 Chairman and Representative Director of the Mizuho Securities Dec. 2002 Resigned from Chairman and Representative Director of the Mizuho Securities Jun. 2003 Statutory Auditor (Outside auditor) of Kobe Steel Co., Ltd. (present post) Advisor of Seiwa Kogyo Co., Ltd. (currently Seiwa Sogo Tatemono Co., Ltd.) Apr. 2004 Special Advisor of Seiwa Jun. 2005 Director (Outside director) of Furukawa Electric Co., Ltd. (present post) Sep. 2008 Resigned from Special Advisor of Seiwa * Statutory Auditor (Outside auditor) of Kobe Steel Co., Ltd.	19,000 Shares
5	Sumitaka Fujita (December 24, 1942)	Apr. 1965 Joined ITOCHU Corporation Jun. 1995 Director of the succeeding Company Apr. 1997 Managing Director of the succeeding Company Apr. 1999 Senior Managing Director of the succeeding Company Apr. 2001 Vice President of the succeeding Company Apr. 2006 Vice Chairman of the succeeding Company Jun. 2006 Vice Chairman and Deputy President of the succeeding Company Jun. 2007 Director of Orient Corporation Jun. 2008 Senior adviser of ITOCHU Corporation (present post) Director (Outside director) of Furukawa Electric Co., Ltd. (present post) Statutory Auditor (Outside auditor) of NIPPONKOA Insurance Co., Ltd. Jun. 2009 Director (Outside director) of Nippon Sheet Glass Co., Ltd. (present post) Mar. 2010 Resigned from Statutory Auditor (Outside auditor) of NIPPONKOA Insurance Co., Ltd. Apr. 2010 Director (Outside director) of NKSJ Holdings, Inc (present post) Jun. 2010 Resigned from Statutory Auditor (Outside auditor) of Orient Corporation *Senior adviser of ITOCHU Corporation, Director (Outside director) of Nippon Sheet Glass Co., Ltd. ,Director (Outside director) of NKSJ Holdings, Inc.	7,000 Shares

Candi- date No.	Name (Date of birth)	Brief history *Important Concurrent Posts	Number of shares in the Company
6	Hideo Sakura (July 19, 1951)	<p>Apr. 1975 Joined the Company</p> <p>Jun. 2004 Corporate Vice President and General Manager of Finance and Accounting Department</p> <p>Jun. 2005 Director, Corporate Vice President and General Manager of Finance and Accounting Department</p> <p>Jun. 2006 Managing Director, Corporate Senior Vice President and CFO</p> <p>Aug. 2006 Managing Director, Corporate Senior Vice President, CFO and General Manager of J-SOX Project Team</p> <p>Jun. 2008 Director, Corporate Senior Vice President, CFO and General Manager of J-SOX Project Team</p> <p>Dec. 2008 Director, Corporate Senior Vice President and CFO</p> <p>Apr. 2011 Director, Corporate Executive Vice President and CFO (present post)</p> <p>* Statutory Auditor (Outside auditor) of Furukawa-Sky Aluminum Corp.</p>	10,000 Shares
7	Masahiro Yanagimoto (September 8, 1948)	<p>Apr. 1971 Joined the Company</p> <p>Jun. 2006 Corporate Vice President, President of Chubu Branch</p> <p>Feb. 2007 Corporate Vice President, Vice President of the Electronics and Automotive Systems Company, President of Chubu Branch</p> <p>Apr. 2007 Corporate Vice President and Vice President of the Electronics and Automotive Systems Company, General Manager of the Automotive Division of the Electronics and Automotive Systems Company, and General Manager of Sales Management Division of the Automotive Products Division</p> <p>Jun. 2007 Corporate Senior Vice President, Vice President of the Electronics and Automotive Systems Company, General Manager of the Automotive Products Division of the Electronics and Automotive Systems Company, and General Managers of Sales Management Division of the Automotive Products Division</p> <p>Jun. 2008 Director, Corporate Senior Vice President, President of the Electronics and Automotive Systems Company and General Manager of the Automotive Products Division of the Electronics and Automotive Systems Company</p> <p>Jun.2009 Director, Corporate Senior Vice President and President of the Electronics and Automotive Systems Company</p> <p>Apr.2010 Director, Corporate Senior Vice President, President of the Electronics and Automotive Systems Company and General Manager of the Magnet Wire Division of the Electronics and Automotive Systems Company (present post)</p>	16,000 Shares

Candi- date No.	Name (Date of birth)	Brief history *Important Concurrent Posts	Number of shares in the Company
8	<p align="center">Tetsuya Sato (December 4, 1952)</p>	<p>Apr. 1975 Joined the Ministry of International Trade & Industry(currently Ministry of Economy, Trade & Industry)</p> <p>Jan. 2001 Deputy Director-General for Nuclear Industrial Safety Agency</p> <p>Jul .2002 Deputy Director-General for Technical Regulations, Standards & Conformity Assessment Policy</p> <p>Jun. 2004 Retire from office</p> <p>Jul .2004 Managing Director of the Shoko Chukin Bank</p> <p>Jul .2006 Resigned from Managing Director</p> <p>Aug. 2006 Corporate Vice President and General Manager of Export Security Administration Department of Furukawa Electric Co., Ltd.</p> <p>Feb. 2007 Corporate Vice President, CSRO, General Manager of CSR Division and General Manager of Export Security Administration Department</p> <p>Jun. 2007 Director, Corporate Vice President, CSRO , General Manager of CSR Division and General Manager of Export Security Administration Department</p> <p>Jun.2009 Director, Corporate Senior Vice President, CSRO, General Manager of CSR Division and General Manager of Export Security Administration Department (present post)</p> <p>* Statutory Auditor (Outside auditor) of TOTOKU ELECTRIC CO., LTD.</p>	<p align="center">8,000 Shares</p>
9	<p align="center">Mitsuyoshi Shibata (November 5,1953)</p>	<p>Apr. 1977 Joined the Company</p> <p>Jun. 2008 Corporate Vice President and General Manager of Corporate Strategy Planning Department</p> <p>Jan. 2009 Corporate Vice President and Vice President of Metals Company</p> <p>Jun. 2009 Corporate Senior Vice President and President of Metals Company</p> <p>Jun. 2010 Director, Corporate Senior Vice President and President of Metals Company (present post)</p>	<p align="center">6,000 Shares</p>

Candidate No.	Name (Date of birth)	Brief history *Important Concurrent Posts	Number of shares in the Company
10	Toru Shirasawa (January 31,1953)	Apr. 1977 Joined the Company Jun. 2007 Corporate Vice President and General Manager of Production Development Department- Jun. 2010 Director, Corporate Senior Vice President and CPO (present post)	3,000 Shares
11	Hisaharu Yanagawa (December 13,1953)	Apr. 1978 Joined the Company Mar. 2002 General Manager of FITEL Photonics Laboratories of the Research & Development Division Mar. 2007 General Manager of Yokohama R&D Laboratories of the Research & Development Division and General Manager of Yokohama Works Mar. 2010 General Manager of Corporate Strategy Planning Department Jun. 2010 Corporate Vice President and General Manager of Corporate Strategy Planning Department Mar. 2011 Corporate Senior Vice President and President of the Telecommunications Company (present post)	31,000 Shares
12	Nozomu Amano (July 15,1956)	Apr. 1980 Joined the Company Jun. 2004 General Managers of Legal Department Jun. 2008 General Manager of Personal & General Affairs Department Mar. 2009 General Manager of Personal & General Affairs Department and General Manager of Corporate Business Research Department Jun. 2010 Director, Corporate Vice President and CSO (present post)	4,000 Shares

(Note)Matters concerning candidates for Outside director

(i)Mr. Tetsuo Yoshino, Takasuke Kaneko and Sumitaka Fujita have met the requirements for Outside directors.

(ii)The reasons for the selection of the candidates for outside director are as shown below.

*Mr. Tetsuo Yoshino is currently an outside director of the Company, and his term will be eight years at the close of this General Meeting of Shareholders.

Mr. Yoshino attended 16 of 18 meetings of the Board of Directors held during the accounting term under review (from April 1, 2010 to March 31, 2011), and he possesses extensive knowledge and experience as a manager of a non-ferrous metals manufacturer, and has been actively participating in meetings, particularly in areas associated with business restructuring and annual business plans, by presenting specific insights into judgments on business management, market trends, and environmental issues. He has also been providing suggestion about the development of a compliance structure.

We therefore ask you to again appoint Mr. Yoshino as Outside director.

*Mr. Takasuke Kaneko is currently an Outside director of the Company, and his term will be six years at the close of this General Meeting of Shareholders.

Mr. Kaneko attended 16 of 18 meetings of the Board of Directors held during the accounting term under review (from April 1, 2010 to March 31, 2011). Based on extensive knowledge and experience acquired from a number of management positions held in financial institutions and from a position as outside director at other companies, Mr. Kaneko has been actively participating in meetings, particularly in areas associated with business plans, capital participation and risk management, by analyzing the details of plans, and presenting specific measures to control and deter risks the Group is facing. He has also demanded a comprehensive awareness of the compliance. We therefore ask you to again appoint Mr. Kaneko as outside director.

*Mr. Sumitaka Fujita is currently an Outside director of the Company, and his term will be three year at the close of this General Meeting of Shareholders.

Mr. Fujita attended 16 of 18 meetings of the Board of Directors held during the accounting term under review (from April 1, 2010 to March 31, 2011). Based on extensive knowledge and experience as a manager of a trading company, Mr.Fujita has been actively participating in meetings, particularly in areas

associated with capital participation, business accounting, and annual business plans, by analyzing the details of operational policies, and presenting suggestion from the perspective of global business management. He also requested that the Group take steps to improve its compliance structure. We therefore ask you to again appoint Mr. Fujita as Outside director.

(iii)Facts concerning improper and unlawful business conduct during the term of office of Outside directors of the Company are as shown below.

* On May 21, 2010, the Company was issued with a cease and desist order and an administrative surcharge payment order by the Japan Fair Trade Commission as a result of acts in violation of the Antimonopoly Act in connection with optical fiber cable for electric and communication operators. With respect to the administrative surcharge payment order for certain products, the Company has referred the matter to the courts, where proceedings are underway. Nevertheless, the Company took this incident seriously, and has taken steps to prevent a reoccurrence of similar incidents while striving to further strengthen its compliance system.

* Mr. Tetsuo Yoshino, Mr. Takasuke Kaneko, and Sumitaka Fujita were not aware of the facts until the date described above, when the matter came to light. However, they have been regularly making comments from the perspective of compliance on the development of the Company's compliance systems and other issues. At the meeting of the Board of Directors that was held after the incident to report and deliberate on the details of the incident and the Company's response, they urged the Company to take appropriate measures to ensure thorough awareness of compliance and to prevent the reoccurrence of incidents. They are also monitoring the progress of these measures.

(iv)Facts concerning improper and unlawful business conduct during the term of office of officers at other companies in the past five years are as shown below.

* Mr. Tetsuo Yoshino was appointed a director of Furukawa Co., Ltd. in June 1997, and has served in that capacity to date. Furukawa Co., Ltd. received advice from the Japan Fair Trade Commission on measures with respect to a bid-rigging case involving bridges made of steel in September 2005, and accepted the advice. In addition, the Japan Fair Trade Commission decided that Furukawa Co., Ltd. rigged a bid for the pump installation engineering work ordered by the Bureau of Sewerage of the Tokyo Metropolitan Government in April 2008. Mr. Yoshino has positioned compliance as one of the most important management issues, has promoted compliance and worked to gain a profound awareness of compliance. After the above facts were made clear, Mr. Yoshino humbly accepted them and sought to establish and strengthen all systems for compliance with the Antimonopoly Act as an urgent and critical management issue.

* Mr. Takasuke Kaneko took office as a statutory auditor (Outside auditor) of Kobe Steel, Ltd. in June 2003, and has served in that capacity to date. Kobe Steel, Ltd. received advice from the Japan Fair Trade Commission on measures with respect to a bid-rigging case involving bridges made of steel in September 2005, and accepted the advice. Mr. Kaneko had not been previously aware of the facts involved in the violation of the Antimonopoly Act, and made suggestions calling attention to compliance with laws and ordinances.

In May 2006, it became apparent based on internal investigations that the soot emission standards were violated at Kakogawa Works and Kobe Works, data were improperly handled, and a report on a boiler accident was not submitted to the competent authorities. Mr. Kaneko was not aware of the above facts before the problems were made clear. However, he made suggestions from the perspective of compliance with laws and ordinances and raised cautions.

After these facts emerged, Mr. Kaneko expressed opinions about the appropriateness of internal sanctions at a meeting of the Board of Directors and sought sanctions that took into full consideration the degree of responsibility. In addition, he offered an opinion strongly requesting an investigation into compliance with laws and ordinances.

* Mr. Sumitaka Fujita was appointed a director of Itochu Corporation from June 1995 to June 2008. In October 2008, it became apparent that at the sales section of the Construction Machinery & Overseas Project Department of the Industry Solution Division, the Machinery Company of Itochu Corporation effectively carried out financial support transactions that did not involve the movement of goods continuously over several years through intermediary trade transactions, in which Itochu Corporation sold heavy machinery and other materials and equipment that were procured by Itochu Corporation from parties located overseas to users of the above machinery, materials and equipment located in Mongolia. Itochu Corporation, however, has recorded these transactions as sales transactions. Mr. Fujita was not involved in the facts related to these transactions, and regularly emphasized the need to strengthen compliance and internal control at meetings of the Board of Directors.

(v)Outline of an agreement to limit liabilities.

The Company provides in its Articles of Incorporation that the Company may enter into agreements to

limit liabilities so that it can encourage capable persons to properly carry out their duties. Based on this provision, Messrs. Tetsuo Yoshino, Takasuke Kaneko and Sumitaka Fujita, each Outside directors, entered into an agreement with the Company to limit their liabilities. The limit of liabilities based on the agreement is 7 million yen or the minimum amount provided in laws and ordinances, whichever is higher.

(vi) Other matters about candidates for Outside director

* The three candidates for Outside directors are not, or were not during the past five years, involved in the conduct of operations of the Company or companies with specified relations with the Company.

* The three candidates for Outside directors have not received in the past two years, and will not receive in the future, substantial funds or other property with the exception of director's remuneration from the Company or from companies with specified relations with the Company.

* The three candidates for Outside director are not spouses or relatives within the third degree of consanguinity of any person involved in the conduct of operations of the Company or companies with specified relations with the Company.

* Mr. Takasuke Kaneko and Mr. Sumitaka Fujita are registered with the Tokyo Stock Exchange and the Osaka Securities Exchange as independent directors.

End