

For Immediate Release

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Cease and Desist Order and Surcharge Payment Order from the Japan Fair Trade Commission

Furukawa Electric Co., Ltd. (the “Company”) was issued with a cease and desist order and an administrative surcharge payment order by the Japan Fair Trade Commission today as a result of acts in violation of the Antimonopoly Act in connection with optical fiber cable products and related products. With regard to the case in question, we apologize to customers, shareholders and other related parties for any concern and inconvenience this may have caused.

On March 30, 2009, the Company was issued with a cease and desist order and an administrative surcharge payment order as a result of acts in violation of the Antimonopoly Act in relation to transactions regarding cross-linked high-foaming polyethylene sheets, and on June 2 of the same year the Japan Fair Trade Commission conducted onsite inspections in connection with optical fiber cable products. In response to this situation, the Company established a third-party investigation committee on the Antimonopoly Act violation issue as of July 29, 2009 with a majority of constituent members. The committee comprises outside experts with a fair and neutral perspective, and was established for the purpose of regaining the trust of society by systematically determining the causes and considering measures for preventing recurrence. The report compiled by the investigation committee was issued on December 10, 2009. Recurrence prevention measures based on the recommendations of the investigation committee referred to above have already been translated into concrete plans and implemented. Around the same time as the establishment of the investigation committee, the Company hired outside counsel to conduct a thorough investigation into whether or not there was any act in violation of the Antimonopoly Act such as a cartel within the Furukawa Electric Group (the “Group”), to ensure no recurrence of the acts that had been at issue in the past and suspend any and all questionable acts to eradicate Antimonopoly Act violations.

Under these circumstances, the Company has resolved to take the orders issued by the Japan Fair Trade Commission seriously, etch them into the memories of everyone in the Group, including both the management and the employees, and continue to eradicate Antimonopoly Act violations to restore public trust in the Group.

Brief overviews of the cease and desist order and surcharge payment order are as follows.

Further responses to the orders will be reviewed after conducting a detailed analysis of the contents.

1. Outline of the cease and desist order

On the grounds that the Company had violated the provision relating to the “unreasonable restraint of trade (cartel)” (violation of Article 3 of the Antimonopoly Act) in connection with transactions regarding optical fiber cable products and related products, it was issued with a cease and desist order to discontinue the violation.

2. Outline of the surcharge payment order

- Amount of surcharge: 4,606,020,000 yen
- Date for payment: August 23, 2010

3. Returning directors' remuneration

Taking into account the substantial influence of this incident on the Company and society, the Company has resolved that the following officers will return part of their remuneration to reflect the deep regret of the management:

Representative Director, Chairman Hiroshi Ishihara 50% for 3 months

Representative Director, President Masao Yosgida 50% for 3 months

Director, Member of the Board and Corporate Senior Vice President Katsuhiko Murota 30% for 3 months

With respect to those involved in the incident, the Company's disciplinary committee will consider imposing disciplinary action.

4. Recurrence prevention measures: Please refer to the attached sheet.

5. Impact on business

The amount equivalent to the amount of the administration surcharge was posted as a loss for the fiscal year ended March 2010.

[End]

Measures for Prevention of Recurrence of the Antimonopoly Act Violation Issue and Enhancement
of Compliance

Measures being implemented

- As of December 12, 2009, the Chairman and President were appointed compliance officers, and a further announcement was made to the effect that senior management was to lead efforts to reinforce corporate ethics, including compliance with laws.
- Presentation of Compliance Oath by all officers and managerial staff
- Implementation of compliance awareness survey for all Group employees
- Preliminary application and ex post facto report regarding participation in meetings with peer companies
- Clarification of the provisions regarding discipline related to compliance in the employment regulations, and the establishment of a disciplinary committee for the appropriate application of the regulations
- Implementation of a training seminar on the Antimonopoly Act
- Revision of the manual on the Antimonopoly Act and dissemination to employees
- Printing the four principles for compliance with the Antimonopoly Act on employee ID cards

Measures being improved and developed for further enhancement of compliance

1. Strengthening compliance systems and dissemination on site
 - Appointment of a person in charge of compliance control and implementation in each department
 - Reinforcement of educational and informative activities
 - Implementation of compliance-checking activities in each department (confirmation using check sheets, etc.)
2. Strengthening controls in sales divisions
 - Strengthening controls related to pricing processes
 - Review of the activities of various associations and industry organizations and participants in those activities

3. Strengthening monitoring functions

- Inspection of the status of compliance with the Antimonopoly Act by the internal audit division
- Strengthening advice and instructions from external professionals (lawyers)

4. Other

- Installation of an internal consultation window related to the Antimonopoly Act
- Review of the possibility of periodic personnel shuffling within sales departments, etc.

[End]