

May 21, 2010
Furukawa Electric Co., Ltd.
President and Director
Masao Yoshida

Prevention of Recurrence of Antimonopoly Act Violation Issue and Enhancement of Compliance

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.

According to the report, the root cause of the problem was that no clean break had been achieved from the old-fashioned industry practice developed during the Company’s long history, and that despite efforts to develop and operate compliance systems, the staff on site were not fully aware of the issues, which led to failure in responding promptly and adequately. 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 prevent recurrence. We view it as serious that the Company was subject to onsite inspections by the Japan Fair Trade Commission in connection with past cases for which the limitation period under the Antimonopoly Act had not expired, and we reiterate our apologies to all related parties for any inconvenience this may have caused.

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.

In the new medium-term management plan, New Frontier 2012, which was announced by the Group in April this year, safety, quality and compliance are the corporate base and framework. By returning to the Group's management philosophy of “Live up to the expectations and trust invested in us by society, with fairness and integrity,” I hereby reiterate my pledge to lead the efforts focused on regaining the trust of society as soon as possible by ensuring compliance awareness among the staff on site and forming a vibrant corporate culture with improved communication flow.

[End]