

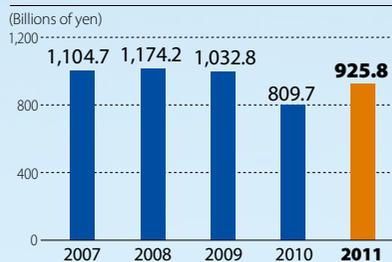
FINANCIAL HIGHLIGHTS

	Millions of yen			Thousand of U.S. dollars
	2009	2010	2011	2011
For the year:				
Net sales	1,032,807	809,693	925,754	11,153,663
Operating income	9,752	20,322	35,144	423,422
Income (loss) before income taxes and minority interests	-30,896	10,947	23,586	284,169
Net income (loss)	-37,405	9,704	12,213	147,145
At year-end:				
Total assets	845,658	835,819	826,944	9,963,180
Net assets	190,428	208,929	215,905	2,601,265
Interest-bearing debt	383,114	362,088	341,619	4,115,891
Cash flow:				
Cash flows from operating activities	78,728	36,668	37,121	447,241
Cash flows from investing activities	-51,267	-25,113	-21,382	-257,614
Cash flows from financing activities	-14,553	-23,582	-18,317	-220,687
Per share data: (yen)				
Net income	-53.34	13.80	17.30	0.208
Net assets	203.16	231.39	235.05	2.832
Cash dividends	6.00	5.00	5.50	0.066
Ratios: (%)				
ROE	-20.0	6.3	6.9	—
ROA	1.2	2.4	4.2	—
D/E Ratio	2.7	2.2	2.1	—

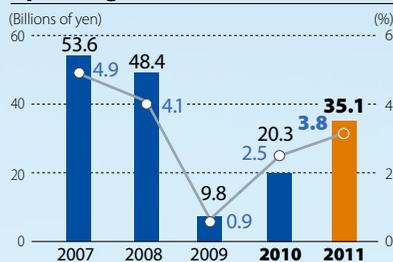
Note 1: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥83 to US\$1.

Note 2: ROA = Operating income / Total assets

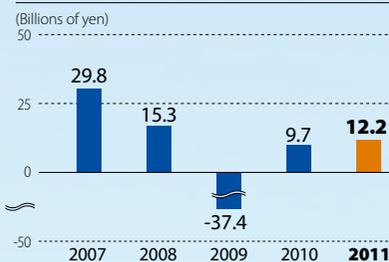
Net sales



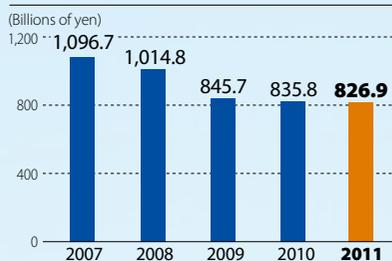
Operating income/Ratio to net sales



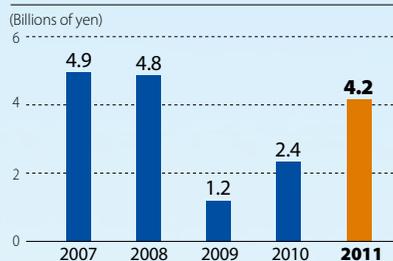
Net income (loss)



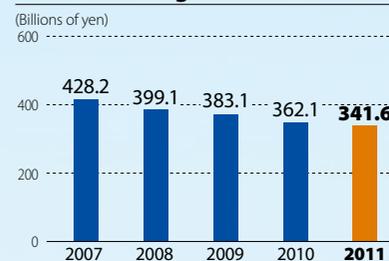
Total assets



ROA



Interest-bearing debt



Contents

FINANCIAL HIGHLIGHTS	1	CORPORATE GOVERNANCE	15
PROFILE	2	CSR ACTIVITIES	17
AT A GLANCE	3	DIRECTORS AND AUDITORS	19
INTERVIEW WITH THE PRESIDENT	5	FINANCIAL SECTION	20
SPECIAL FEATURE 1	9	CORPORATE DATA / STOCK INFORMATION	74
SPECIAL FEATURE 2	11		

Forward-Looking Statements

Statements made in this annual report with respect to Furukawa Electric's current plans, estimates, strategies, and beliefs and other statements which are not historical facts are forward-looking statements based on the Company's assumptions and expectations in light of currently available information, and therefore involve risks and uncertainties which may cause actual performance results to differ from those discussed in forward-looking statements. Potential risks may include, but are not limited to, general economic conditions, management environment, market demand, foreign exchange rates, taxes and other government programs or policies. Therefore, no guarantee is presented or implied relative to the accuracy of the forward-looking statements in this annual report.

Fiscal Year Notation

The fiscal year in this annual report is indicated as fiscal 2011 or FY2011, which covers the period from April 1, 2010 to March 31, 2011.

PROFILE

The Furukawa Electric Group has pioneered technical innovation for over a century, providing clients and end users with high-value technologies in a broad array of fields.

Our key strength is in integrating materials—centered on photonics, metals, and plastics—into functionality and quality that meet the demands of the market.

Through development of products in industry segments including telecommunications, energy and industrial products, electronics and automotive systems,

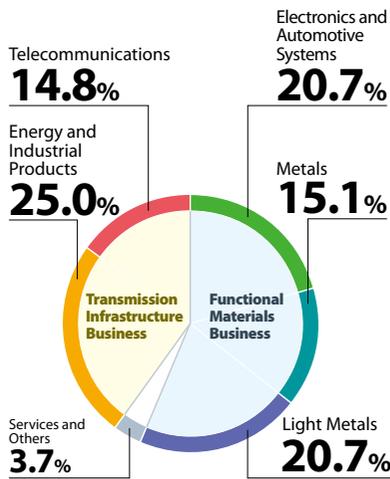
metals, and light metals, we also excel in the ability to quickly assess market needs and trends, and reflect these in materials innovation.

Our ingenuity in materials development and product development creates innovation and synergies that drive the new solutions we bring to the market. As we further enhance this ingenuity, the Furukawa Electric Group will continue creating products that support industrial development and enrich people's lives around the world.



AT A GLANCE

Business Outlook and Focus



The Furukawa Electric Group is concentrating on business development in two areas: the transmission infrastructure business, for which substantial demand growth is expected in emerging markets, and the functional materials business, a high-value-added sector in which we can leverage the Group's unique advantages in materials.

Transmission Infrastructure Business



Telecommunications

- Optical Fiber Cable Business
- Photonics and Network Solutions Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	159.1	135.5	149.3
Operating Income	9.3	9.8	9.6

2011 Topics

- Concluded agreement with Hengtong in China to form joint venture to manufacture fiber preform

2012 Initiatives

- Joint venture with Hengtong in China to commence operations in spring of 2012
- Acquire MetroCable, a Brazilian company that manufactures and sells optical cable fibers

Major Products



- Optical fibers and cables
- Optical components
- Optical fiber cable accessories and installations
- Network equipment, etc.



Energy and Industrial Products

- Energy Business
- Industrial Products Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	277.4	208.8	253.0
Operating Income	1.1	3.7	0.9

2011 Topics

- Reached an agreement with Hebei Huatong Wires & Cables Group to establish joint venture in China for the manufacture and sale of industrial rubber cables; commenced operations in January 2011
- Started mass production of MCPET for LED TVs

2012 Initiatives

- Complete expansion of capacity for new MCPET product for LED TVs
- Agreement with FISA Brazil to begin optical ground wires business in 2012
- Riken Electric Wire to establish joint venture in elevator cable business with Hebei Huatong Wires & Cables Group

Major Products



- Bare copper wires
- Power cables
- Power transmission cable accessories and installations
- Plastic products such as power cable conduit material and foam sheets thermoelectric products, etc.

Functional Materials Business



Electronics and Automotive Systems

- Automotive Parts Business
- Electronics Components Business
- Magnet Wire Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	223.8	177.2	209.6
Operating Income	2.5	7.2	7.8

2011 Topics

- Integrate domestic production of magnet wire at two locations

2012 Initiatives

- Consolidate overseas subsidiary that produces lead-acid batteries
- Acquire controlling interest in ChonQing Chang Hua Automobile Harness in China and expand wire harness business
- Invest in Taiwan's Jung Shing Wire and begin cooperation in finely divided enameled wire

Major Products



- Battery products
- Automotive components and electrical wires
- Magnet wires
- Heat sinks
- Aluminum blanks for hard discs
- Electronic component materials, etc.



Metals

- Copper Strips & Pipes Business
- Electrolytic Copper Foils Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	170.2	119.6	152.9
Operating Income	-4.9	-2.2	3.2

2011 Topics

- Revise system for domestic production of copper tube
- Started phosphor bronze strip joint venture in China
- Established a new company in Taiwan, Furukawa Electric Copper Foil Taiwan Co., Ltd. in March 2011

2012 Initiatives

- Double production capacity of electrolytic copper foil for automotive components

Major Products



- Copper pipes
- Copper strips
- Electrolytic copper foils
- Shape memory alloys and other processed copper products, etc.



Light Metals

- Aluminum Rolling Business
- Aluminum Extrusion Business
- Aluminum Casting, Forging and Other

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	234.0	188.1	209.0
Operating Income	-0.4	-0.2	11.5

2011 Topics

- Established subsidiary in China, Furukawa-Sky Aluminum (Shanghai) Corp.
- Opened Furukawa-Sky Aluminum Corp. European Office within Furukawa-Sky Dusseldorf

2012 Initiatives

- Furukawa-Sky to invest in ARCO Aluminum of the United States

Major Products



- Aluminum sheets
- Extruded aluminum products
- Cast and forged products, etc.

INTERVIEW WITH THE PRESIDENT

We will overcome the effects of this unprecedented disaster, making steady progress toward the objectives of our Medium-Term Plan.



Masao Yoshida
President

Q1 Would you please review your operations during fiscal 2011?

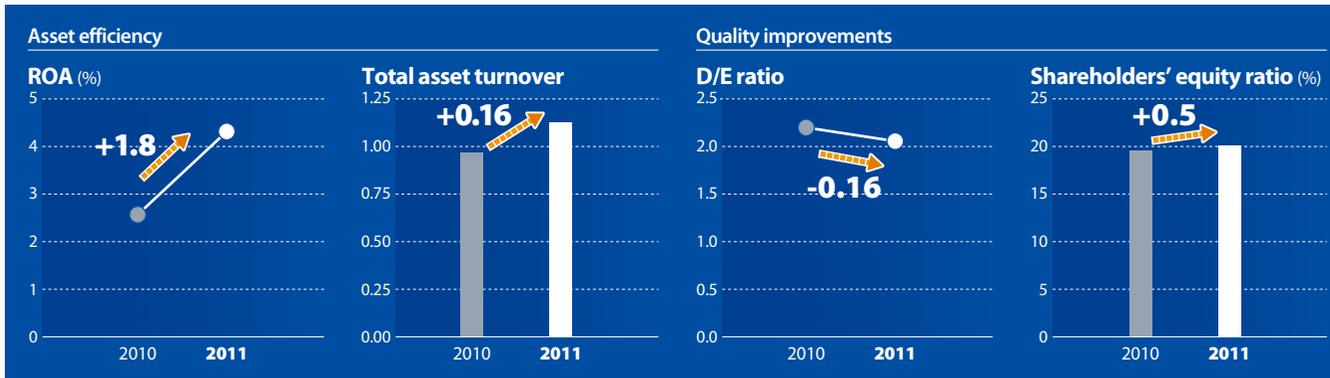
A1 The functional materials business was favorable, and our metal position improved, driving higher sales and profits. We also improved the efficiency and quality of our assets.

During fiscal 2011, ended March 31, 2011, the global economy shifted into a recovery phase, but uncertainty remained, owing to such factors as a potential rise in crude oil prices. The Japanese economy showed signs of recovery in the first half of the fiscal year, but ensuring yen appreciation and the impact of the Great East Japan Earthquake rendered the economic outlook unreadable.

Against this backdrop, the Furukawa Electric Group posted favorable results, centered on its functional materials business. Consolidated net sales grew 14.3% during the year, to ¥925.8 billion. Furthermore, sales to Asian markets increased, pushing up our overseas sales ratio 2 percentage points, to 33%.

On the profit front, our metal position improved. Metals and Light Metals Company sales increased, and performance by the Electronics and Automotive Systems Company was robust. As a result, consolidated operating income surged 72.9%, to ¥35.1 billion with consolidated net income growing 25.9%, to ¥12.2 billion.

By holding down total assets as income rose, we improved the efficiency and quality of our assets. One management indicator of efficiency—return on assets (ROA), or operating income divided by total assets—improved 1.8 percentage points, to 4.2%. Total asset turnover likewise increased, rising 0.16, to 1.12 times. In terms of quality, the D/E



ratio improved 0.16, to 2.06 times, and the shareholders' equity ratio increased 0.5 percentage point, to 20.1%.

Q2 How were you affected by the Great East Japan Earthquake?

A2 The earthquake had a downward impact on operating income of approximately ¥1.0 billion. We also posted an extraordinary loss of ¥2.6 billion related to facility restoration.

First, I would like to express my sincere condolences to all who were affected by the Great East Japan Earthquake.

The Furukawa Electric Group suffered facility damages, shortages of raw materials owing to the effects of the disaster on suppliers, and electrical power shortages. Given these circumstances, we were forced to halt production in some areas and scale back operations in others. However, owing to focused recovery efforts we have now recommenced operations at all our factories—even those worst affected.

The earthquake's negative effect on operating income for the fiscal year amounted to approximately ¥1.0 billion, owing to lower production volumes of wire harnesses for automobiles and copper foil for printed circuit boards. We also recorded an extraordinary loss of ¥2.6 billion in expenses related to facility restoration.

In the upcoming fiscal year, we anticipate reconstruction-related demand to have a positive effect on our performance, but this will be offset by production cutbacks, particularly in the automotive sector. Overall, we expect the disaster to have a downward impact on our operations amounting to around ¥2.0 billion.

Owing to electrical shortages in the aftermath of the

earthquake, the Japanese government has asked customers to reduce their electricity use by 15%. The shortage is expected to be most pronounced in the summer of 2011. To keep up its level of operations while meeting such demands, the Furukawa Electric Group is promoting energy-saving measures in a variety of locations, including its factories, offices and R&D centers.

The Group also is rethinking ways of contributing to society through its core operations. One example is the introduction of optical communication technology at data centers, which handle huge volumes of information. Such efforts should prove valuable, owing to the ongoing proliferation of cloud computing.

By sharing the pride that accompanies such achievements, as well as the attendant responsibility, among all Group employees, we are working to enhance corporate value further.

Q3 How is progress on your medium-term plan?

A3 We are making steady progress toward the targets set for 2012.

The Furukawa Electric Group has formulated a medium-term management plan, New Frontier 2012, which sets as its targets for fiscal 2012 net sales of ¥1 trillion, operating income of ¥50 billion and net income of ¥25 billion.

During the fiscal year under review, the first year of the plan, we concentrated on the reinforcement of existing operations. These activities were in line with one of the plan's key initiatives, to restructure our operating portfolio.

As part of our efforts to expand our transmission infrastructure business globally, in the field of telecommunications OFS, our U.S. subsidiary, signed a joint

INTERVIEW WITH THE PRESIDENT

venture agreement with Hengtong in China in June 2010 to manufacture optical fiber perform. The joint venture is scheduled to commence operations in spring of 2012. As a result, we will be able to handle the integrated production, from perform to cable, in China, which is the world's largest market for optical fiber.

In March 2011, Brazilian subsidiary FISA acquired a local manufacturer of optical fiber cable. This purchase should shore up our price competitiveness in South America.

Meanwhile, in an effort to enhance our functional materials business, we have commenced mass production of such high-value-added products as microfoamed polyethylene terephthalate (MCPET), which is used in



backlight reflectors for LED TVs, and glass substrates for hard disk drives. We have also decided to invest in production facilities in Japan and Taiwan that will approximately triple our capacity for the copper foil used in the electrodes of lithium-ion batteries. These are used in next-generation vehicles, which are slated for a surge in demand.

To restructure our traditional processing businesses, we pursued efforts to integrate our domestic production facilities for copper wire and copper tube. Overseas, our Chinese subsidiary that makes phosphor bronze strips entered a joint venture with a leader in the manufacture and sale of rolled copper products in that country.

Q4 What is your outlook for the upcoming fiscal year?

A4 We expect sales to increase, but the impact of the earthquake is likely to make profitability difficult.

In the upcoming fiscal year, we will persevere with the efforts we began during the year under review targeting efforts to expand our transmission infrastructure business globally and enhance our functional materials business. Through these activities, we aim to boost sales and income.

Looking at performance by segment, in the telecommunications field we expect sales to fall ¥2.6 billion

Summer Power-saving initiatives: Maintaining regular operations while cutting power consumption 25%
Nikko: Rolled copper, aluminum blanks

Secure power through hydro generation, sell surplus power in summer

Imaichi: Electrolytic copper foil

Use cogenerator for standard operations

Chiba: Optical cable, power cable

Shift to holiday, nighttime operations

Hiratsuka: MCPET, semiconductor tape

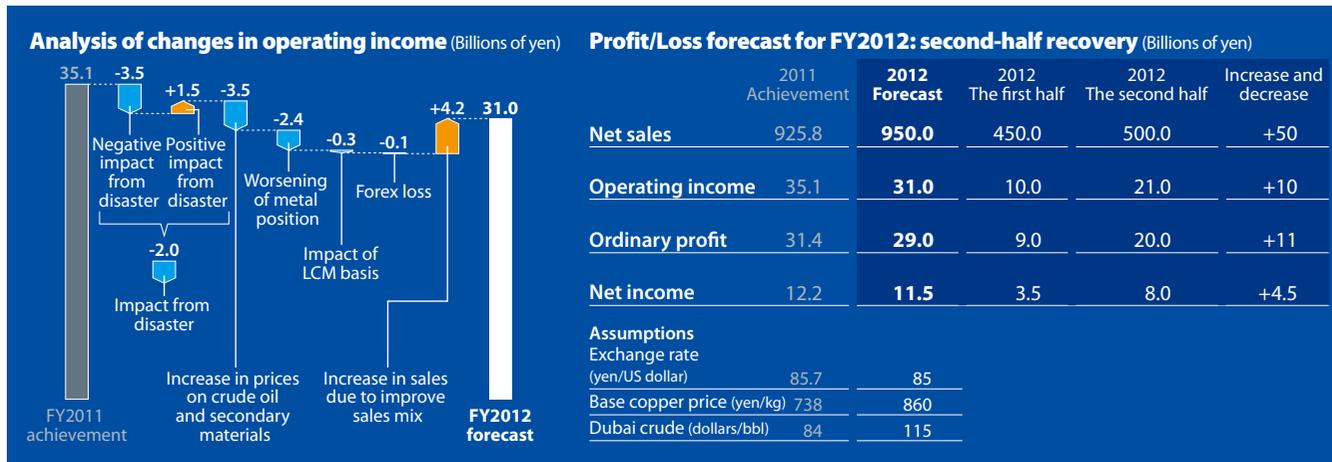
Shift to holiday and nighttime operations, introduce power generator

Mie: Optical fiber, semiconductor tape, copper wire, magnet wire

Material production site in western Japan

Furukawa Electric Group strategies to conserve electricity

Facilities	Content
Factories	Take advantage of independent power generation <ul style="list-style-type: none"> • Make use of capacity from hydroelectric generation subsidiary • Use NAS batteries • Increase number of own generators
	Shift production sites <ul style="list-style-type: none"> • Adjust production at factories supplied by TEPCO • Shift production to Chubu and regions further west
	Revise operating hours <ul style="list-style-type: none"> • Revise holidays (staggered plant operations within individual plants) • Shift to nighttime operation, etc.
	Save power on staff office equipment <ul style="list-style-type: none"> • Reduce use of air conditioning and lighting



year on year, to ¥7.0 billion. Although we anticipate solid ongoing performance in Europe and the United States, extraordinary demand related to terrestrial digital broadcasting is likely to fall off in Japan.

In energy and industrial products, ongoing increases in emerging market demand for power cables and increases in MCPET production capacity should have a substantial impact on performance. As a result, we expect sales in this segment to increase ¥2.1 billion, to ¥3.0 billion.

In electronics and automotive systems, we expect

ongoing recovery in demand for magnet wire and aluminum blanks, but first-half demand for automobile parts is likely to remain affected by the earthquake. Consequently, we expect segment sales to fall ¥1.3 billion, to ¥6.5 billion.

In the metals segment, sales of copper strip and copper foil should remain on a recovery track, but we expect demand for copper tube to fall in comparison with the year under review, when unusually hot summer weather prompted a surge in demand. Accordingly, we expect sales to fall ¥0.2 billion year on year, to ¥3.0 billion.

Finally, in the light metals category we anticipate a recovery in demand for plate for LNG tankers, while the second-half outlook remains unclear. We therefore forecast a ¥2.0 billion decrease in sales in this segment, to ¥9.5 billion.

As a result of these changes, we expect consolidated net sales to rise to ¥950 billion in the upcoming fiscal year. However, we expect operating income to fall, to ¥31.0 billion, and for net income to drop to ¥11.5 billion, owing to rises in crude oil and auxiliary material prices as a result of the disaster. We anticipate a recovery in the second half, however, and therefore expect to reach our targets for fiscal 2013, the final year of our Medium-Term Plan.

For the year under review, we increased dividends ¥0.5 per share, to ¥5.5 (comprising an interim dividend of ¥2.5 and a year-end dividend of ¥3.0), in line with our basic policy on dividend stability. As of June 2011, we also expect to pay dividends of ¥5.5 for the upcoming fiscal year, (comprising an interim dividend of ¥2.5 and a year-end dividend of ¥3.0).

Furukawa Electric Group strategies to conserve electricity

Offices	Save power used by office equipment <ul style="list-style-type: none"> •Reduce number of light fixtures by installing highly efficient reflectors •Reduce use of air conditioning and lighting •Reduce number of elevators in operation •Reduce number of copying machines in operation
	Revise working hours <ul style="list-style-type: none"> •Change standardized hours •Reduce overtime •Promote further "cool biz" measures
R&D Centers, Other	Employ own power generation <ul style="list-style-type: none"> •Shift heat storage tanks used for nighttime power in clean rooms •Install own power generators
	Save power on equipment <ul style="list-style-type: none"> •Reduce number of elevators in operation •Reduce number of copying machines in operation
	Revise working hours <ul style="list-style-type: none"> •Promote time-shifted hours •Revise holidays