

FY2010-12 Medium-term Plan

New Frontier 2012

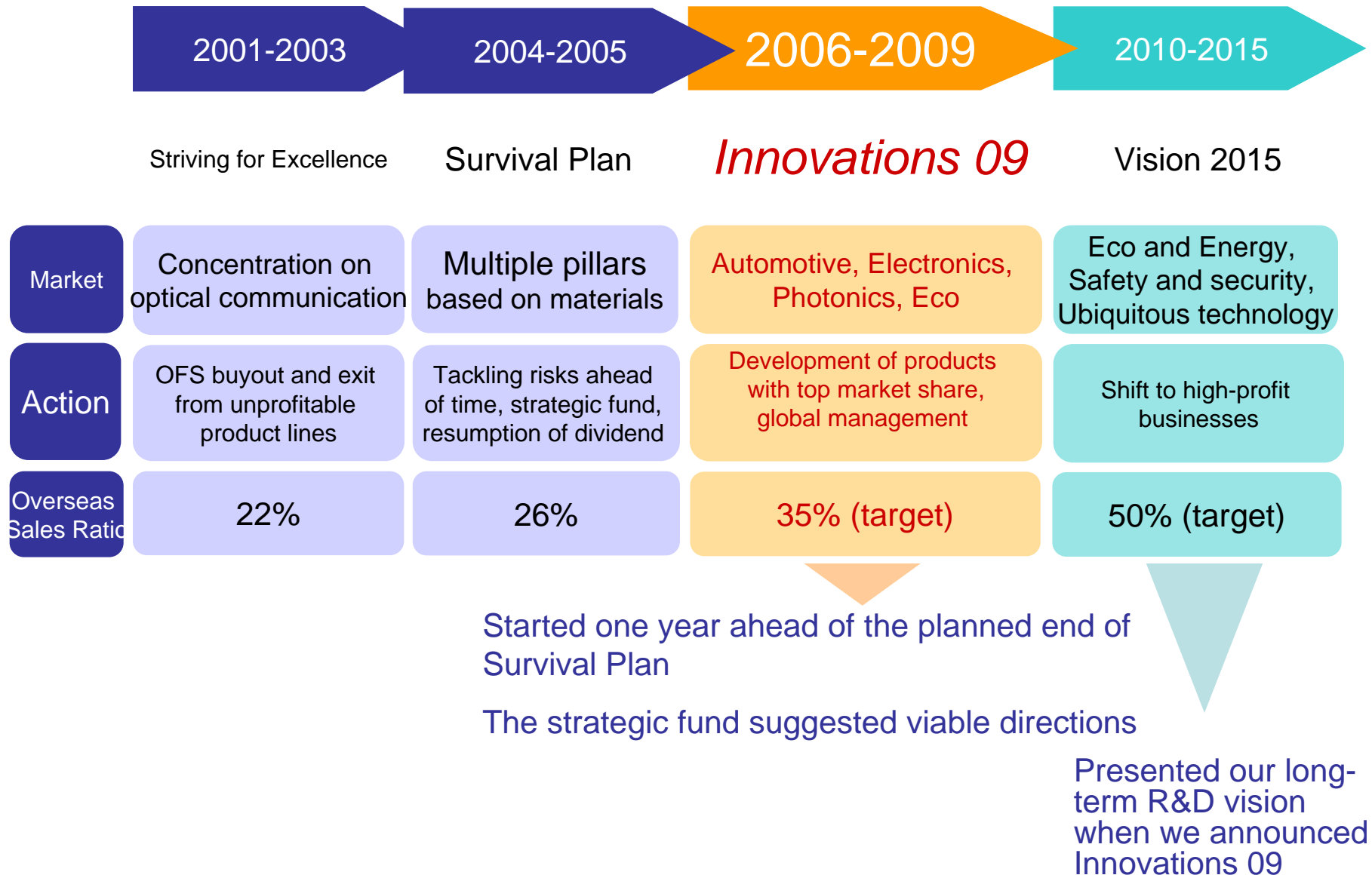
Growth in New Markets and Businesses

April 2010

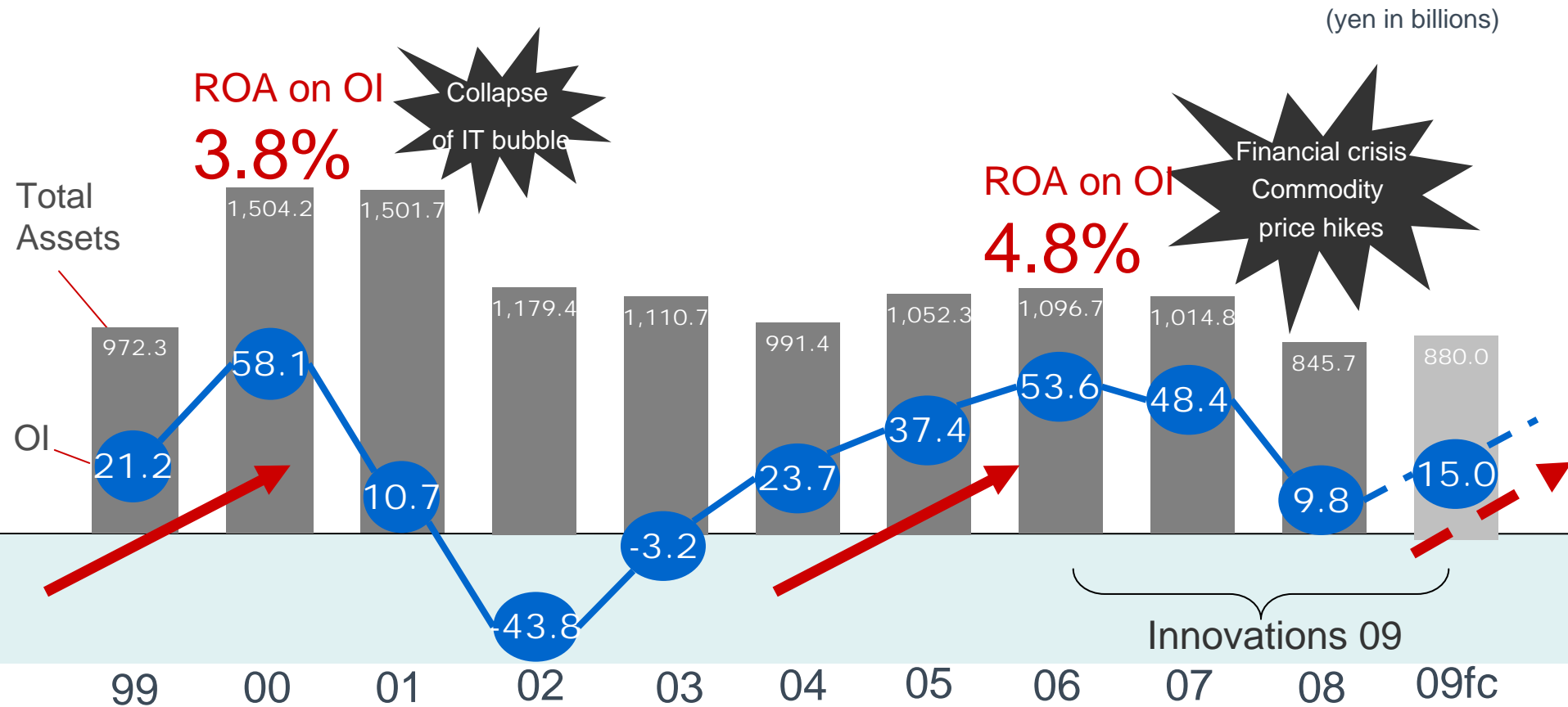
Masao Yoshida

President of Furukawa Electric

Review of previous plan, Innovations 09



Review of previous plan, Innovations 09



Tax system reforms caused operating income to decline.

Asset risk emerged due to the financial crisis and commodity price hikes.

We will reduce asset risk to ensure sustainable growth.

Corporate Philosophy

Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation.



Our vision for the future

Toward a more profitable, innovative, and dynamic global presence



We will generate growth in

New Frontiers

while aiming to be more resilient to
change



1. Transform business portfolio and develop of new business

- 1) Globally expand our Transmission Infrastructure business
- 2) Drive progress in our Functional Materials business
- 3) Develop new eco-friendly business
- 4) Tighten our traditional businesses

2. Reform our organizational climate

3. Improve our financial strength

1. Transformation of business portfolio and development of new business

1) Global expansion in Transmission Infrastructure business

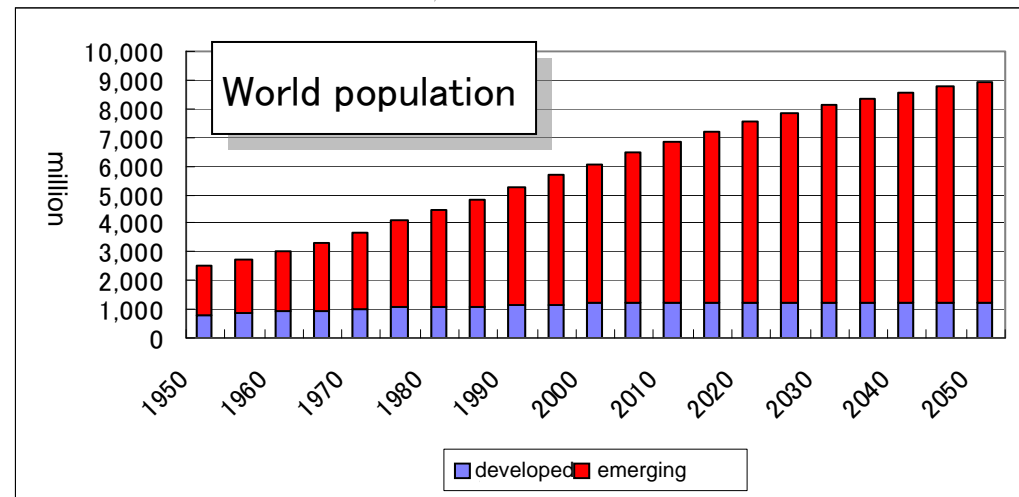
Emergings drive growth

Average GDP growth over next 5 years (2010-14)

China	+9.6%
India	+7.5%
ASEAN5	+5.2%
Brazil	+3.6%
Russia	+3.5%
US	+2.3%
Japan	+2.0%
EU	+1.9%

BRICs and ASEAN countries with high population growth rates will drive economic growth

Expanding opportunities for transmission infrastructure like electricity grids and telecoms

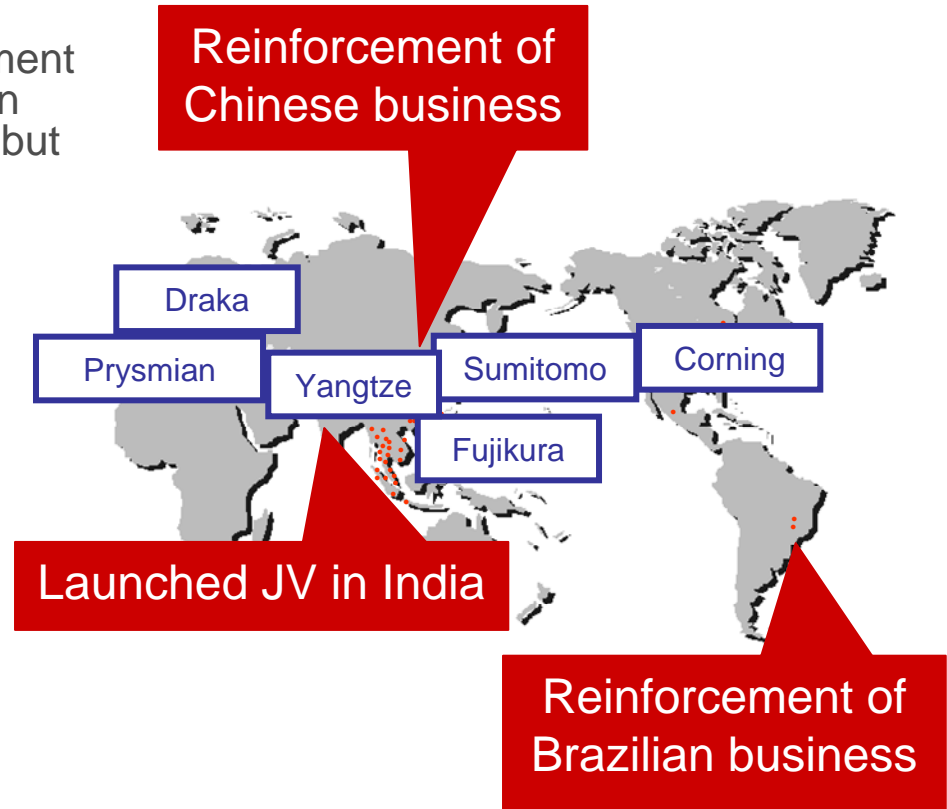
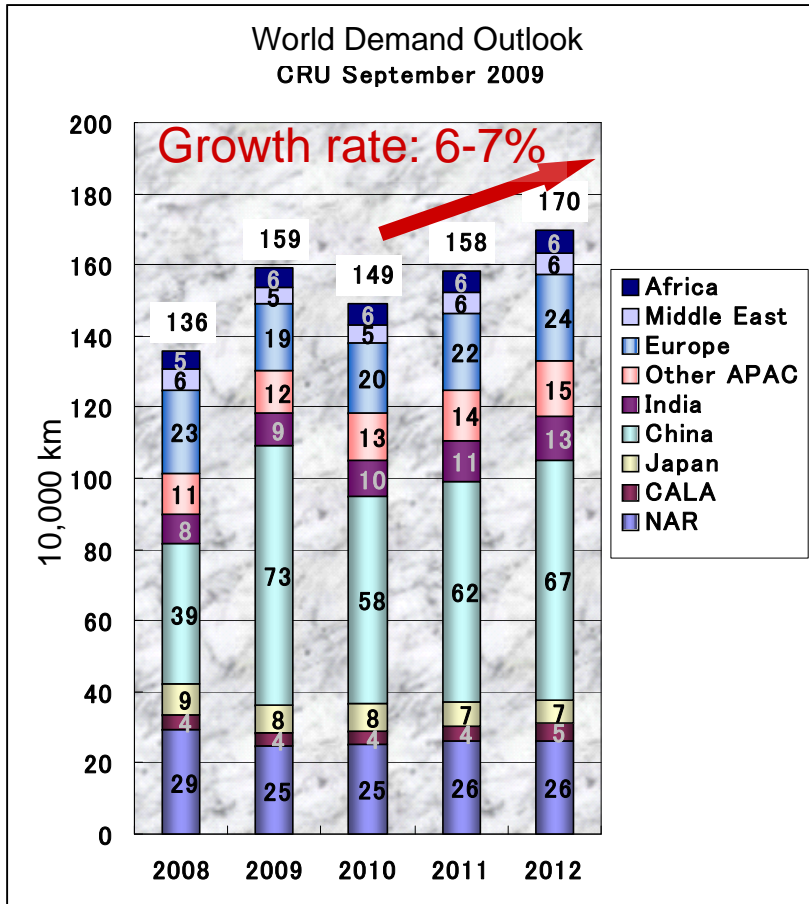


Source: International Monetary Fund, World Economic Outlook Database, October 2009

Telecommunications

Outlook for optical fiber market

Increasing traffic will drive 3G mobile investment in emerging countries and cloud computing in advanced countries. Demand will drop once but rebound again, mainly in Asia



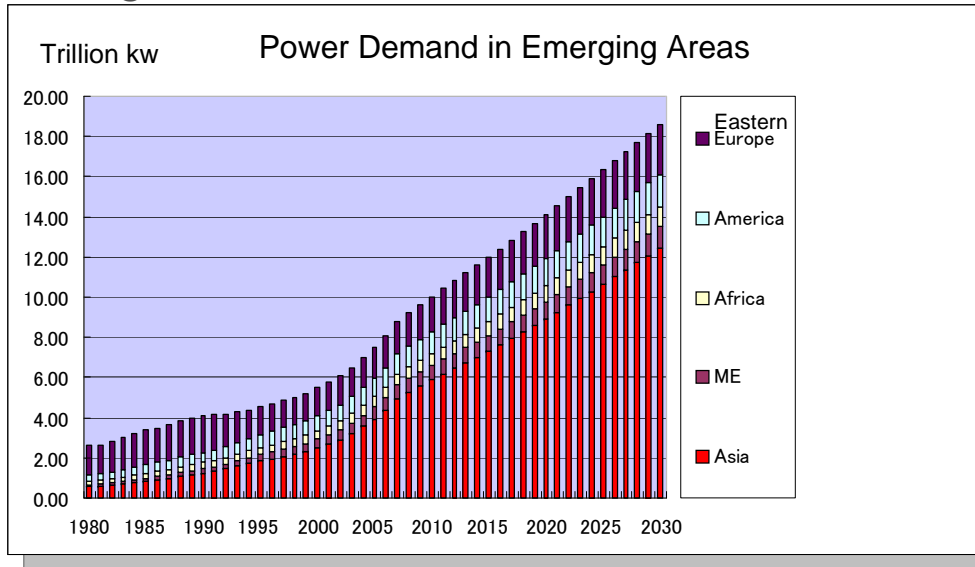
Our strategy

In March, we launched an optic fiber JV in India. We will also reinforce our Chinese business.

As a result, we anticipate 10% growth in length, exceeding market growth

Outlook for ultra-high-voltage cable market

New installs in emerging countries and renewals in developed countries will drive long-term growth.

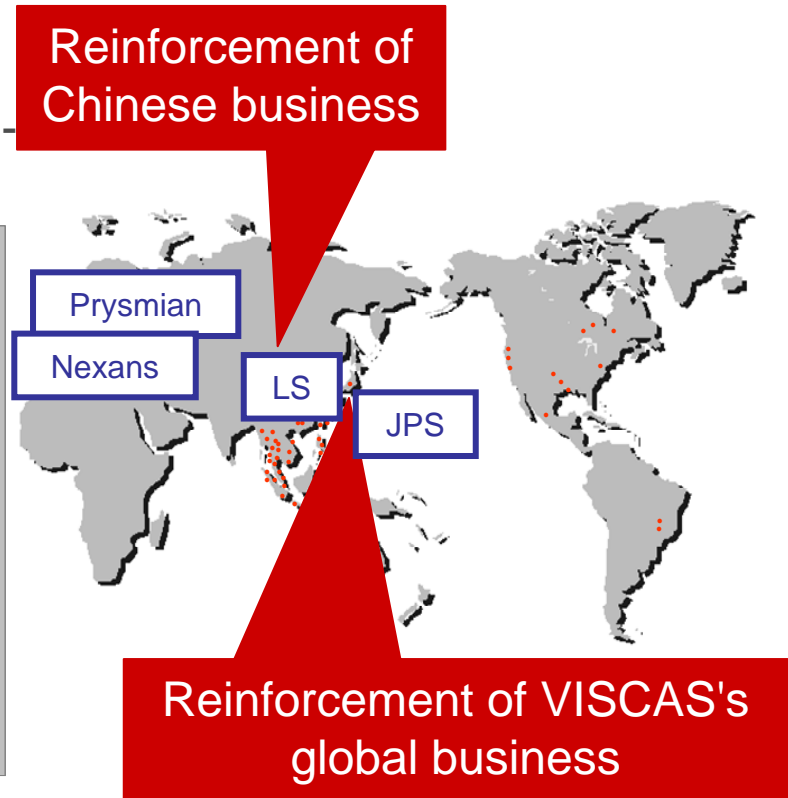


Source: EIA International Energy Outlook 2009

Our strategy

Reinforce production capacity to keep the largest share of UHV cable in China, which procures only cables made in China

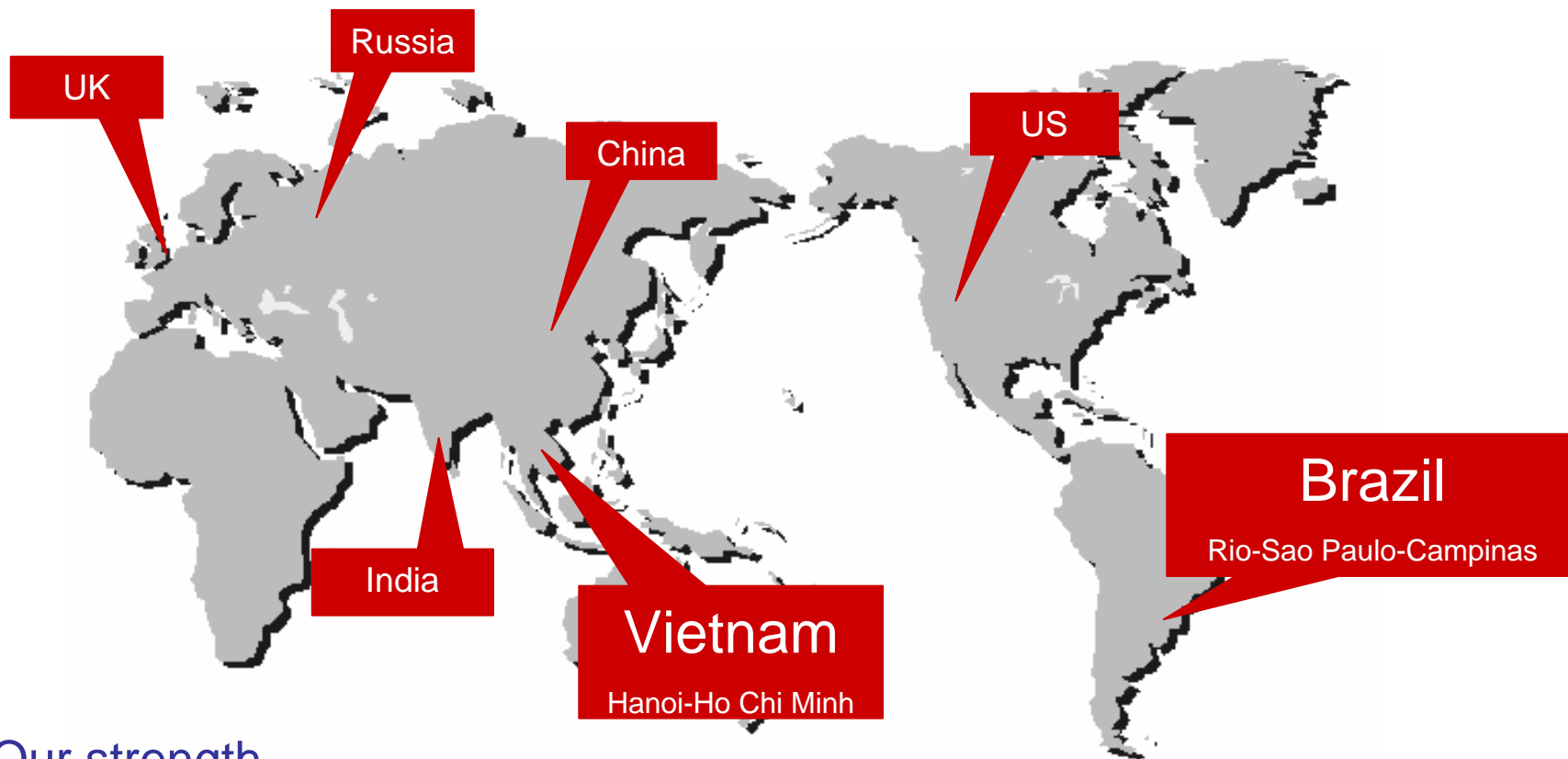
With a Chinese subsidiary and VISCAS, Furukawa is the world's largest supplier of UHV cables



Railways

Outlook for high-speed railway market

Big projects in emerging countries are in progress



Our strength

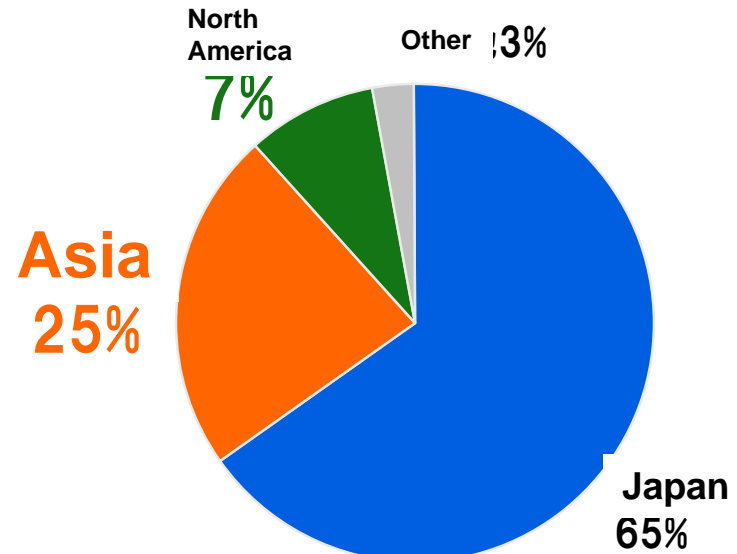
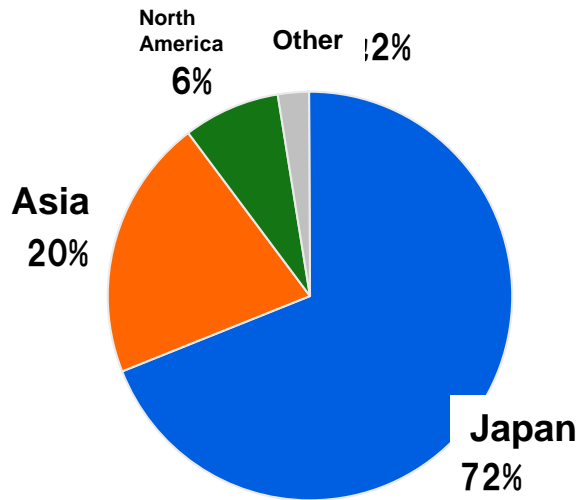
Furukawa can provide products with proven records in Japan and Taiwan, like optical cables, power cables, trolley cables, in-tunnel radio systems, and heat-sink devices

Overseas Sales

Aiming for 35% of total from overseas by expanding sales in Asian markets

FY09 forecast: 226 bn yen

FY2012 plan: 350 bn yen



*We aim to exceed 50%
in the long run*

1. Transformation of business portfolio and development of new business

2) Progress in Functional materials business

2) Progress in Functional materials business

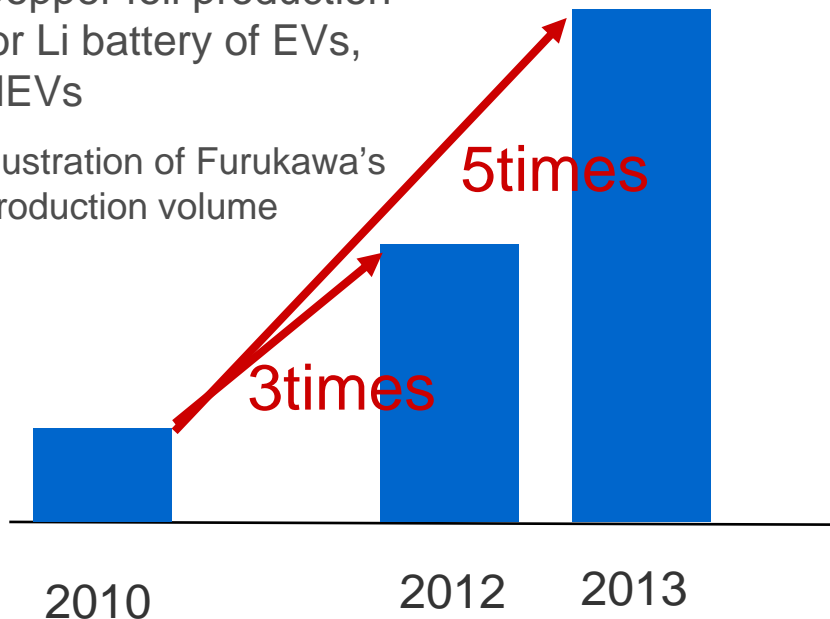
Foils for Li batteries for EVs, HEVs

(Metals, Light Metals)

Adding to demand from electronics applications, Li battery demand for next-generation vehicles will begin in 2011-12, and surge in 2013. We will reinforce our production capacity.

Copper foil production for Li battery of EVs, HEVs

Illustration of Furukawa's production volume



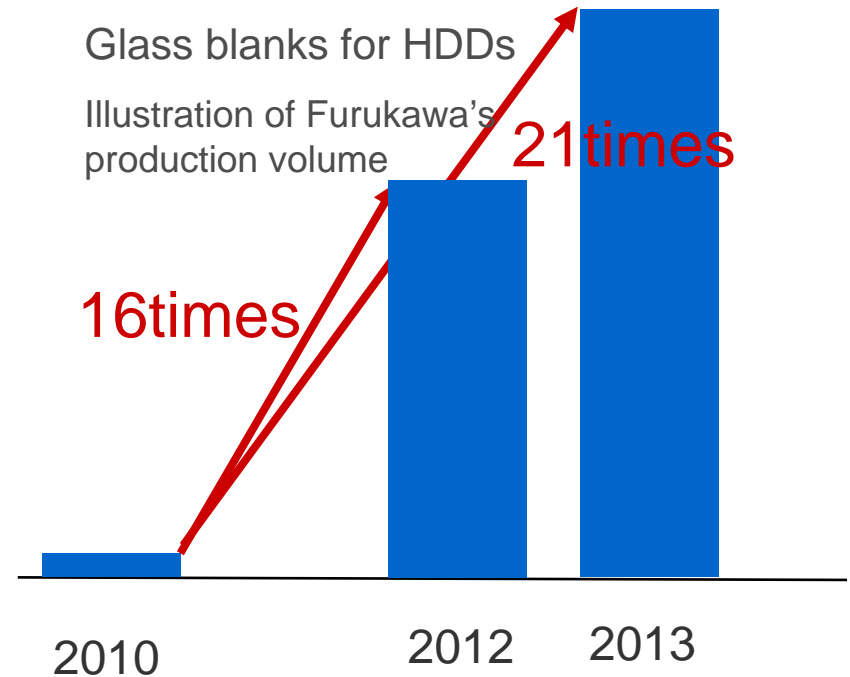
Blank disks for HDDs

(Electronics Automotive)

Aiming to be the #1 supplier and the only one to supply both aluminum and glass disks, we will establish original processes and stable production capabilities.

Glass blanks for HDDs

Illustration of Furukawa's production volume



Micro cell PET foam sheet

(Energy Industrial)

Entry into LED TV market

Tape for semiconductor wafer
production

(Energy Industrial)

Raising productivity of new plant

Aluminum wire harness

(Electronics Automotive)

Promoting as an alternative to
heavier copper wires

Aluminum compressor wheel

(Light Metals)

Establishing position as the
global #1

1. Transformation of business portfolio and development of new business

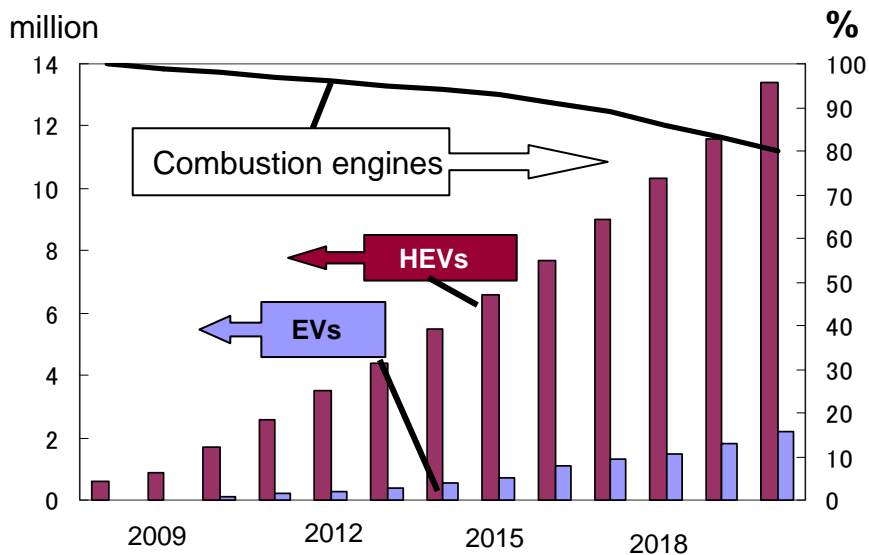
3) Development of new eco-friendly business

Green Energy Revolution

	Vehicles	Energy	Telecom
Political Elements	<ul style="list-style-type: none"> International measures toward a low-carbon society Priority given to green products 		
Economic Elements	<ul style="list-style-type: none"> Recession in advanced countries and growth in emerging countries Difficulty obtaining rare metals, Volatility of oil and metal prices 		
Social Elements	<ul style="list-style-type: none"> Fuel-efficiency Spread of HEV/EV 	<ul style="list-style-type: none"> Environmental action Power-efficiency Spread of Infrastructure in emerging countries Smart grids Energy recycling 	<ul style="list-style-type: none"> Modal shift Cloud computing Hi-speed wireless
Technological Elements	<ul style="list-style-type: none"> HEVs/EVs Electricity storage Lightweight 	<ul style="list-style-type: none"> Home electronics, sensors, networks Low-loss energy transmission High-efficiency energy exchange Linear motors 	<ul style="list-style-type: none"> High-density trunk lines High-speed servers Mass storage Smart phones

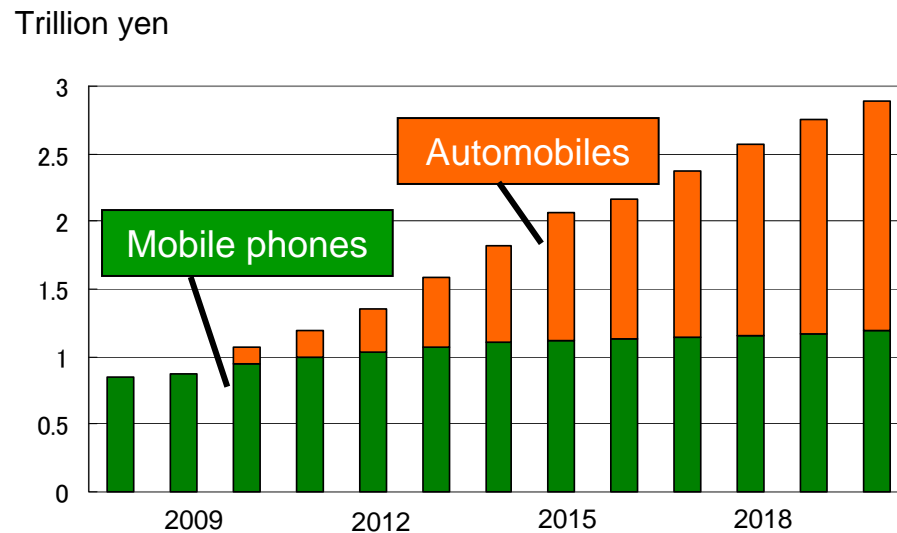
3) Development of new eco-friendly business

Market growth: Eco-cars, Li batteries, Smart grids



World eco-car market

Source: Mizuho Bank



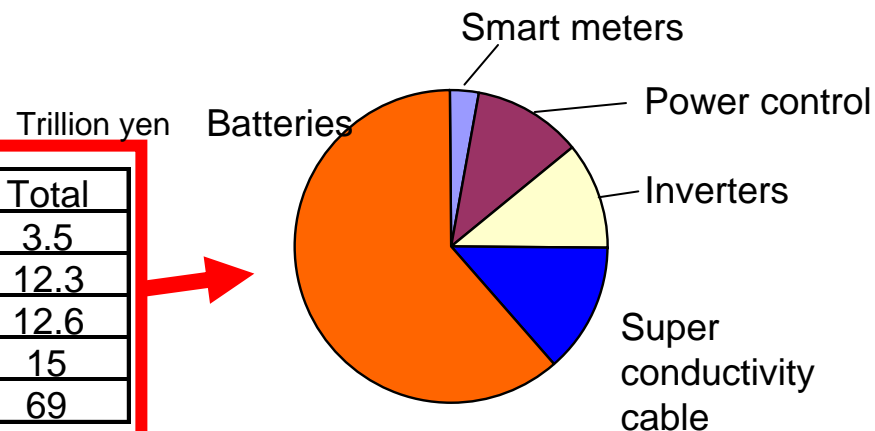
World Li battery market

Source: Daiwa Securities

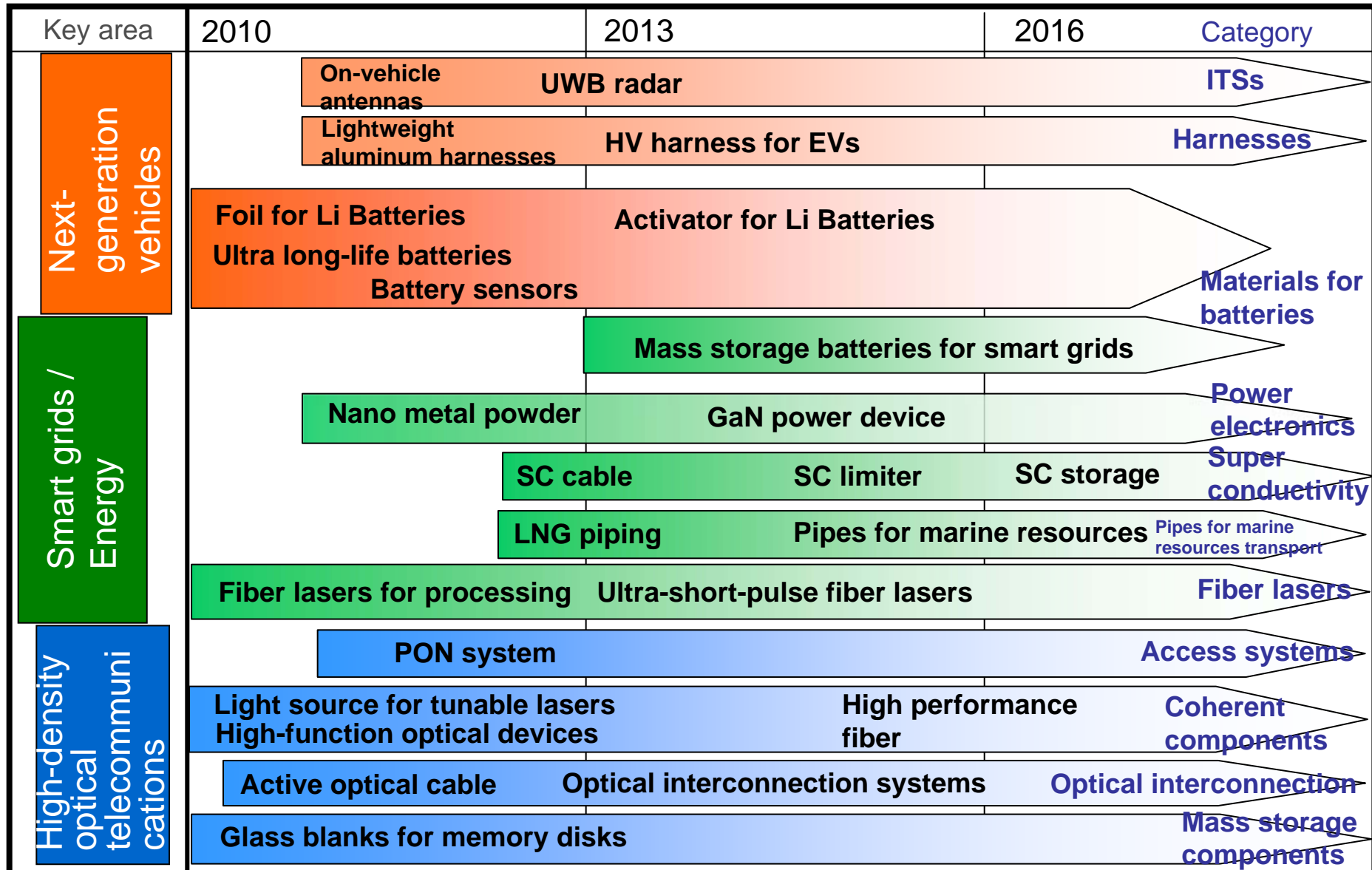
Smart Grid Investment 2010–2030

	US	EU	Japan	Total
Smart meters	1.7	1.3	0.5	3.5
Power control	5.9	4.5	1.8	12.3
Inverters	4.1	4.3	3.8	12.6
Super conductivity	7.3	5.5	2.2	15
Batteries	32	32	6.4	69

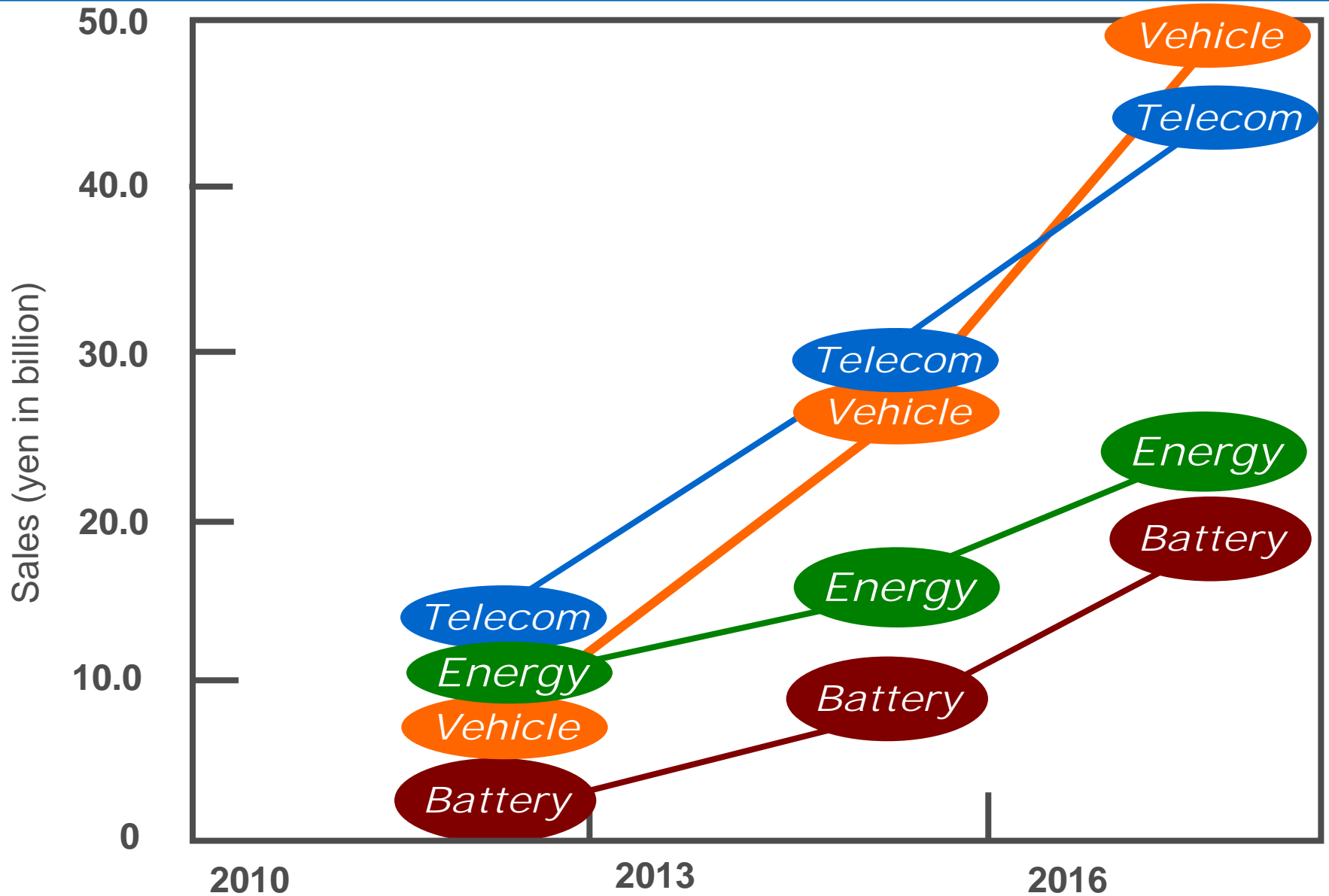
Source) Nomura securities



Road map for development of new eco business



Sales plans by new business category



18 billion yen in 2009



+20% from 2009 to annual average of 21.5 billion yen over 2010-12

Focal areas

Foils for Li batteries

Aluminum wire harnesses

Activators
for batteries

Next-generation
vehicles

Optical interconnection

Superconductivity
cables and equipment

Energy
Smart grids

High-density
optical telecom

High-performance fiber

GaN devices

Fiber laser for
processing industries

We will launch an internal, 20-billion-yen fund, funded by asset sales and business profits, to accelerate growth in new frontiers



Half of the 20 billion yen for R&D,
the rest for M&A and mobility

Use of funds (tentative overview)

Japan	Asia	Other areas
Mainly for R&D	Reinforce growing businesses	Use mainly in emerging economies

1. Transformation of business portfolio and development of new business

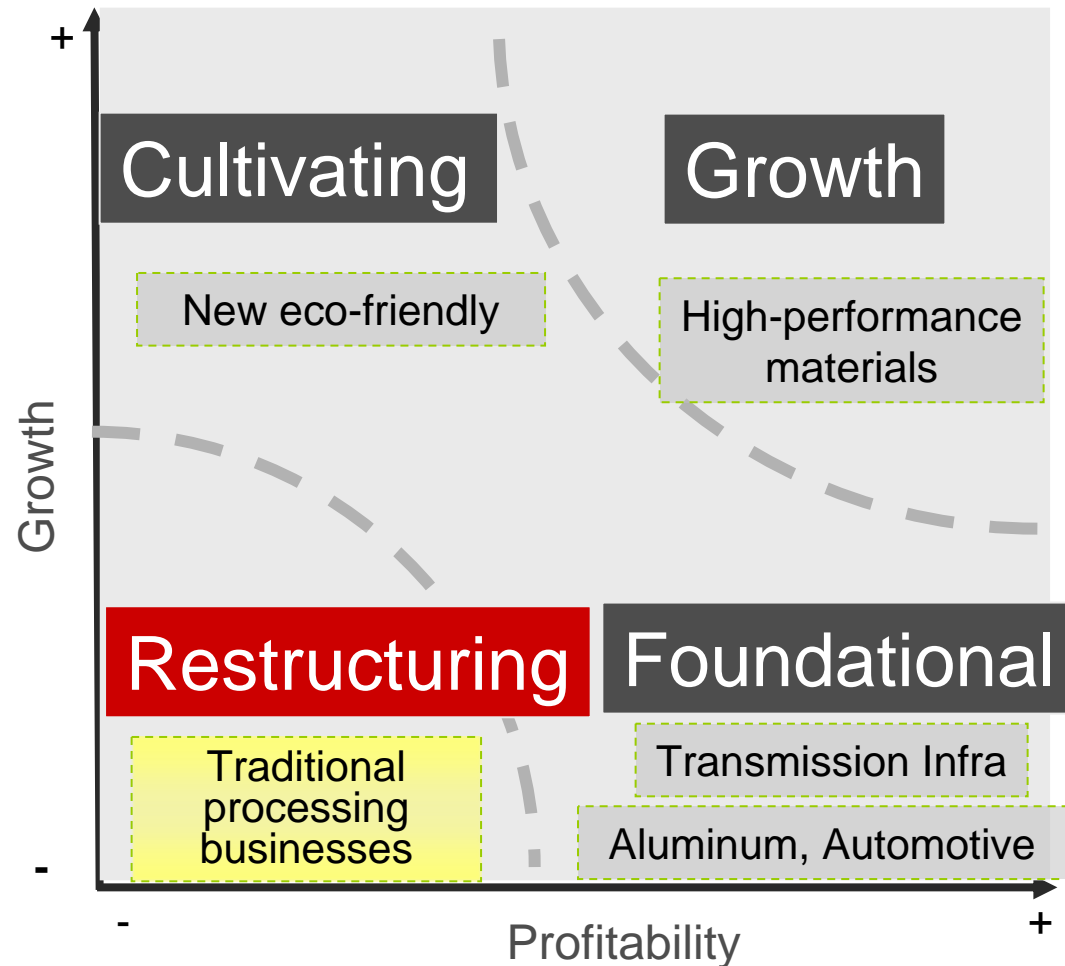
4) Tightening of our traditional businesses

4) Tightening of our traditional processing businesses

Launching business evaluation committee

Dividing businesses into four categories, Cultivating, Growth, Foundational, and Restructuring, the committee will spearhead improvement of our low-profitability businesses categorized as Restructuring.

The committee will improve our business portfolio, initially targeting our traditional processing businesses that handle copper, aluminum, wire, and plastics.



2. Reform of organizational climate

CSR

Reinforce compliance
Step up social contribution activities

Environment

Reduce CO₂ by 15% vs. FY2000 by end-FY2012
Our emissions in FY2000 were around the same as in FY1990

Personnel

Cultivate globally competent employees
Group employment
Enhance global production sites

Group

Reinforce group unity

3. Improvement of financial strength

(yen in billions)

Boost operating income to 50 billion through more rigorous management

	<i>FY09 forecast</i>	<i>FY12 plan</i>	<i>Improvement</i>
Net sales	807.0	1,000.0	+24%
Op. income	15.0	50.0	+35.0
Net profit	4.0	25.0	+21.0

<i>Basis</i>	<i>FY09 H2</i>	<i>FY12 plan</i>	<i>Change</i>
FX rate (JPY/USD)	90	90	±0
Copper (yen/kg)	600	640	+40
Aluminum (yen/kg)	210	220	+10
Crude oil (Dubai, USD/Bbl)	72	79	+7

(yen in billions)

We will build shareholders' capital and payoff debt with generated profits while keeping assets' increase under control.

	<i>End-Mar. 2010</i>	<i>End-Mar. 2013</i>	<i>Change</i>
Total assets	880.0	900.0	+2%
Capital	180.0	210.0	+17%
Debt	380.0	320.0	-16%
D/E ratio	2.1	1.5	-0.6
ROA (based on operating income)	1.7%	5.6%	+3.9p
Turnover	0.9	1.1	+0.2

(yen in billions)

Decrease by 15% compared with previous medium-term plan

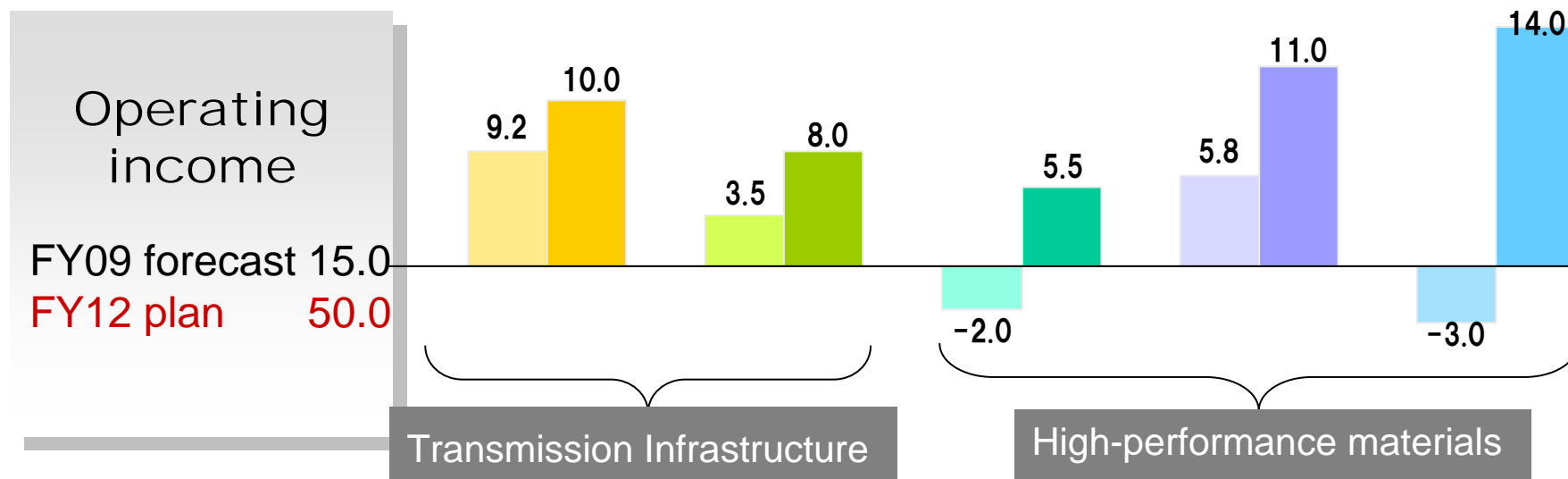
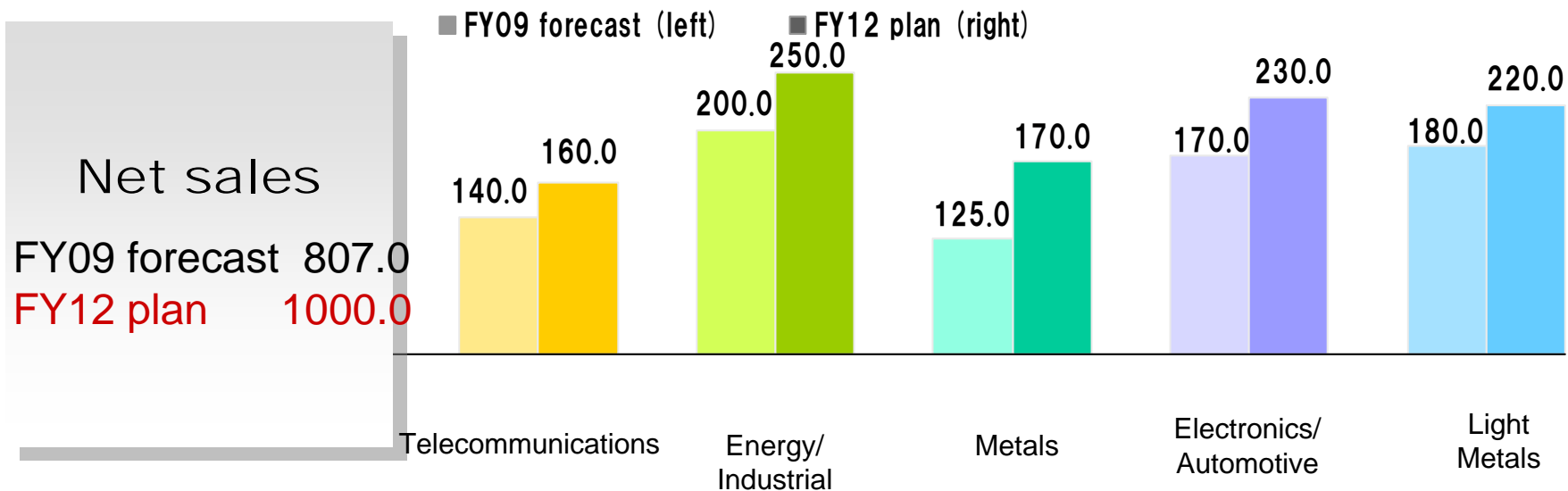
	<i>FY06-09 avg.</i>	<i>FY10-12 avg.</i>	<i>Change</i>
Capex	38.6	33.0	-5.6
Depreciation	42.6	40.0	-2.6

Capex focus: Copper foil, Automotive parts, Fiber, etc.

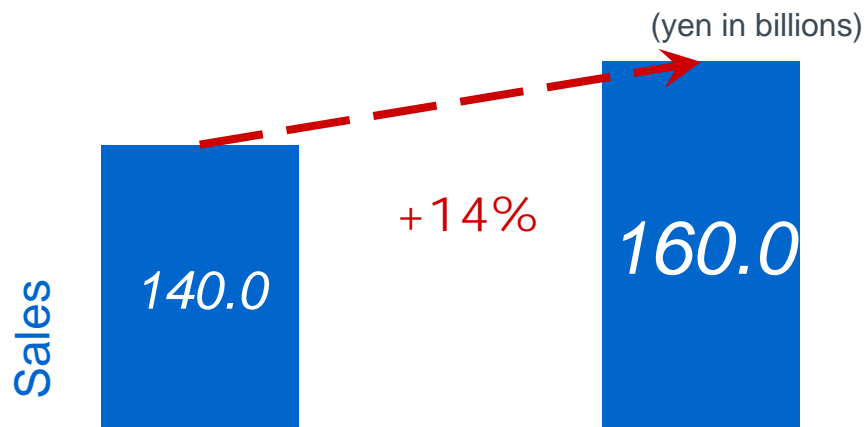
Plans by Business Segment

Sales and operating income plan by segment

(yen in billions)



Sales / Operating Income



+14%

160.0

140.0

Sales

Strategy

Optical Fiber / Cable

- Expand presence in growing BRICs area
- Cut costs to ensure profitability in the mature Japanese market
- Expand LAN cable business in Brazil

Photonics / Networks

Photonics:

High-power tunable lasers, multi-channel AWG, and optical switches; explore 40G and 100G technologies

Cut costs to expand share for commoditized 10G products such as pump lasers, optical amplifiers, fusion splicers

Grow the optical interconnection and fiber laser businesses

Networks:

Use synergies between optical / CATV / wireless technologies to develop solution-based business in South America

'09 forecast

'12 plan

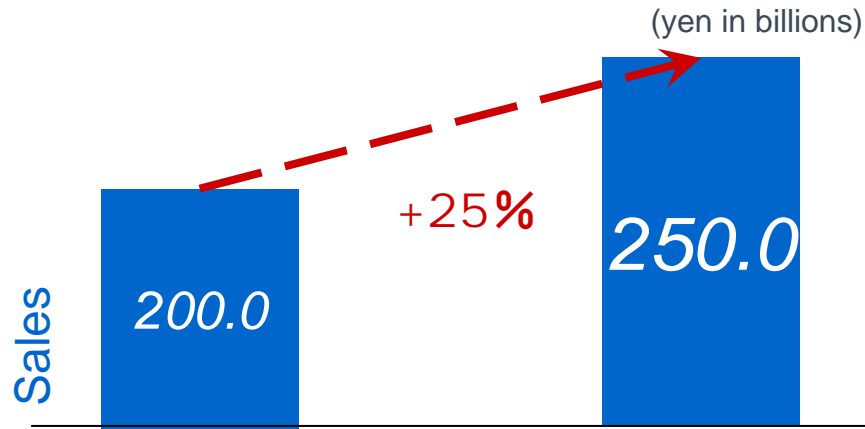
+0.8

10.0

9.2

Operating
Income

Sales / Operating Income



Strategy

Energy

Ultra-high-voltage cable:
Use technical advantages over local players to boost competitiveness in growing areas such as China, ASEAN, Middle East

Low-voltage cable:
Tap into new demand in the new energy field

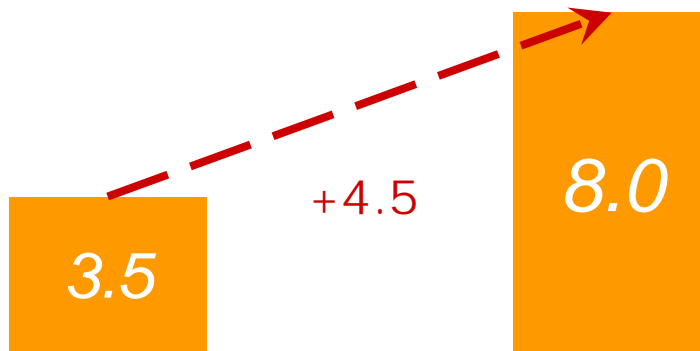
Copper wire:
Consolidate domestic production and expand high-performance products to drive up profitability

Industrial Products

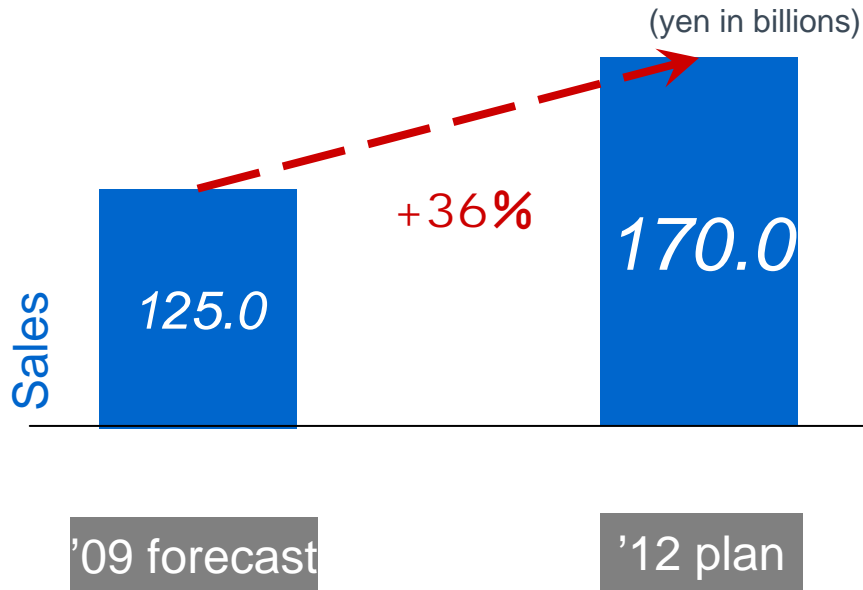
Advanced tape: Develop new products
Conduit: Develop eco products
Foam: Develop new applications for micro cell PET foam sheets; develop Asian and Russian markets

'09 forecast

'12 plan

Operating
Income

Sales / Operating Income



Strategy

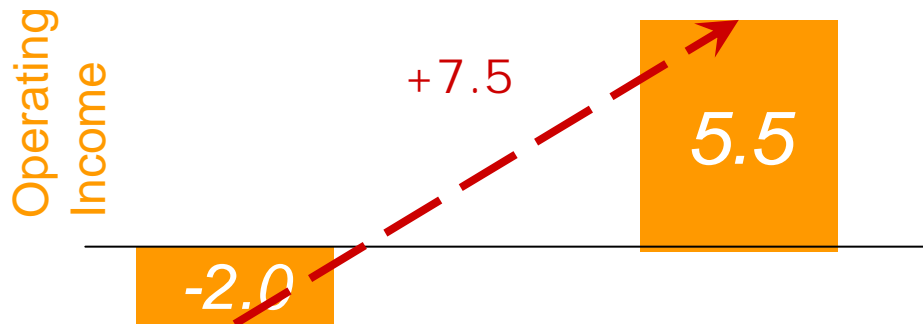
Copper foils

Expand Li battery business
 Aiming to keep global top share of 55%
 and to de facto standardize in the automotive field

Copper strips, pipes

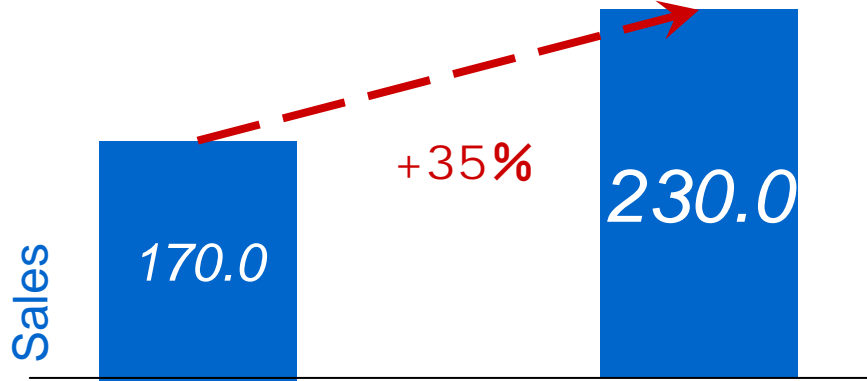
Strips:
 Restructure production portfolio
 Expand global sales

Pipes:
 Reform domestic business
 Reinforce overseas business



Sales / Operating Income

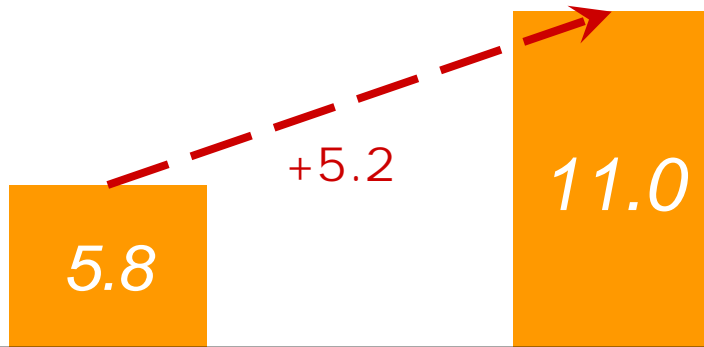
(yen in billions)



'09 forecast

'12 plan

Operating Income



Strategy

Automotive Systems

Wire harnesses:

Build global system for design, production, and sales to expand global share to 5% in 2015

Electronics

Thermal products:

Develop new products

Aluminum blanks:

Expand sales share

Glass blanks:

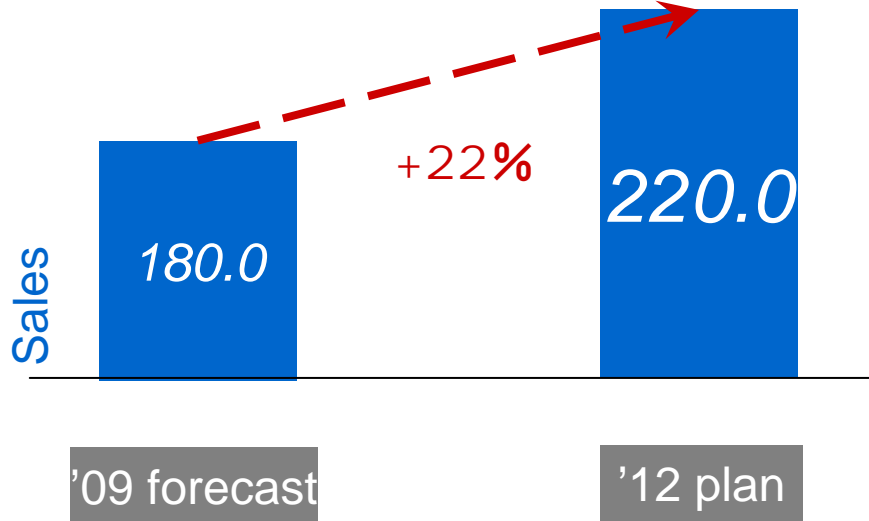
Aim to achieve stable mass production

Magnet wire:

Consolidate into new company to boost operating income

Sales / Operating Income

(yen in billions)



Strategy

Rolled aluminum products

Accelerate reform of domestic business and expansion of overseas business

Extruded aluminum products

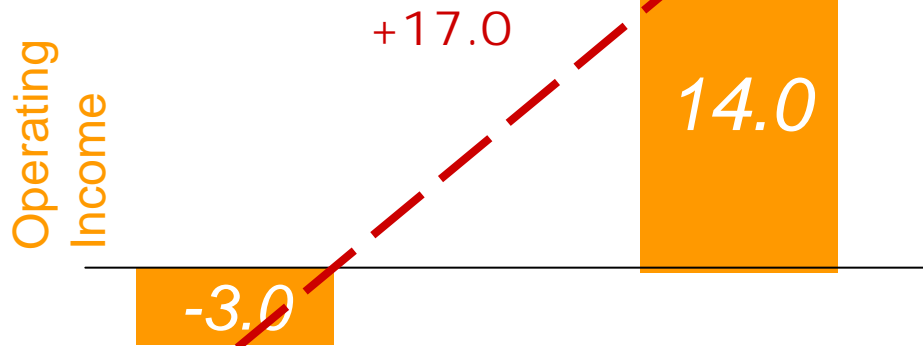
Reinforce highly functional, highly profitable business by generating new products

Forged aluminum and Casting

Aiming at global #1 in niche products

Aluminum foil

Tap into synergies with foil subsidiary



Thank you for your attention.
We will now take **questions.**



Forward-Looking Statements

Projections of future sales and earnings in these materials constitute forward-looking statements. Management offers these projections in good faith and on the basis of information presently available. Information in these statements reflects assumptions about such variables as economic trends and currency exchange rates.

Forward-looking statements are subject to known and unknown risks as well as other uncertainties that include, but are not limited to, the following.

- Economic trends in the U.S., Europe, Japan and elsewhere in Asia, particularly with regard to consumer spending and corporate capital expenditures.
- Changes in exchange rates for the U.S. dollar, euro, and Asian currencies.
- The Furukawa Electric Group's ability to respond to rapid advances in technology.
- Changes in assumptions involving financial and managerial matters and the operating environment.
- Current and future trade restrictions and related matters in foreign countries.
- Changes in the market value of securities held by the Furukawa Electric Group.

Due to the above factors, actual sales, earnings, and other operating results may differ materially from those expressed or implied by these materials. In addition, once these materials have been released, the Furukawa Electric Group assumes no obligation to publicly announce any revisions to forward-looking statements contained in these materials.

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