

June 3, 2016

Dear Shareholders:

Notice of the 194th Annual Meeting of Shareholders

You are cordially invited to attend the 194th Annual Meeting of Shareholders (the “Annual Meeting”) of Furukawa Electric Co., Ltd. to be held on June 27, 2016, at 10:00 a.m., at The Prince Park Tower Tokyo, 4-8-1 Shibakoen Minato, 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 Audit & Supervisory Board for Consolidated Accounting Documents for the 194th fiscal year (from April 1, 2015 to March 31, 2016)
2. Reports on Non-Consolidated Accounting Documents for the 194th fiscal year (from April 1, 2015 to March 31, 2016)

To consider and act on the following proposals,

- | | |
|------------------------|---|
| Proposal One: | Dividends from surplus |
| Proposal Two | Reverse Stock Split |
| Proposal Three: | Partial Amendment of the Article of Incorporation |
| Proposal Four: | Election twelve (12) Directors |
| Proposal Five: | Election Two (2) Audit & Supervisory Board Member |
| Proposal Six: | Election one (1) Reserve Audit & Supervisory Board Member |
| Proposal Seven | Equity Compensation as a Long Term Incentive Plan for Director's |

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/>). The Card arrived at the Company and the submission via the Internet after 5:00 p.m. on June 24, 2016 would be a void vote.

Sincerely

Mitsuyoshi Shibata
President

DISCLAIMER: This translation may be used only for reference purposes. This English version is not an official translation of the original Japanese version (including Reference Documents for Annual Meeting of Shareholders, the Business Report, Financial Statements for the fiscal year ended March 31, 2016, which consist of non-consolidated balance sheet, non-consolidated statement of operation, consolidated balance sheet, and consolidated statement of operation; hereinafter the same). 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 version. Certain parts of the translation may have been edited to accommodate differences in writing style and expression between English and Japanese version. In the event of any discrepancies between the Japanese and English version, the former shall prevail. Furukawa Electric Co., Ltd. shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, or misunderstanding with regard to this translation.

Proposal One: Dividends from surplus

The Company's capital allocation policy is to strike a balance among investments in growth and new business opportunity, improvement of balance sheet and shareholder returns, with management priority on capital efficiency.

Based on the policy, with the five-year management plan "Furukawa G Plan 2020" starting from 2016, for the purpose of improving profitability and strengthening balance sheet, the Company will allocate its resources mainly to telecommunication and energy infrastructure and auto part market as the Furukawa group's focused business sector for its sustainable growth and capital expenditure and R&D for new business opportunity. For the return to shareholders, continuous dividends distribution is the most priority under the management policy.

For fiscal year ended March 31, 2016, dividend of JPY 4 per share (up from JPY 3 per share last year) is hereby proposed taking account of the financial results and progress of reduction in corporate debt.

- (1) Matter concerning the allotment of assets for dividend and total amount
¥4 per common share of the Company: total amount of ¥2,824,826,088
- (2) Effective date of dividends from surplus
June 28, 2016

Proposal Two: Proposal 2 Reverse Stock Split

1. Background of the Proposal

Stock Exchanges in Japan are now requesting all listed companies to change the number of a trading unit of company's common stock to 100 shares by October 1, 2018.

Upon the request, the Company is proposing to change the number of the Company's shares of share unit, which shall be the number of the trading unit under Tokyo Stock Exchange rule, from 1000 shares to 100 shares in the Proposal 3 of the Annual Meeting. In connection with this, the Company hereby propose reverse stock split for its common stock (the "Reverse Stock Split") to align the trading price per a unit with the price range recommended by the stock exchange. (from 50 thousands JPY to 500 thousands JPY)

2. Type of stocks for the Reverse Stock Split; the Company's common stock

3. Proposed Ratio; 1-(new common stock)- for- 10 (old common stock)

When fraction number occurs in the calculation of the Reverse Stock Split, the Company shall dispose shares corresponding to the aggregated amount of the fraction numbers and proceeds of such disposed shares shall be distributed to the stockholders proportionally with each fraction number in accordance with the rule of the Japanese Company Act.

4. Effective Date; October 1, 2016

5. Authorized shares upon the effective date of the Reverse Stock Split;

250,000,000 shares

Note;

The manner of the disposal of shares corresponding to the aggregated amount of the fraction numbers and other affairs relating to the Reverse Stock Split shall be at the discretion of the Company's board of directors.

While the amount of the company's outstanding shares will be reduced to one-tenth of prior amount upon the Reverse Stock Split, asset value of shares is not affected theoretically because the company's asset and equity capital amount remain unchanged through the Reverse Stock Split, except for the case of change in market or other conditions.

Effect of the Reverse Stock Split on this proposal shall be subject to the approval of the amendment of the Company's Articles of Association on Proposal 3.

Proposal three: Partial Amendment of the Articles of Incorporation

1. The purpose of the proposal

The Company will amend the following items of the Articles of Incorporation for the reasons outlined below.

(1) Authorized Shares (Article 6) and a Share Unit (Article 8)

To change the number of shares per trading unit for the Company's common stock in Tokyo Stock Exchange from 1,000 shares to 100 shares, the number of shares per share unit in Article 8 will be changed from current 1,000 shares to 100 shares. Further, the number of authorized shares in Article 6 will also be changed to 250,000,000 shares. Effect of these amendments is subject to the approval of the Reverse Stock Split in Proposal 2 and a supplementary provision that these amendments become effective on the same date of the effective date of the Reverse Stock Split will be added.

(2) Preferred Stock (Chapter 3) and Subordinated Stock (Chapter 4)

Because there are no outstanding shares of preferred stock and subordinated stock currently and no plan to issue these types of stock, the description about authorized shares of preferred stock and subordinated stock in the Article 6 will be removed. In connection with this, the Article 8 about the share unit for preferred stock and subordinated stock, Chapter 3 and Chapter 4 describing the terms of preferred stocks and subordinated stock and Article 38 about class shareholders meeting for these types of stock will be deleted.

(3) Defensive Measure against Takeover (Article 37)

Existing "Defensive measure against take-over bid for the Company shares" (the "Defensive Measure against Takeover") expires with the completion of this 194th shareholders meeting. The Company board of directors on May 11, 2016, decided to not renew and abandon the "Defensive Measure against Takeover" as its necessity becomes much lesser currently. For these, the Article 37 about the Defensive Measure against Takeover will be removed.

(4) Representative Director (Article 43)

Section 1 of the Article 43 are amended and Section 2 of the same article is deleted to enable the Company board of directors to appoint non-director president for securing flexibility in setting an optimal management structure. In connection with this, the Article 32 about the person convening a shareholders meeting and the Article 33 about the person presiding a shareholders meeting are amended. Furthermore, the Article 44 is amended whereby the person convening a board meeting shall be elected among the directors by the board of directors.

(5) In connection with above amendments, the Chapter and Article numbers will be revised to be placed in order and other slight language modification will be done.

2. Contents of the Proposal

The point of the proposal is shown below;

(Changed part is underlined)

Current Articles of Incorporation	Draft Articles of Incorporation
CHAPTER 1 GENERAL PROVISIONS (Omitted)	CHAPTER 1 GENERAL PROVISIONS (Unchanged)
CHAPTER 2 SHARES (Authorized shares)	CHAPTER 2 SHARES (Authorized shares)
Article 6. The total number of issuable shares of the Company shall be <u>2,596,000,000</u> , of which <u>2,500,000,000</u> shall be common stock, <u>50,000,000</u> preferred shares, and <u>46,000,000</u> subordinated shares.	Article 6. The total number of issuable shares of the Company shall be <u>250,000,000</u> .
Article 7. (Omitted) (Number of shares per share unit (tan-gen))	Article 7. (Unchanged) (Number of shares per share unit (tan-gen))
Article 8. The number of shares per share unit (tan-gen) of the Company <u>for common stock, preferred shares and subordinated shares</u> shall be <u>one thousand (1,000)</u> shares.	Article 8. The number of shares per share unit (tan-gen) of the Company shall be <u>one hundred (100)</u> shares.
Article9. (Omitted)	Article9. (Unchanged)
Article10.	Article10.
<u>CHAPTER 3 PREFERRED SHARES</u>	
(Preferred dividend)	
Article 11. When distributing surplus, as <u>provided for in Article 56, the Company shall make a distribution of surplus, in an amount to be determined by resolution of the Board of Directors when the preferred shares in question are issued and in any event not more than hundred (100) yen a year per share, (hereinafter, the “preferred dividend”)</u> to the holders of <u>preferred shares (hereinafter, the “preferred shareholders”)</u> or to the <u>registered share pledgees of preferred shares (hereinafter, the “preferred share registered pledgees”)</u> in priority to the	(Delete)
	(Delete)

<p><u>holders of ordinary shares (hereinafter, the “ordinary shareholders”), the registered share pledges of ordinary shares (hereinafter, the “ordinary share registered pledges”), the holders of subordinated shares (hereinafter, the “subordinated shareholders”) and the registered share pledges of subordinated shares (hereinafter, the “subordinated share registered pledges”).</u></p> <p>2. <u>If, in a given business year, the amount of any surplus to be distributed to preferred shareholders and/or preferred share registered pledges is less than the amount of the preferred dividend, the amount by which it falls short shall not be accumulated for payment in future business years.</u></p> <p>3. <u>The amount of any dividend paid to preferred shareholders and preferred share registered pledges shall not exceed the amount of preferred dividend.</u></p> <p><u>(Interim preferred dividend)</u></p> <p><u>Article 12. The Company may pay an interim dividend, as provided for in Article 57, of no more than half the full preferred dividend, as defined in the preceding article, to its preferred shareholders and preferred share registered pledges before paying a dividend to its ordinary shareholders or ordinary share registered pledges.</u></p> <p><u>(Period of exclusion for preferred dividend)</u></p> <p><u>Article 13. Payment of preferred dividends shall be made, with such modifications as may be necessary, as provided for in Article 58.</u></p> <p><u>(Distribution of residual assets to preferred shareholders)</u></p> <p><u>Article 14. When distributing residual assets, the Company shall pay preferred shareholders and</u></p>	<p>(Delete)</p> <p>(Delete)</p> <p>(Delete)</p>
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<p><u>preferred share registered pledges an amount equal to the issue price of one preferred share for each preferred share held before paying anything either to ordinary shareholders or ordinary share registered pledgees, or to subordinated shareholders or subordinated share registered pledgees.</u></p> <p><u>2. Distribution of residual assets to preferred shareholders and preferred share registered pledgees shall not exceed the amount of detailed in the preceding paragraph.</u></p> <p><u>(Retirement of preferred shares)</u></p> <p><u>Article 15. The Company shall be entitled to acquire preferred shares at any time and to retire them using profits payable to shareholders to cover the acquisition costs.</u></p> <p><u>(Acquisition of preferred shares)</u></p> <p><u>Article 16. In the absence of laws or ordinances to the contrary, the Company shall be entitled, at any time following the issuance of preferred shares, to acquire some or all of such shares as may remain outstanding, at such a time, at such a price, and in accordance with such other conditions as may be specified by resolution of the Board of Directors when said preferred shares are issued. When only some of the preferred shares outstanding are to be acquired, acquisition must be carried out in accordance with the method prescribed for random selection, etc.</u></p> <p><u>(Voting rights of preferred shareholders)</u></p> <p><u>Article 17. Preferred shareholders shall have no entitlement to exercise voting rights at general meetings of shareholders.</u></p> <p><u>(Right to apply for acquisition of preferred shares)</u></p> <p><u>Article 18. Preferred shareholders shall be</u></p>	<p>(Delete)</p> <p>(Delete)</p> <p>(Delete)</p> <p>(Delete)</p> <p>(Delete)</p> <p>(Delete)</p>
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entitled to apply for issuance of ordinary shares in exchange for acquisition by the Company of their preferred shares during a period to be determined by the resolution of the Board of Directors at the time when said preferred shares are issued (hereafter and throughout this Chapter, the “acquisition application period”) and under such conditions as may be determined by the said resolution.

(Blanket acquisition of preferred shares)

Article 19. The Company shall acquire the preferred shares for which an application for acquisition is not received during the acquisition application period, on the day following the last day of said acquisition application period (hereafter and throughout this Chapter, the “blanket acquisition reference date”) and shall issue the number of ordinary shares obtained by dividing an amount equivalent to the issue price of one preferred share by the average closing price of the Company’s ordinary shares (including indications) on the Tokyo Stock Exchange on the thirty (30) trading days (excluding the number of days on which there is no closing price) starting from the forty-fifth trading day prior to the blanket acquisition reference date. When calculating the average closing price, amounts of less than one yen shall be calculated to the first decimal place and rounded up.

2. In the event that the average price, calculated in the manner outlined in the preceding paragraph, exceeds the upper price limit determined by resolution of the Board of Directors when the preferred shares in question are issued, the Company shall issue the number of ordinary

(Delete)

shares obtained by dividing an amount equivalent to the issue price of one preferred share by said upper price limit, and in the event that the average price falls short of the lower price limit determined by resolution of the Board of Directors, the Company shall issue the number of ordinary shares obtained by dividing an amount equivalent to the issue price of one preferred share by said lower price limit.

3. When calculating the number of ordinary shares in the manner outlined in the preceding two paragraphs, amounts of less than one share shall be dealt with in accordance with the provisions for stock consolidation set out in Article 235 of the Corporation Law.

CHAPTER 4 SUBORDINATED
SHARES

(Delete)

(Subordinated dividend)

Article 20. In the event that a surplus to be distributed, determined in accordance with Article 56 and payable to ordinary shareholders and ordinary share registered pledgees, amounts to ten (10) yen or less per share, the Company shall have no entitlement to make a distribution of surplus to subordinated shareholders and subordinated share registered pledgees.

(Delete)

2. In the event that a surplus to be distributed to ordinary shareholders and ordinary share registered pledgees amounts to more than ten (10) yen per share, the Company shall pay subordinated shareholders and subordinated share registered pledgees a dividend (hereinafter, the “subordinated dividend”) in an amount to be determined by resolution of the Board of Directors

<p><u>when said subordinated shares are issued and in any event not more than two hundred (200) yen a year per share.</u></p>	
<p><u>(Interim subordinated dividend)</u></p>	
<p><u>Article 21. The Company shall not pay an interim dividend, as provided for in Article 57, to its subordinated shareholders and subordinated share registered pledgees.</u></p>	(Delete)
<p><u>Article 22. Payment of subordinated dividends shall be made, with such modifications as may be necessary, as provided for in Article 58.</u></p>	(Delete)
<p><u>(Distribution of residual assets to subordinated shareholders)</u></p>	
<p><u>Article 23. When distributing residual assets, the Company shall pay ordinary shareholders and ordinary share registered pledgees an amount equal to the issue price of one subordinated share for each ordinary share held before paying anything to subordinated shareholders or subordinated share registered pledgees. In the event that residual assets remain after making a distribution of such assets to ordinary shareholders and ordinary share registered pledgees, the Company shall pay an amount equal to the issue price of one subordinated share for each subordinated share held to subordinated shareholders and subordinated share registered pledgees and, in the event that there are still residual assets available for distribution, the Company shall pay the whole of the remaining amount to ordinary shareholders and ordinary share registered pledgees.</u></p>	(Delete)
<p><u>(Retirement of subordinated shares)</u></p>	
<p><u>Article 24. The Company shall be entitled to acquire subordinated shares at any time and to retire them using profits payable to shareholders to</u></p>	(Delete)

<p><u>cover the acquisition costs.</u> <u>(Acquisition of subordinated shares)</u> <u>Article 25. In the absence of laws or ordinances to the contrary, the Company shall be entitled, at any time following the issuance of subordinated shares, to acquire some or all of such shares as may remain outstanding, at such a time, at such a price, and in accordance with such other conditions as may be specified by resolution of Board of Directors when said shares are issued. When only some of the subordinated shares outstanding are to be acquired, acquisition must be carried out in accordance with the method prescribed for random selection, etc.</u></p>	<p>(Delete)</p>
<p><u>(Voting rights of subordinated shareholders)</u> <u>Article 26. Subordinated shareholders shall have no entitlement to exercise voting rights at general meetings of shareholders.</u></p>	<p>(Delete)</p>
<p><u>(Right to apply for acquisition of subordinated shares)</u> <u>Article 27. Subordinated shareholders shall be entitled to apply for issuance of ordinary shares in exchange for acquisition by the Company of their subordinated shares during a period to be determined by the resolution of the Board of Directors at the time when said subordinated shares are issued (hereafter and throughout this Chapter, the “acquisition application period”) and under such conditions as may be determined by the said resolution.</u></p>	<p>(Delete)</p>
<p><u>(Blanket acquisition of subordinated shares)</u> <u>Article 28. The Company shall acquire the subordinated shares for which an application for acquisition is not received during the acquisition application period, on the day</u></p>	<p>(Delete)</p>

following the last day of said application period (hereafter and throughout this Chapter, the “blanket acquisition reference date”), and shall issue the number of ordinary shares obtained by dividing an amount equivalent to the issue price of one subordinated share by the average closing price of the Company’s ordinary shares (including indications) on the Tokyo Stock Exchange on the thirty (30) trading days (excluding the number of days on which there is no closing price) starting from the forty-fifth trading day prior to the blanket acquisition reference date. When calculating the average closing price, amounts of less than one yen shall be calculated to the first decimal place and rounded up.

2. In the event that the average price, calculated in the manner outlined in the preceding paragraph, exceeds the upper price limit determined by resolution of the Board of Directors when the subordinated shares in question are issued, the Company shall issue the number of ordinary shares obtained by dividing an amount equivalent to the issue price of one subordinated share by said upper price limit, and in the event that the average price falls short of the lower price limit determined by resolution of the Board of Directors, the Company shall issue the number of ordinary shares obtained by dividing an amount equivalent to the issue price of one subordinated share by said lower price limit.
3. When calculating the number of ordinary shares in the manner outlined in the preceding two paragraphs, amounts of less than one share shall be dealt with in accordance with the provisions for

<p><u>stock consolidation set out in Article 235 of the Corporation Law.</u></p> <p>CHAPTER <u>5</u> SHAREHOLDERS MEETING</p> <p>Article <u>29</u>. (Omitted) <u>(Place)</u></p> <p>Article <u>30</u>. (Delete)</p> <p>Article <u>31</u>. (Omitted) (Person who convene a shareholders meeting)</p> <p>Article <u>32</u>. The Company's shareholders meeting shall be convened by the <u>president/director</u> according to a resolution of the Board of Directors, unless otherwise provided for in laws or ordinances.</p> <p>2. In case the <u>president/director</u> become unable to so act, one of the other directors shall take his place in such order as determined beforehand by the Board of Directors. <u>(Chairman)</u></p> <p>Article <u>33</u>. The president/director shall act <u>as chairman of a general meeting of shareholders.</u></p> <p>2. <u>In case the president/director is prevented from so acting, one of the other directors shall take his place in such order as previously determined by the Board of Directors.</u></p> <p>Article <u>34</u>. (Omitted)</p> <p>Article <u>36</u>. <u>(Introduction of defensive measures)</u></p> <p>Article <u>37</u>. The general meeting of shareholders may resolve to <u>introduce, change or abolition measures against any act to purchase the shares of the Company on a large scale (hereinafter, the "defensive measures").</u></p> <p>2. The defensive measures set out in the preceding paragraph denote</p>	<p>CHAPTER <u>3</u> SHAREHOLDERS MEETING</p> <p>Article <u>11</u>. (Unchanged)</p> <p>(Delete)</p> <p>Article <u>12</u>. (Unchanged) (Person who convene and preside a shareholders meeting)</p> <p>Article <u>13</u>. <u>The</u> Company's shareholders meeting shall be convened <u>and presided over</u> by the director according to a resolution of the Board of Directors, unless otherwise provided for in laws or ordinances.</p> <p>2. In case the director <u>in the above section 1</u> become unable to so act, one of the other directors shall take his place in such order as determined beforehand by the Board of Directors.</p> <p>(Delete)</p> <p>Article <u>14</u>. (Unchanged)</p> <p>Article <u>16</u>. (Delete)</p>
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<p><u>certain procedures and standards, etc. which will be decided in advance as measures to prevent parties deemed inappropriate under the basic policy on the parties controlling the financial and business policies of the Company from gaining such control over the Company.</u></p> <p><u>(General meeting of class shareholders)</u></p> <p><u>Article 38. The provision of Article 32, 33, 34 and 36 shall be applied, with such modifications as may be necessary, in general meetings of class shareholders.</u></p> <p><u>2. The provision of Article 31 shall be applied, with such modifications as may be necessary, in general meetings of class shareholders held on the same date as ordinary general meetings of shareholders.</u></p> <p>CHAPTER 6 DIRECTORS AND BOARD OF DIRECTORS</p> <p><u>Article 39.</u> (Omitted)</p> <p><u>Article 42.</u> (Representative directors)</p> <p><u>Article 43. The Board of Directors shall by its resolution appoint the directors to represent the Company, one of whom shall be the president/director.</u></p> <p><u>2. The Board of Directors by its resolution shall appoint a president/director and may appoint a chairman/director from among the directors.</u></p> <p>(Person to convene a meeting of the Board of Directors and presiding director)</p> <p><u>Article 44. Unless otherwise provided for in laws or ordinances, the president/director shall convene meetings of the Board of Directors. When a chairman/director, is being appointed, he shall convene meetings of the Board of Directors.</u></p>	<p>(Delete)</p> <p>CHAPTER 4 DIRECTORS AND BOARD OF DIRECTORS</p> <p><u>Article 17.</u> (Unchanged)</p> <p><u>Article 20.</u> (Representative directors)</p> <p><u>Article 21. The Board of Directors shall by its resolution appoint the directors to represent the Company.</u></p> <p>(Delete)</p> <p>(Person to convene a meeting of the Board of Directors and presiding director)</p> <p><u>Article 22. The meetings of the Board of Directors shall be convened and presided over by the director appointed by mutual vote from among the members of Board of Directors, unless otherwise provided for in laws or ordinances.</u></p>
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<p>2. In case <u>both of them</u> become unable to so act, one of the other directors shall take their place in such order as determined beforehand by the Board of Directors.</p> <p>3. <u>Presiding Director shall be appointed by mutual vote from among the members of Board of Directors.</u></p> <p>Article<u>45</u>. (Omitted)</p> <p>Article<u>47</u>.</p> <p style="text-align:center">CHAPTER <u>7</u> AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</p> <p>Article<u>48</u>. (Omitted)</p> <p>Article<u>54</u>.</p> <p style="text-align:center">CHAPTER <u>8</u> ACCOUNTS</p> <p>Article<u>55</u>. (Omitted)</p> <p>Article<u>58</u> (New established)</p>	<p>2. In case <u>the director in the Section 1 of this Article</u> become unable to so act, one of the other directors shall take their place in such order as determined beforehand by the Board of Directors. (Delete)</p> <p>Article<u>23</u>. (Unchanged)</p> <p>Article<u>25</u>.</p> <p style="text-align:center">CHAPTER <u>5</u> AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</p> <p>Article<u>26</u>. (Unchanged)</p> <p>Article<u>32</u>.</p> <p style="text-align:center">CHAPTER <u>6</u> ACCOUNTS</p> <p>Article<u>33</u>. (Unchanged)</p> <p>Article<u>36</u>.</p> <p style="text-align:center"><u>Supplementary Provision</u> <u>Until October 1, 2016, the day on which the Proposal 2:Reverse Stock Split proposed at the 194th Annual Meeting of Shareholders comes into effect, the total number of issuable shares of the Company in Article 6. shall be 2,500,000,000, and the number of shares per share unit(tan-gen) of the Company in Article 8. shall be one thousand(1,000) shares. This supplementary provision shall be deleted after the lapse of the reverse stock split effective day, October 1, 2016.</u></p>
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Proposal Four: Election of twelve (12) Directors

The term of office of all Directors (12 Directors) will expire at the close of the Annual Meeting. We therefore request you to appoint 12 Directors.

The candidates for Directors are as shown below.

1	Masao Yoshida	Chairman and Director	
2	Mitsuyoshi Shibata	President and Representative Director	
3	Sumitaka Fujita	Outside Director	Candidate for outside Director and Independent Officer
4	Nobuyoshi Soma	Outside Director	Candidate for outside Director
5	Osamu Tsukamoto	Outside Director	Candidate for outside Director and Independent Officer
6	Tatsuo Teratani	Outside Director	Candidate for outside Director
7	Akira Nakamoto	-	Candidate for outside Director and Independent Officer
8	Takamitsu Kozuka	Representative Director and Corporate Executive Vice President, General Manger of Automotive Systems Division	
9	Keiichi Kobayashi	Representative Director and Corporate Executive Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division	
10	Nozomu Amano	Director and Corporate Senior Vice President, General Manager of the Administration & CSR Division	
11	Takahide Kimura	Director and Corporate Senior Vice President, General Manager of Strategy Division	
12	Hiroyuki Ogiwara	Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division	

The Company board of directors selected the nominees here based on the reports from Nominating/Compensation Committee majority members of which are outside directors.

Under the nominating policy for outside directors, total mix of various skills and backgrounds; a person with experience of corporate management and governmental body, an engineer with specific technological expertise, and an expert of law or accounting, shall be considered to accommodate the board room deliberation from various perspectives. In this proposal, 5 outsider directors up from 4 outside directors currently are nominated to strengthen the board's oversight function of the management.

For the executive directors, with the consideration of the Furukawa group business with many affiliates around the globe and various business lines, a person who has enough skillset, knowledge and experience and contributes to the Furukawa corporate value. In the five-year management plan "Furukawa G Plan 2020" starting from 2016, the Company will be focused on telecommunication and energy infrastructure as its main business sector and is planning to enlarge a group business by developing global market. Each nominee who shall be responsible for executing the new management plan and strengthening the Company's corporate governance is anticipated to contribute to the board's deliberation over the vital management and business strategic issues.

Please see the following pages for the individual nominee's background, anticipated role in the board and other information.

1. **Masao Yoshida** [Date of Birth: February 5, 1949]

*Brief history

Apr. 1972 Joined Furukawa Electric Co., Ltd.
Jun. 2002 Director and General Manager of Finance & Accounting Department
Jun. 2003 Corporate Senior Vice President, General Manager of Finance & Accounting Department and General Manager of Corporate Planning Department
Jan. 2004 Corporate Senior Vice President, General Manager of Corporate Planning Department
Apr. 2004 Corporate Senior Vice President, CFO and General Manager of Corporate Planning Department
Jun. 2004 Managing Director and Corporate Senior Vice President, CFO and General Manager of Corporate Planning Department
Nov. 004 Managing Director and Corporate Senior Vice President, CFO
Jun. 2005 Managing Director and Corporate Senior Vice President, CMO
Jun. 2006 Senior Managing Director, Corporate Executive Vice President, CMO and President of Energy & Industrial Products Company
Jun. 2008 President, Representative Director and COO
Jun. 2009 President and Representative Director
Apr. 2012 Chairman and Representative Director
Apr. 2016 Chairman and Director (present post)

*Important Concurrent Post

Director (Outside) of FURUKAWA CO., LTD., Director (Outside) of JFE Holdings, Inc.

*Number of shares in the Company

Common Stock 65,000 Shares

*Mr. Masao Yoshida has held positions as President and Chairman. He is well versed in the management and business of the Group and has extensive knowledge of overall corporate management. He has been actively engaging in initiatives to strengthen and enhance the corporate governance of the Company in recent years, including the establishment of the Nomination and Compensation Committee. Since April 2016, he has been supervising the business execution by the President and other members of the management team, as Chairman without the right of representation, from a non-execution standpoint. We request the re-election of Mr. Yoshida as Director so that he will help further improve the corporate governance of the Company.

2. **Mitsuyoshi Shibata** [Date of Birth: November 5, 1953]

*Brief history

Apr. 1977 Joined Furukawa Electric Co., Ltd.
Jun. 2008 Corporate Vice President, General Manager of Corporate Planning Department
Jan. 2009 Corporate Vice President and Vice President of Metals Company
Jun. 2009 Corporate Senior Vice President and President of Metals Company
Jun. 2010 Director and Corporate Senior Vice President, President of Metals Company
Apr. 2012 President and Representative Director
Nov. 2013 President and Representative Director, General Manager of Group Global Management & Development Division
Apr. 2016 President and Representative Director (present post)

*Number of shares in the Company

Common Stock 57,000 Shares

*As President, Mr. Mitsuyoshi Shibata has been promoting group and global management under the previous mid-term management plan, Furukawa G Plan 2015, and implemented various measures in line with the plan, including the fundamental restructuring of sluggish businesses. Two years ago when operations in conjunction with copper strip products at Nikko Works were partially suspended due to damage caused by snowfall, Mr. Shibata headed the on-site response to the suspended operation, including efforts to maintain business relationships with customers, and achieved an early restoration of operations. We request the re-election of Mr. Shibata as

Director to ensure that the results achieved from the initiatives in the previous plan are passed on to the new mid-term management plan, Furukawa G Plan 2020, and to drive the growth and development of the Group.

3. Sumitaka Fujita [Date of Birth: December 24, 1942]
Candidate for outside Director and Independent Officer

*Brief history

Apr. 1965	Joined ITOCHU Corporation
Jun. 1995	Director of ITOCHU Corporation
Apr. 1997	Managing Director of ITOCHU Corporation
Apr. 1999	Senior Managing Director of ITOCHU Corporation
Apr. 2001	Vice President of ITOCHU Corporation
Apr. 2006	Vice Chairman of ITOCHU Corporation
Jun. 2008	Senior Adviser of ITOCHU Corporation
Jun. 2008	Director (Outside) of Furukawa Electric Co., Ltd. (present post)
Jul. 2011	Advisory Member of ITOCHU Corporation (present post)

*Important Concurrent Posts

Advisory Member of ITOCHU Corporation, Director (Outside) of Olympus Corporation

*Number of shares in the Company

Common Stock 34,000 Shares

*Mr. Sumitaka Fujita has extensive experience and knowledge as a corporate manager of a leading general trading company, particularly as the CFO, and is also well versed in corporate governance. As an Independent Outside Director, Mr. Fujita has actively commented on at meetings of the Board of Directors and the Nomination and Compensation Committee, greatly improving the Company's corporate governance. We request the re-election of Mr. Fujita as Outside Director so that he will help further enhance corporate governance and strengthen group and global management in the coming years.

4. Nobuyoshi Soma [Date of Birth: January 16, 1945]
Candidate for outside Director

*Brief history

Apr. 1967	Joined Furukawa Mining Co., Ltd. (currently FURUKAWA CO., LTD.)
Jun. 1999	Corporate Vice President of FURUKAWA CO., LTD.
Jun. 2004	Corporate Senior Vice President of FURUKAWA CO., LTD.
Jun. 2006	Managing Director of FURUKAWA CO., LTD.
Jun. 2007	President, Representative Director of FURUKAWA CO., LTD.
Jun. 2013	Chairman, Representative Director of FURUKAWA CO., LTD. (present post)
Jun. 2013	Director (Outside) of Furukawa Electric Co., Ltd. (present post)

*Important Concurrent Posts

Chairman, Representative Director of FURUKAWA CO., LTD.

*Number of shares in the Company

Common Stock 16,000 Shares

*Mr. Nobuyoshi Soma has made useful comments on global business development, how human resources should be developed, etc. at meetings of the Board of Directors and the Nomination and Compensation Committee based on his extensive experience and knowledge as a corporate officer of a manufacturer whose businesses include one that is peripheral to the Group's business. We request the re-election of Mr. Soma as Outside Director so that he will continue to provide us with useful advice and comments to assist in our efforts to enhance the group and global management.

5. Osamu Tsukamoto [Date of Birth: June 11, 1953]
Candidate for outside Director and Independent Officer

*Brief history

Apr. 1977	Joined the Ministry of International Trade & Industry (currently Ministry of Economy, Trade & Industry)
Jul. 2003	Deputy Director-General for Regional Economic and Industrial Policy Group, and Agency for Natural Resources and Energy
Jun. 2004	Director-General for Manufacturing Industries Bureau
Jul. 2006	Deputy Director-General for Technology Policy Coordination
Jul. 2008	Director-General, Kanto Bureau for Economy, Trade and Industry
Jul. 2009	Director-General for Regional Economic and Industrial Policy
Jul. 2010	Retire from office
Oct. 2010	Distinguished Professor of Tokyo University of Science
Oct. 2010	Advisor of Furukawa Electric Co., Ltd. (part-time)
Jun. 2013	Director (Outside) of Furukawa Electric Co., Ltd. (present post)
Mar. 2014	Retire from Distinguished Professor of Tokyo University of Science
Jun. 2014	President of Japan Coal Energy Center (present post)

*Important Concurrent Posts
President of Japan Coal Energy Center

*Number of shares in the Company
2,000 Shares

*Mr. Osamu Tsukamoto has made comments on the field of research and development and directions of new businesses and has provided advice, etc. on administrative subsidy measures at meetings of the Board of Directors, etc. based on his many years of experience in the industrial policy field at the Ministry of Economy, Trade and Industry as well as his extensive knowledge, despite the fact that he has not been directly involved in corporate management. We request the re-election of Mr. Tsukamoto as Outside Director so that he will supervise the progress in the new management plan, among other tasks, given that it is an urgent task for the Group to develop new technologies and new businesses, and so that he will continue to provide us with such useful comments and advice in the future.

6. Tatsuo Teratani [Date of Birth: November 2, 1948]
Candidate for outside Director

*Brief history

Apr. 1974	Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
Jan. 1992	Deputy Manager of the Body Design Department
Jan. 1998	Assistant Manager of the First Electronic Technology Department
Jan. 1999	Assistant Manager of the Technology Planning Department
Jan. 2004	Assistant Manager of the Second Electronic Technology Department
Apr. 2007	Concurrently assumed a lecturing position the Graduate School of Engineering, Nagoya University (present post)
Dec. 2012	Retired from Toyota Motor Corporation
Jun. 2015	Director (Outside) of Furukawa Electric Co., Ltd. (present post)

*Number of shares in the Company
Common Stock 8,000 Shares

*Mr. Tatsuo Teratani has been working in design and development in the car electronics field over a period of many years at a leading automobile manufacturer and has advanced knowledge backed by his experience, although he has not been directly involved in corporate management. We request the re-election of Mr. Teratani as Outside Director so that he will provide us with useful advice and comments based on technological and market analyses and provide the viewpoint of customers with an eye on the expansion and enhancement of the automobile-related business, the core business area of the Group.

7. **Akira Namamoto** [Date of Birth: November 25, 1945]
Candidate for outside Director and Independent Officer
New Candidate

*Brief history

Apr. 1969 Joined SHIMADZU CORPORATION
Jun. 2001 Director of SHIMADZU CORPORATION

Jun. 2005 General Manager, Analytical Instruments Division
Managing Executive Director of SHIMADZU CORPORATION

Jun. 2007 General Manager, Analytical & Measuring Instruments Division
Senior Managing Executive Director of SHIMADZU CORPORATION
Jun. 2009 Representative Director, President & CEO of SHIMADZU CORPORATION
Jun. 2015 Representative Director, Chairman of the Board of SHIMADZU CORPORATION

*Important Concurrent Posts

Representative Director, Chairman of the Board of SHIMADZU CORPORATION

*Number of shares in the Company

0 Shares

*Mr. Akira Nakamoto has held the positions of president and CEO and chairman of a leading precision equipment manufacturer, renowned for its technological development capabilities. Mr. Nakamoto has extensive knowledge and experience as a corporate manager with an engineering background at the manufacturer, which conducts B2B business in the same manner as our Group. We request the election of Mr. Nakamoto as a new Outside Director to seek his useful advice and comments on the management of the Group, in light of the Group's aim to further develop its business based on technologies and the fact that he is very well qualified to strengthen the supervisory function over the Board of Directors.

8. **Takamitsu Kozuka** [Date of Birth: February 17, 1958]

*Brief history

Apr. 1982 Joined Furukawa Electric Co., Ltd.
Feb. 2007 Plant Manager of Mie Automotive Product Plant, Automotive Product Department, Electronics & automotive Systems Company
Oct. 2007 General Manager of Production Division Electrical/Electronics Department, FURUKAWA AUTOMOTIVE SYSTEMS INC.
Jun. 2008 Director and Executive Officer of FURUKAWA AUTOMOTIVE SYSTEMS INC.
Jun. 2010 Senior Managing Director and Executive Officer of FURUKAWA AUTOMOTIVE SYSTEMS INC.
Jun. 2011 Executive Managing Director and Executive Officer of FURUKAWA AUTOMOTIVE SYSTEMS INC.
Apr. 2012 Corporate Vice President and General Manager of Automotive Division, Electronics and Automotive Systems Company, Furukawa Electric Co., Ltd.
Apr. 2013 Corporate Vice President and General Manger of Automotive Systems Division
Apr. 2014 Corporate Senior Vice President and General Manger of Automotive Systems Division
Jun. 2014 Director and Corporate Senior Vice President, General Manger of Automotive Systems Division
Apr. 2016 Representative Director and Corporate Executive Vice President, General Manger of Automotive Systems Division (present post)

*Number of shares in the Company

Common Stock 24,000 Shares

*Mr. Takamitsu Kozuka has extensive knowledge and experience in both domestic and overseas business management and business expansion based on his experience, etc. as the person in charge of the automotive components segment, which the Group has been developing

on a global basis. We request the re-election of Mr. Kozuka as Director so that he will continue to promote and expand the development of this business as head of the automotive component business division, which is the core of the automotive-related business and a focus of the new mid-term management plan of the Group. We also expect him to participate in meetings of the Board of Directors as the person responsible for business operations and contribute to active discussions about business strategies and other areas.

9. Keiichi Kobayashi [Date of Birth: June 24, 1959]

***Brief history**

Apr. 1985	Joined Furukawa Electric Co., Ltd.
Oct. 2004	General Manager of Manufacturing Department, Nikko Copper and Brass Factory, Metal Company
Aug. 2009	Assistant Manager of Metals Company
Jun. 2010	General Manager of Production Development Department
Apr. 2012	General Manager of Magnet Wire Division, Electronics & Automotive Systems Company
Apr. 2013	General Manager of Magnet Wire Division
Feb. 2014	General Manger of Copper & High Performance Material Products Division, and General Manager of Magnet Wire Division
Apr. 2014	Corporate Vice President and General Manager of Copper & High Performance Material Products Division
Apr. 2015	Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division
Jun. 2015	Director and Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division
Apr. 2016	Representative Director and Corporate Executive Vice President, General Manger of Global Marketing Sales Division (present post)

***Number of shares in the Company**

Common Stock 15,000 Shares

*Mr. Keiichi Kobayashi has extensive knowledge and experience in the Group's business operations, having served as the head of Magnet Wires and Copper & High Performance Material Products Divisions, officer in charge of SBUs and in other roles. In addition, he has been working to build and expand business relations with global companies by building and enhancing the Group's comprehensive marketing and sales system, including overseas bases, as head of the Global Marketing Sales Division since April 2016. We request the re-election of Mr. Kobayashi as Director because his perspective from marketing and sales aspects needs to be reflected in discussions of the Board of Directors in light of the fact that the Group has an urgent task developing overseas markets and expanding overseas sales in response to the domestic market, which is struggling with slower and shrinking growth.

10. Nozomu Amano [Date of Birth: July 15, 1956]

***Brief history**

Apr. 1980	Joined Furukawa Electric Co., Ltd.
Jun. 2004	General Manager of Legal Department
Jun. 2008	General Manager of HR & Administration Department
Mar. 2009	General Manager of HR & Administration Department and General Manager of Corporate Business Research Department
Jun. 2010	Director and Corporate Vice President and CSO
Apr. 2012	Director and Corporate Vice President, CSRO, General Manager of CSR Division
Apr. 2013	Director and Corporate Vice President, General Manager of the Administration & CSR Division
Apr. 2014	Director and Corporate Senior Vice President, General Manager of the Administration & CSR Division (present post)

***Important Concurrent Post**

Director (Outside) of AICHI Electric CO., LTD.

*Number of shares in the Company
Common Stock 29,000 Shares

*Mr. Nozomu Amano has been involved in legal affairs and human resources efforts over a period of many years and has extensive knowledge in these fields. We request the re-election of Mr. Amano as Director so that he can advance human resources initiatives, including securing and developing the people necessary for the growth and development of the Group. We also expect him to accelerate the development of systems for corporate governance with a balanced offense and defense, among other missions.

11. **Takahide Kimura** [Date of Birth: December 12, 1958]

*Brief history

Apr. 1981	Joined Furukawa Electric Co., Ltd.
Apr. 2001	Managing Director of Furukawa FITEL (Thailand) Co., Ltd.
Jan. 2006	Director, Executive Vice President of OFS Fitel, LLC
Jun. 2009	Assistant Manager of FITEL Products Division, Telecommunications Company, Furukawa Electric Co., Ltd.
Jul. 2009	General Manager of Production Planning and Control Department, FITEL Products Division, Telecommunications Company
Apr. 2010	General Manager of FITEL Products Division, Telecommunications Company
Apr. 2012	General Manager of New Business Development Department
Apr. 2013	General Manager of New Business Development Department, Strategy Division
Apr. 2014	Corporate Vice President, Advisor of Electronics & Automotive Systems Business, and General Manager of New Business Development Department, Strategy Division
Jun. 2014	Director and Corporate Vice President, Advisor of Electronics & Automotive Systems Business, and General Manager of New Business Development Department, Strategy Division
Apr. 2015	Director and Corporate Vice President, General Manager of Strategy Division
Apr. 2016	Director and Corporate Senior Vice President, General Manager of Strategy Division (present post)

*Number of shares in the Company
Common Stock 21,000 Shares

*Mr. Takahide Kimura has been involved in telecommunications for many years and has experience managing an overseas subsidiary. Mr. Kimura has also been involved in the development of new mid-term management plans and new businesses, among other areas, as General Manager of the Strategy Division. We request the re-election of Mr. Kimura as Director so that he continues to be engaged in the duties of developing management strategies with an eye to the future of the Group.

12. **Hiroyuki Ogiwara** [Date of Birth: February 18, 1961]

*Brief history

Apr. 1983	Joined Furukawa Electric Co., Ltd.
Jun. 2009	General Manager of Finance & Accounting Department
Apr. 2013	General Manager of Finance & Accounting Department, Finance & Procurement Division
Apr. 2014	Corporate Vice President and General Manager of Finance & Procurement Division
Jun. 2014	Director and Corporate Vice President, General Manager of Finance & Procurement Division
Apr. 2016	Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division (present post)

*Number of shares in the Company
Common Stock 21,000 Shares

*Mr. Hiroyuki Ogiwara has extensive knowledge of financial affairs and accounting based on his experience over a period of many years, including as the CFO of an overseas subsidiary. We request the re-election of Mr. Ogiwara as Director, given the growing need to sustain and strengthen accounting affairs in response to domestic and overseas accounting systems and the need to make timely and appropriate financial decisions for the Group. This is particularly important as the Group has a number of affiliated companies in Japan and overseas, is actively developing new business, and is proactively developing its operations overseas.

[Note] Matters concerning candidates for Outside Director

(1) Messrs. Sumitaka Fujita , Nobuyoshi Soma , Osamu Tsukamoto and Tatsuo Teratani are currently Outside Directors of the Company. and their term will be eight (8) years, three (3) years, three (3) years and one (1) year at the close of the Annual Meeting.

(2) The relationship between the firm from which the candidate for Outside Directors came and the Company are as follows.

1) In light of the independence criteria for outside officers specified by the Company, the Company considers Mr. Sumitaka Fujita to be independent from the Company. He had been Vice Chairman of ITOCHU Corporation until 2008, and there are transactions between the Company's subsidiary (Furukawa UACJ Memory Disk Co., Ltd.) and ITOCHU Corporation, in which Furukawa UACJ Memory Disk Co., Ltd. has served as an agency to sell the aluminium products handled by ITOCHU Corporation to overseas customers, annual sales from the transaction with this company were about ¥1.5 billion. In addition, Mr. Sumitaka Fujita resigned as a business executive of ITOCHU Corporation more than three years ago.

2) Mr. Nobuyoshi Soma is Chairman and Representative Director of FURUKAWA CO., LTD. and there are relationships stated below between the Company and FURUKAWA CO., LTD.

- 3.43% of the issued shares of the Company (including shares contributed as a trust asset for a retirement benefit trust) are held by FURUKAWA CO., LTD.
- 2.17% of the issued shares of FURUKAWA CO., LTD. are held by the Company
- property for lease owned by FURUKAWA CO., LTD. is leased by the Company
- transaction between the Company and a subsidiary of FURUKAWA CO., Ltd. concerning selling and buying nonferrous metal products.

3) In light of the independence criteria for outside officers specified by the Company, the Company considers Mr. Osamu Tsukamoto to be independent from the Company. The Company has received professional advice from him on the Group's business areas since the conclusion of a consultancy agreement with him in October 2010. Since he assumed the position of outside director in June 2013, the Company has continued to pay consideration to him for his advice on his areas of specialization, in addition to compensation as an outside director. Following his reappointment as an outside director, the Company will continue to request his advice on his specialized areas and pay consideration, in addition to compensation as an outside director, which is below the amount specified in the Company's criteria for independence.

4) Mr. Tatsuo Teratani worked for Toyota Motor Corporation until 2012, with which the Company has a business relationship in automotive components. In addition, FURUKAWA AUTOMOTIVE SYSTEMS INC. which is a subsidiary of the Company has received professional advice from him on the business of automotive components since December 2013. Following his appointment as an outside director, the Company and FURUKAWA AUTOMOTIVE SYSTEMS INC. will continue to request his specialized areas and pay consideration, in addition to compensation as an outside director.

5) In light of the independence criteria for outside officers specified by the Company, the Company considers Mr. Akira Nakamoto to be independent from the Company. Transactions do exist between Shimadzu Corporation, where Mr. Nakamoto serves as Chairman and Representative Director, and the Company, with the Company undertaking the work of connecting cables for Shimadzu Corporation and the Company selling bio-related systems to Shimadzu Corporation. The scale of such transactions is small, amounting to around 80 million yen annually.

[Independence criteria for outside officers specified by the Company]

If none of the following attributes are applicable to the relevant outside Directors and outside Audit & Supervisory Board Members (including candidates), the Company considers that they are independent Directors and Audit & Supervisory Board Members without the possibility of creating any conflict of interest with general shareholders.

- (i) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (ii) Person belonging to a company which is one of the Company's main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (iii) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company's total assets in the most recent years).
- (iv) Person who receives monetary or other economic benefits from the Company of 10 million yen or more a year, over and above officer's compensation, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives 100 million yen a year from the Company.
- (v) Person who has fallen under items (i) to (iv) during any period within the past three years.
- (vi) Relative of the person who falls under items (i) to (v) above, within the second degree of kinship.

* Even if items (i) to (vi) are not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

- (3) There are no specific facts of inappropriate conduct by the Company during the term of the outside directors.
- (4) With respect to the candidate for Outside Director, the facts concerning improper execution of operations during his term of office as an officer at other companies in the past five years are as shown below.

Mr. Sumitaka Fujita served as an Outside Director of Olympus Corporation from April 2012, but the U.S. subsidiary company of Olympus Corporation was investigated by the U.S. Department of Justice in connection with the U.S. False Claims Act with respect to activities relating to its U.S. medical business from 2006 to 2011 and entered into a deferred prosecution agreement with the U.S. Department of Justice on February 29, 2016. The U.S. subsidiary company of Olympus Corporation was also investigated by the U.S. Department of Justice in connection with the Foreign Corrupt Practices Act with respect to activities relating to the medical business of Olympus Corporation's indirect U.S. subsidiary company and its Brazilian subsidiary from October 2011, and these subsidiary companies, etc. entered into an deferred prosecution agreements with the U.S. Department of Justice on February 29, 2016.

Mr. Sumitaka Fujita became an Outside Director of Olympus Corporation after each of the above investigations by the U.S. Department of Justice was underway. After becoming aware of the facts in question as a Director of Olympus Corporation, Mr. Sumitaka Fujita called for the implementation of appropriate measures to strengthen compliance and prevent a recurrence at meetings of the Board of Directors of Olympus Corporation at which the facts in question and measures to deal with the issues were reported and deliberated. He also supervised the implementation of each of the measures.

Mr. Akira Nakamoto served as a representative director of SHIMADZU CORPORATION from June 2009, but in January 2013, during his term of office as the representative director, the fact of which SHIMADZU CORPORATION overcharged the Japanese Ministry of Defense for expenses on aviation instruments was found out, and as a result, SHIMADZU CORPORATION received dispositions of nomination stop by the Japanese Ministry of Defense. SHIMADZU CORPORATION refunded this overcharged amount, and was released the dispositions of nomination stop in March 2014.

Mr. Akira Nakamoto did not recognize the fact in advance, but after the fact became apparent,

Mr. Akira Nakamoto engaged in investigation to clarify whole aspect and find the cause, and in addition, Mr. Akira Nakamoto worked to strengthen internal control system and foster compliance awareness.

(5) 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. According to the condition, Mr. Sumitaka Fujita, Mr. Nobuyoshi Soma, Mr. Osamu Tsukamoto , Mr. Tatsuo Teratani concluded liability limitation agreements with the Company as outside directors, which will continue to be effective if these candidates are reappointed and assume the positions of outside directors. If Mr. Akira Nakamoto takes up the position of outside director, the Company will conclude a liability limitation agreement with him. The limit of liabilities based on the agreement is the minimum amount provided in laws and ordinances.

Proposal Five: Election two(2) Audit & Supervisory Board Member

The term of office of Messrs. Takahiko Ito and Yuzuru Fujita, Audit & Supervisory Board Members will expire at the close of the Annual Meeting. We therefore request you to appoint two (2) Audit & Supervisory Board Members to maintain and strengthen the auditing system. The candidates for Audit & Supervisory Board Members are as shown below.

The submission of this proposal was approved by the Audit & Supervisory Board in advance.

1. Yusei Shirasaka [Date of Birth: March 4, 1957]
New Candidate

***Brief history**

Apr. 1980 Joined Furukawa Electric Co., Ltd.
Jul. 2005 General Manager of Optical Devices Development Department, Research & Development Division
Oct. 2006 General Manager of Optical Devices Department, FITEL Products Division, Telecommunications Company
May 2009 General Manager of Ecology & Energy Laboratories, Research & Development Division
Oct. 2010 General Manager of Power & System Laboratories, Research & Development Division
Feb. 2012 General Manager of Power & System Laboratories, Research & Development Division, Furukawa Electric Co., Ltd. and President of SuperPower Inc.
Apr. 2012 Corporate Vice President, General Manager of HTS Project team, Research & Development Division, Furukawa Electric Co., Ltd. and President of SuperPower Inc.
Apr. 2016 Adviser, General Manager of HTS Project team, Research & Development Division, Furukawa Electric Co., Ltd. and President of SuperPower Inc.
May 2016 Adviser (present post)

***Number of shares in the Company**
Common Stock 10,000 Shares

*Mr. Yusei Shirasaka has extensive knowledge and experience in energy, telecommunications and other areas of technology and management overseas based, for instance, on his experience in the research and development of Optical devices and as president of an overseas subsidiary. We request the election of Mr. Shirasaka as a new Auditor because his technical knowledge and experience in managing the overseas subsidiary are considered useful in conducting audits of the Group as it develops business handling a broad product portfolio, including new products, globally.

2. Yuzuru Fujita [Date of Birth: November 24, 1941]
Candidate for outside Audit & Supervisory Board Member and Independent Officer

Apr. 1964 Joined Asahi Mutual Life Insurance Company
Jul. 1992 Director of Asahi Mutual Life Insurance Company
Apr. 1994 Managing Director of Asahi Mutual Life Insurance Company
Apr. 1996 President of Asahi Mutual Life Insurance Company
Jun. 2004 Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)
Jul. 2008 Chairman and Representative Director of Asahi Mutual Life Insurance Company
Apr. 2009 Senior Adviser of Asahi Mutual Life Insurance Company (present post)

***Important Concurrent Posts**

Senior Adviser of Asahi Mutual Life Insurance Company, President of Japan National Committee for UWCs, Audit & Supervisory Board Member (Outside) of ZEON CORPORATION, Audit & Supervisory Board Member (Outside) of NIPPON EXPRESS CO., LTD., Audit & Supervisory Board Member (Outside) of Nippon Light Metal Holdings Company, Ltd., Director (Outside) of HAZAMA ANDO CORPORATION

***Number of shares in the Company**
Common Stock 5,000 Shares

*Mr. Yuzuru Fujita has held the positions of president and chairman of a life insurance company and has extensive knowledge and experience in overall corporate management, including financial affairs and accounting. In addition, he is well versed in the background to the Group's compliance system and its current business management based on his experience as an Outside Auditor of the Company. Therefore, we request the re-election of Mr. Fujita as Outside Auditor so that he will help to ensure appropriate management decisions in light of increasingly complex businesses of the Group, including new business and overseas development, and that he will provide appropriate opinions on the maintenance and improvement of the internal control system, including risk management.

[Note]Matters concerning candidate for Outside Audit &Supervisory Board Member

- (1) Mr. Yuzuru Fujita is currently an Outside Audit & Supervisory Board Member of the Company, and his term will be twelve (12) years at the close of the Annual Meeting.
- (2) The relationship between the firm from which the candidate for Outside Audit & Supervisory Board Member came and the Company are as follows.

In light of the independence criteria for outside officers specified by the Company, the Company considers Mr. Yuzuru Fujita to be independent from the Company. Asahi Mutual Life Insurance Company, for which Mr. Yuzuru Fujita has worked as Representative Director, etc. in the past, holds 3.42% of the issued shares of the Company (including shares contributed as a trust asset for a retirement benefit trust) and the Company contributes an amount equal to 2.4% of the total funds of Asahi Mutual Life Insurance Company and has also borrowed from Asahi Mutual Life Insurance Company. However, Mr. Yuzuru Fujita resigned as a business executive of Asahi Mutual Life Insurance Company more than three years ago. The Company has also joined and paid membership fees as a corporate member to United World Colleges, for which Mr. Yuzuru Fujita serves as Chairman. However, the amount of membership fees is small and is less than the amount specified in the independence criteria for outside officers specified by the Company.
- (3) The facts of inappropriate conduct by the Company during the term of office of the candidate for reappointment as Outside Audit &Supervisory Board Member after the candidate for reappointment as Outside Audit & Supervisory Board Member was last elected as an Outside Audit & Supervisory Board Member of the Company are as follows.

The Company was fined by the Canadian authorities in April 2013, the European Commission in July 2013, and the Chinese authorities in August 2014 in regard to an auto parts cartel in the past. The Company was also fined by the European Commission in April 2014 on the grounds that it breached competition law in regard to the power cable business in the past. Additionally, the Company was issued with a cease and desist order and a surcharge payment order by the Japan Fair Trade Commission on the grounds that it breached antitrust laws in transactions related to overhead power transmission line construction ordered by the Tokyo Electric Power Company, Inc., in December 2013 and similar construction ordered by the Kansai Electric Power Co., Inc. in January 2014.

Mr. Yuzuru Fujita was not aware of the facts until the above incidents were discovered, but he constantly made suggestions from a legal compliance perspective and raised awareness. After these incidents were discovered, Mr. Yuzuru Fujita demanded clarification, etc. of the facts and made suggestions concerning the need for appropriate measures to ensure the appropriateness of the response and to prevent a recurrence at meetings of the Board of Directors, etc. where these facts and measures for dealing with them were reported and deliberated.
- (4) The facts concerning improper and unlawful business conduct during the term of office of the candidate for Outside Audit & Supervisory Board Member as an officer at other companies in the past five years are as shown below.

Mr. Yuzuru Fujita worked as an Outside Director of Nippon Light Metal Company, Ltd. from June 2006 and of Nippon Light Metal Holdings Co., Ltd , which is the parent company of Nippon Light Metal Company, Ltd., from October 2012. Nippon Light Metal Company, Ltd. was issued with a cease and desist order and a surcharge payment order by the Japan Fair Trade Commission on February 5, 2016 on the grounds that it breached antitrust law with regard to the sale of Poly Aluminum Chloride ordered by the local

government of Niigata.

Mr. Yuzuru Fujita was not aware of the facts until Nippon Light Metal Company, Ltd. became the subject of an investigation by the Japan Fair Trade Commission regarding the activities for which the orders were issued, but he constantly expressed opinions from a legal compliance perspective and raised awareness. After the facts were revealed, Mr. Yuzuru Fujita performed his duties properly, demanding clarification of the facts and making suggestions concerning measures to prevent recurrence, including effective ways of establishing and operating systems to ensure compliance with laws and regulations, including antitrust law, at meetings of the Board of Directors where the facts and measures for dealing with them were reported and deliberated.

(5) 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. According to the condition, Mr. Yuzuru Fujita concluded liability limitation agreements with the Company as an outside Audit & Supervisory Board Member, which will continue to be effective if these candidates are reappointed and assume the positions of an outside Audit & Supervisory Board Member. The limit of liabilities based on the agreement is the minimum amount provided in laws and ordinances.

Proposal Six: Election one(1) Reserve Audit & Supervisory Board Member

The effective terms of resolution which is the election of a Reserve Audit & Supervisory Board Member at the 193rd Annual Meeting of Shareholders will be over at the beginning of the Annual Meeting. Therefore, in case the lack of the mandatory number of outside Audit & Supervisory Board Member, the Company will elect one(1) Reserve Audit & Supervisory Director.

The candidate of a Reserve Audit & Supervisory Board Member is shown below.

The submission of this proposal was approved by the Audit & Supervisory Board in advance.

Shin-ichi Kiuchi

[Date of Birth: March 9, 1946]

*Brief history

Apr. 1969 Joined Asahi Denka Co., Ltd. (currently ADEKA Corporation)
Apr. 1998 General Manager of Secretary Office
Jun. 2002 General Manager of Finance and Accounting Department
Jun. 2005 Audit & Supervisory Board Member (full-time)
Jun. 2014 Resigned from Audit Supervisory Board Member (full-time)
Aug. 2014 Employee (present post)

*Number of shares in the Company

0 Shares

[Note]

1. Mr. Shin-ichi Kiuchi is a candidate of the outside Audit & Supervisory Board Member (reserve) of the Company.
2. The reason for the selection of the candidate for the outside Audit & Supervisory Board Member (reserve) is as shown below;

Mr. Shin-ichi Kiuchi has been assigned the representative of finance and accounting department and the Audit & Supervisory Board Member at the company whose stock is listed on the stock exchange, thus Mr. Kiuchi has extensive expertise in this field. We therefore expect Mr. Kiuchi to audit the Company's business appropriately, and ask that you appoint Mr. Kiuchi as the outside Audit & Supervisory Board Member (reserve).

3. Plan 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. Mr. Kiuchi plans to enter into an agreement with the Company to limit their liabilities as an Audit & Supervisory Board Member if Mr. Kiuchi is assigned to the position. The limit of liabilities based on the agreement is the minimum amount provided in laws and ordinances..

Proposal Seven: Equity Compensation as a Long Term Incentive Plan for Director's

1. Background

To further align the compensation for the directors except outside director and officers with the company's performance and improve the corporate value in mid-to-long term, the company revises its compensation structure to be applied to the payment in and after July 2016, in which performance-tied compensation is increased while fixed amount compensation is reduced. Revised compensation structure consists of a fixed amount basic salary, short-term performance-tied compensation and mid-to-long term performance-tied compensation. After the revise, performance-tied portion accounts for approximately 30 to 50 % of whole compensation with variations associated with the rank classification among directors in the range.

Note; For the detail of the revised compensation structure, please see "3. Affair of the Company's Directors (2) Director and Auditor's Compensation Revise of Compensation Structure of the Business Report in this notice.

A mid-to-long term performance-tied compensation is for eligible directors except outside director, officers and senior fellows (collectively "Directors and Officers" defined more in section 2(2) below) and is hereby proposed as equity compensation for directors as a shareholders meeting matter mandated under the Japanese Company Act (hereinafter "Equity Compensation"). Equity Compensation proposed here is in addition to the total maximum directors' compensation amount of JPY 600 million approved in the company's general shareholder's meeting at June 19, 2006 which is to be applied to the total amount of basic salary and short-term performance-tied compensation after this compensation structure revise.

The Equity Compensation proposed here is to strengthen the connection between director's compensation and shareholder value and to further Director's effort toward improvement of mid-to-long term corporate value. For these reasons, the Equity Compensation is considered to be a reasonable and better compensation plan.

2. Equity Compensation

(1) Outline

Under this Equity Compensation, the Directors and Officers are compensated with the shares of the Company common stock which is acquired by the Trust to be set for this purpose and to be funded by the Company for the acquisition of shares. The Company contributes maximum amount of JPY 350 thousands for each three-fiscal-year performance period which is rolled over for each consecutive three-fiscal year period (the first period shall be from April 1, 2016 to March 31 2019). Directors and Officers are granted base points for the future Equity Compensation payout each fiscal year during their term, each granted amount of which to eligible individuals varies depending on its rank classification among the Directors and Officers. Upon the end of each performance period, points granted to the Directors and Officers, after downward only adjustment by the pre-set measures (the return rate comparison measure between TOPIX (Tokyo Stock Price Index) and the Company stock and the accumulated dividends during a performance period measure), become vested as a right to be paid out the Equity compensation. Upon its retirement, Directors and Officers receive Equity Compensation payment from the trust in the corresponding amount to the vested points accumulated during their term of office.

(2) Eligible Directors and Officers

Directors other than outside directors, officers and senior fellows who have the Company office during the effect of this Equity Compensation are eligible, although oversea resident is not eligible, who instead receive cash payment in the corresponding value to the would-be compensation under the Equity Compensation. At the start of this Equity Compensation plan, 24 Directors and Officers are eligible (7 directors, 14 officers and 3 senior fellows) upon the election of 12 directors in Proposal 4.

(3) The Company's Contribution to the Trust and Acquisition of the Company shares by the Trust

The Company contributes the Trust for tis fund to purchase the Company shares in the maximum amount of 350,000,000 JPY for each performance period less the balance amount of the prior period Trust assets excluding vested shares to Directors and Officers. (The balance unvested Company shares in the Trust assets are valued at market price at the end of the prior period.)

With the above fund contributed by the Company, the Trust purchases the Company shares from the Company (treasury stocks) or in the market in the maximum amount of 175,000,000 shares for each period less the balance unvested shares at the end of a prior period.

(4) Equity Payout to the Directors and Officers

The Directors and Officers are granted base points for the future Equity Compensation payout each fiscal year during their term of the office, each granted amount of which to eligible individuals varies depending on the rank classification among the Directors and Officers. Maximum total amount of share points to be granted to all Directors and Officers are 1,750,000 point for each performance period. Upon the end of each performance period, points granted to the Directors and Officers, after downward only adjustment by the pre-set measures (the return rate comparison measure between TOPIX (Tokyo Stock Price Index) and the Company stock and the accumulated dividend measure), become vested as a right to be paid out the Equity compensation in which one (1) point converted into one (1) share.

Note: The Company will conduct 1 for 10 reverse stock split as of October 1, 2016 as floated in Proposal 2. Upon the reverse stock split, points granted and to be granted under this Equity Compensation will be adjusted with the reverse split rate.

For the Directors and Officers who retire upon a completion of their term of the office before the end of a performance period, granted points become vested upon its retirement after appropriate adjustment. For the Directors and Officers who resign for other reasons, the Company's board of directors determines whether and in what amount granted points is to be vested taking account of individual background of such resignation.

(5) Timing of Equity Payout

The Directors and Officers, at its retirement, are paid out the Company's shares in the corresponding amount to the vested points (1 point equal to 1 share of the Company stock) accumulated during their term of the office subject to the condition prescribed in the paid-out rule set by the Company's board of directors. When permitted under the paid-out rule, the Directors and Officers are allowed to receive some portion of Equity Compensation in cash instead of the Company shares in which cash amount is calculated by market value of the Company stock. For this cash payment, the Trust may sell the Company stocks.

(6) Term of the Trust

The Trust is set in August, 2016 and continues during the Equity Compensation plan.

Note; The Trust is set without specific expiration date and closed upon the termination of the Equity Compensation plan to be determined by the Company's board of directors.

(7) Vote on the Company Shares in the Trust

To avoid conflict, voting rights on the Company's shares in the Trust shall not be exercised.

(8) Dividends on the Company Shares in the Trust

Dividends on the shares in the Trust shall be received by the Trust and applied to the funds for the Company shares acquisition and fee for trustee. When the Trust are terminated, balance cash assets corresponding to received dividends would be donated to the non-conflicting party with the Company and the Directors and Officers or paid out to the Directors and Officers at the time.

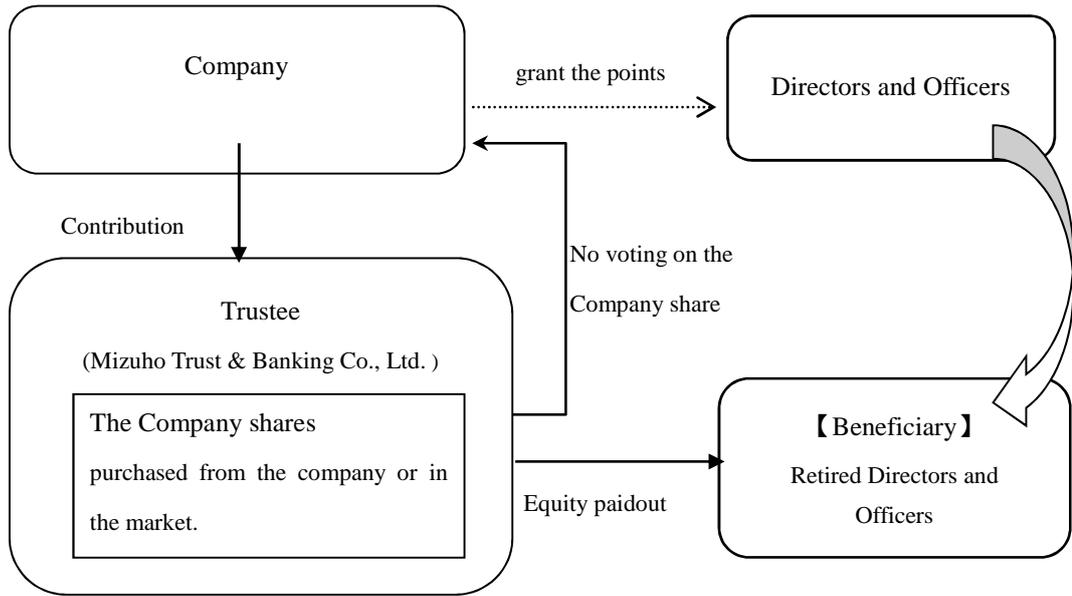
(9) Assets in the Trust at its Termination

The balance assets at the termination of the Trust excluding the cash to be donated or paid out in accordance with the above section 8 is buy backed by the Company in which buy backed Company shares is canceled.

(10) Others

Other affairs of the Equity Compensation plan than described above are managed by the Company board of directors.

< Structure of the plan >



Business Report (From April 1, 2015 to March 31, 2016)

1 . Overview of business activities

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

During the term under review, net sales in the Energy and Industrial Products and Metals segments decreased mainly due to falling copper ingot prices. The Telecommunications segment, however, saw strong demand for optical fiber cables in North America, and sales of certain products, such as tapes for manufacturing semiconductors in the Energy and Industrial Products segment and heat diffusion components in the Electronics and Automotive Systems segment, were robust. Looking at profits, the auto parts business incurred an increase in the cost of products imported from overseas plants due to the impact of the weak yen. However, the Company reformed the structure of the copper foil business in the Metals segment, while focusing on products with high profit margins, such as equipment wires used for emergency power sources, in the Accessories of the Energy and Industrial Products segment. As a result, operating income improved overall. During the term under review, consolidated net sales increase 0.8% year on year, to ¥874.9 billion, consolidated operating income stood at ¥27.1 billion, jumped up 51.7% year on year and consolidated ordinary income was ¥18.7 billion, same level as last fiscal year. Overseas sales stood at ¥405.3 billion, up 5.2% year on year, and the overseas sales ratio was up to 46.3%, comparing 1.9 point increase from last year. In addition, the Company recorded extraordinary gains of ¥21.9 billion, extraordinary losses of ¥19.2 billion, and consolidated net income came to ¥10.0 billion, improving 36.1% year on year.

Turning to the non-consolidated results, net sales stood at ¥398.9 billion, down 4.4 % year on year. The operating income amounted to ¥5.5 billion, ameliorating ¥6.7 billion from the previous fiscal year. Ordinary income was ¥12.2 billion, up 157.0% year on year, and net loss was ¥5.5 billion, deteriorating ¥9.8 billion year on year.

(2) Changes in business outcomes and assets

(i) Changes in Group business outcomes and assets

Category	191 st term Fiscal 2012	192 nd term Fiscal 2013	193 rd term Fiscal 2014	194 th term (Current term) Fiscal 2015
Net sales (million yen)	924,717	931,781	867,817	874,879
Operating income / loss (million yen)	17,763	25,456	17,873	27,116
Ordinary income / loss (million yen)	17,612	25,532	18,598	18,710
Net income / loss (million yen)	3,576	5,608	7,355	10,007
Net income / loss per share (yen)	5.07	7.94	10.42	14.17
Total assets (million yen)	819,702	714,845	734,125	705,725
Net assets (million yen)	222,843	199,733	214,743	198,587

[Notes] As of October 1, 2013, Furukawa-Sky Aluminum Corp. (now UACJ Corporation), which was responsible for the Light Metals segment of the Group, merged with Sumitomo Light Metal Industries Ltd. As a result, the segment was excluded from the Company's scope of consolidation from the middle of the previous year.

(ii) Changes in Company business outcomes and assets

Category	191 st term Fiscal 2012	192 nd term Fiscal 2013	193 rd term Fiscal 2014	194 th term (Current term) Fiscal 2015
Net sales (million yen)	396,154	428,301	417,426	398,851
Operating income / loss (million yen)	(3,391)	2,244	(1,258)	5,467
Ordinary income / loss	18,027	9,208	4,744	12,192

(million yen)				
Net income / loss	14,939	2,867	4,314	(5,527)
(million yen)				
Net income / loss per share (yen)	21.16	4.06	6.11	(7.83)
Total assets (million yen)	429,166	452,079	430,974	415,388
Net assets (million yen)	129,577	130,765	134,243	119,915

(3) Overview and results of business activities for the term(each segment)

[Telecommunications]

Net sales of optical fiber cables grew on the back of strong demand in North America and other markets, with the exception of countries experiencing economic slowdowns such as Brazil. The network-related business also performed solidly.

In this segment, consolidated net sales stood at ¥159.2 billion, up 2.6% year on year, and consolidated operating income up 37.4% year on year, to ¥7.8 billion. Non-consolidated operation income came to ¥54.5 billion, up 8.4% year on year.

[Energy and Industrial Products]

Sales of power cables were sluggish, reflecting lower product prices associated with falling copper ingot prices and weak sales in China. However, sales of tapes for manufacturing semiconductors were strong due to increased demand for semiconductors mainly for smartphones, while sales of foam products grew in Europe. Sales of equipment cables used for emergency power sources were also brisk, contributing to improvement in income.

In this segment, consolidated net sales down 4.1% year on year, to ¥281.3 billion and consolidated operating income up 64.1% year on year, to ¥7.0 billion. Non-consolidated sales was ¥122.3 billion, down 10.8% year on year.

[Electronics and Automotive Systems]

Sales grew, reflecting strong demand for heat sinks in heat diffusion components, and brisk sales of lead-acid batteries for hybrid vehicles and idling-stop vehicles at the Company's subsidiary The Furukawa Battery Co., Ltd. However, factors such as an increase in the cost of products imported from overseas plants due to the impact of the weak yen and confusion at the start of manufacturing products for new models at overseas bases led to deterioration in income.

In this segment, consolidated net sales increased 7.4% year on year, to ¥331.1 billion and consolidated operating income stood ¥12.9 billion, same level as last fiscal year. Non-consolidated sales decreased 3.3% from the previous fiscal year, to ¥158.6 billion.

[Metals]

Nikko Works resumed full-scale production of copper strip products after partially suspending operations due to damage caused by snowfall in February 2014, and sales of copper strip products reached the planned level in terms of volume. However, net sales of this segment declined, reflecting lower product prices due to falling copper ingot prices and slow growth in demand for copper foils. Looking at profits, the Company took steps to improve profitability, including downscaling domestic manufacturing capacity, which had become less competitive largely due to power costs, and encouraging the transfer of manufacturing to a Taiwanese subsidiary and, as a result of this and other efforts, the segment loss narrowed.

In this segment, consolidated net sales decreased 8.4%, to ¥122.4 billion and the operating loss ameliorated ¥3.8 billion, to ¥1.1 billion. Non-consolidated sales decreased 4.2% from the previous fiscal year, to ¥60.1 billion.

[Services/Development and Others]

The services/development and others segment encompasses logistics, data processing, software development and outsourced operations to support different businesses in the Group as well as property leasing, water-power generation and R&D for new products. In this segment, consolidated net sales increased 1.2% year on year, to ¥54.2 billion. Consolidated operating income was ¥0.5

billion, ameliorating ¥0.6 billion from the previous fiscal year. Non-consolidated net sales stood ¥3.4 billion, same level as last fiscal year.

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

Segment	Net sales	Increase/Decrease from the Previous Year-End	Operating income (Operating loss)	Increase/Decrease from the Previous Year-End
Telecommunications	159,227	4,012	7,765	2,112
Energy and Industrial Products	281,289	(11,922)	7,047	2,754
Electronics and Automotive Systems	331,072	22,864	12,923	(0)
Metals	122,418	(11,272)	(1,118)	3,825
Services/Development and Others	54,177	661	492	613
Elimination	(73,306)	2,718	5	(64)
Total	874,879	7,061	27,116	9,243

(4) Tasks in the near future

1. Mid-term Management Plan “Furukawa G Plan 2020”

The term under review was the final fiscal year of the three-year mid-term management plan “Furukawa G Plan 2015,” which commenced in April 2013. The Group was unfortunately unable to achieve the performance targets set out in the plan for a number of reasons, including sluggish demand for copper foils for lithium ion batteries used in vehicles, which was expected to expand, the impact of partial suspension of production operations for copper strip products at the Nikko Works due to damage on the factory caused by snowfall, and the recording of extraordinary losses associated with civil compensation related to past violations of antitrust laws and competitions laws.

However, the Group steadily tapped into demand stemming from the growth of the telecommunications markets in Europe and the U.S., mainly through its U.S. subsidiary OFS (OFS Fitel, LLC), and also implemented measures to streamline domestic manufacturing bases to strengthen its business structure. The Group also laid the foundations for future growth, including focusing on products for eco-friendly vehicles, such as rectangular wires for hybrid vehicles, and establishing a joint venture with Fanuc Corporation for the commercialization of industrial optical fiber lasers. All these initiatives were consistent with the concepts under the mid-term management plan of (i) Growth strategies in the infrastructure and automobile markets and (ii) Growth strategy in the communications infrastructure market.

Under the five-year mid-term management plan “Furukawa G Plan 2020,” which began in April this year (hereinafter the “new mid-term management plan”), the Group will implement three measures under the slogan “achievement of firm growth.”

(i) Strengthen and reform of businesses

The Group will further step up efforts in the infrastructure and automotive markets, where growth is expected in the future. In the Telecommunications field, the Group will put in place a framework for increasing production of optical fiber cables and compact wavelength variable semiconductor lasers (μ ITLA), which will be key components in next-generation telecommunications, to meet growing demand against a backdrop of increased international telecommunications traffic. In the automotive field, the Group will focus on expanding sales of new high-performance products such as aluminum wire harnesses and their connectors which help cut vehicle weight, and power source management-related products, including high capacity, durable lead-acid batteries, and battery status sensors. In the energy field, the Group will seek to turn around the power business, improving low profit margins by strengthening its engineering capability and expanding orders received for projects both in Japan and overseas. In addition, the Group will contribute to the widespread commercialization of smart infrastructure by supplying essential products such as energy storage systems that enable efficient use of renewable energy and power distribution automation systems for outstandingly efficient power distribution and energy savings.

Starting from the 195th term, we will reorganize our existing segments and reclassify our operations into the following four segments: “Infrastructure (Telecommunication Solution/Energy Infrastructure),” “Automotive Systems and Materials (Automotive Products and

Batteries/Electronics Component Material),” “Functional Products,” and “Service and, Developments, etc.”

(ii) Expand sales in the global market

To accelerate the expansion of sales in global markets, the Group will establish regional headquarters overseas, seek to strengthen its information-gathering capability in overseas markets, and build a framework for executing marketing and sales strategies suited to the characteristics of each region. In the telecommunications solutions business, we will roll-out the business model that was a success in Central and South America in other regions such as Southeast Asia, and actively leverage this knowhow in each region. The Group will also expand its network of manufacturing bases in the auto parts business, focusing on Southeast Asia and South Asia, and augment its capacity to supply products to growth markets, with the aim of expanding business overseas.

(iii) Step up efforts to tap into new markets

Over the coming five years, we will increase annual R&D expenditure on the development of products for the infrastructure and automotive markets, which are our focus under the new mid-term management plan, by around 20% compared to the FY2015 level, and seek to expand business in these fields. We will also commercialize new technologies such as peripheral monitoring radar as measurement technology supporting advanced driver assistance systems (ADAS). In addition, by FY2020, the Group will have doubled its annual investment and R&D expenditure from the FY2015 level in fields where market growth can be expected in the future, with a view to promoting the development of new businesses. Such businesses include the medical devices field, where the Group can be expected to gain entry with products such as pathogen testing equipment using the silica nanoparticle technology developed by the Company, and catheter guide wires using plastic molding technology.

The Group’s financial targets under the new mid-term management plan are shown below. To achieve these targets, the Group will steadily implement the mid-term management plan based on clear management indicators, including setting annual targets for the ratio of operating income to business assets for each division, in a bid to improve capital efficiency more than ever before.

[FY2020 financial targets]

Consolidated operating income of 40 billion yen or more (with FY2018 consolidated operating income of 35 billion yen as a milestone)

Profit attributable to owners of parent of 20 billion yen or more

ROE of at least 8%

Overseas sales ratio of 60%

2. Strengthening of corporate governance

The Company has long attached importance to corporate governance, including inviting outside officers from different business areas in the hope of obtaining contributions to management based on their diverse knowledge, experience and capacities.

In May 2015, the Company formulated independence criteria for outsider officers and also established a Nomination and Compensation Committee to replace the previous Compensation Committee. The Nomination and Compensation Committee has the function of deliberating the selection of directors, etc. and deciding on compensation for management, and the majority of the committee consists of outside directors. In addition, the Board of Directors repeatedly holds lively discussions and implements various initiatives in accordance with the Basic Views and Guidelines on Corporate Governance established in December 2015, to further strengthen and enhance corporate governance.

An assessment of the effectiveness of the Board of Directors, conducted for the purpose of improving the overall functioning of the Board of Directors, identified the need for more substantial debate about management and business strategies within the Board of Directors, the need to put in place mechanisms to ensure that the level of attainment of the mid-term management plan, issues concerning business or affiliated companies and measures to deal with them are reported and discussed by the Board of Directors in a timely and appropriate manner, and the need to strengthen the framework for promptly reviewing business strategies, etc. The Company has already implemented measures in response to these findings, including revising the criteria for referring and reporting matters to the Board of Directors and improving methods of operation. However, the Company will continue endeavoring to improve the effectiveness of the Board of Directors through constant assessment and improvements.

The Group also plans to revise the officers' compensation system to coincide with the start of the new mid-term management plan, pursuant to a decision of the Nomination and Compensation Committee, with a view to strengthening the link between compensation and performance and developing a system that helps enhance corporate value in the mid-to-long term. The new officers' compensation system will be comprised of basic compensation, short-term performance-tied compensation and mid-to-long-term performance-tied compensation. Regarding the mid-to-long-term performance-tied compensation, the Company will introduce a stock compensation plan to align stockholder and manager interests, and plans to submit the relevant proposal to the 194th Annual Meeting of Shareholders to be held in June 2016.

(5) Capital Investment

During the fiscal year under review, the Group has spent a total of ¥25.7 billion for capital investment.

(6) Fund procurement

Within the Group, the Company and its 30 subsidiaries participate in the cash management system (CMS) operated by Furukawa Finance and Business Support Co., Ltd., a wholly owned subsidiary of the Company, to increase fund efficiency and reduce interest-bearing debt. As well as, Furukawa Management Shanghai, Ltd. and Furukawa Thai Holdings Co., Ltd. are operating CMS for the Company's subsidiaries.

As of March 31, 2016, at the end of the fiscal year under review, the amount of consolidated interest-bearing debts decreased \16.7 billion year on year to \257.8 billion.

(7) Main loan creditor (as of March 31, 2016)

Name of creditor	Amount of loan credit (¥ in million)
Mizuho Bank, Ltd.	59,167
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	29,137
The Bank of Yokohama, Ltd.	14,366

(8) Main offices, plants, and Subsidiaries (as of March 31, 2016)

1) Furukawa Electric Co., Ltd.

Head office	2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo
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Type of facility	Name	Location
Branch offices	Hokkaido Branch	Sapporo
	Tohoku Branch	Sendai
	Chubu Branch	Nagoya
	Kansai Branch	Osaka
	Chugoku Branch	Hiroshima
	Kyusyu Branch	Fukuoka
Plant	Nikko Works	Nikko, Tochigi Pref.
	Chiba Works	Ichihara, Chiba Pref.
	Yokohama Works	Yokohama
	Hiratsuka Works	Hiratsuka, Kanagawa Pref.
	Mie Works	Kameyama, Mie Pref.
	Copper Tube Division Copper foil Division	Amagasaki, Hyogo Pref. Nikko, Tochigi Pref.
R&D Laboratories	Laboratories for Fusion of Core Technologies R&D Laboratories	Yokohama-city
	Advanced Technologies R&D Laboratories	Yokohama-city
	Automotive Products & Electronics Laboratories	Hiratsuka, Kanagawa Pref.
	Telecommunications & Energy Laboratories	Ichihara, Chiba Pref.

2) Manufacturing and sales subsidiaries in Japan

Company name (Head office / Plant)	Capital	% of the FEC's share	Scope of business
TOTOKU ELECTRIC CO., LTD. (Minato-ku, Tokyo / Ueda, Nagano Pref.)	1,925 million yen	56.75%	Manufacture and sales of electric cables, processed products and varied electronic equipment
The Furukawa Battery Co., Ltd. (Yokohama / Nikko, Tochigi Pref, Iwaki, Fukushima Pref.)	1,640 million yen	58.04%	Manufacture and sales of batteries(for automotive and industry)
FCM CO., LTD. (Osaka / Osaka)	687 million yen	55.19%	Manufacture and sales of plated copper products
FURUKAWA AUTOMOTIVE SYSTEMS INC (Inugami, Mie Pref. / Inugami & Kameyama Mie Pref.)	3,000 million yen	100%	Manufacture and sales of automotive wire harnesses and automotive components
Furukawa Sangyo Kaisha, Ltd. (Minato-ku, Tokyo)	700 million yen	100%	Sales of electric cables and non-ferrous metal products
Okano Cable Co., Ltd. (Yamato, Kanagawa Pref. / Yamato, Kanagawa Pref.)	489 million yen	43.48%	Manufacture and sales of metal communication cables and optical parts
Furukawa Electric Industrial Cable Co., Ltd. (Arakawa-ku, Tokyo / Hiratsuka, Kanagawa Pref.)	450 million yen	100%	Manufacture and sales of electric cables and other cables
FURUKAWA ELECTRIC POWER SYSTEMS CO., LTD. (Yokohama / Nagai, Yamagata Pref.)	450 million yen	100%	Manufacture and sales of equipment for transmission-transformation of electric energy and overhead /underground distribution equipment
OKUMURA METALS CO., LTD. (Osaka / Tanba, Hyogo Pref. Ritto, Shiga Pref.)	310 million yen	100%	Manufacture and sales of copper products and aluminum products
Furukawa Logistics Corp. (Chiyoda-ku, Tokyo)	292 million yen	100%	Logistics services
Furukawa Elecom Co., Ltd. (Chiyoda-ku, Tokyo)	98 million yen	100%	Sales of electric cables and other cables
Furukawa Magnet Wire Co., Ltd. (Chiyoda-ku, Tokyo / Kameyama, Mie Pref.)	96 million yen	100%	Manufacture and sales of electric cables, processed products and various type of metal cables

3) Overseas Manufacturing and sales subsidiaries

Company name (Head office / Plant)	Capital	% of the FEC's share	Scope of business
OFS Fitel, LLC (USA)	211 million US dollars	100%	Manufacture and sales of optical fiber cables and assemblies
American Furukawa, Inc. (USA)	500 thousand US dollars	100%	Manufacture and sales of automotive components
Furukawa Industrial S.A. Produtos Eletricos (Brazil)	149 million Brazilian real	100%	Manufacture and sales of optical Fiber cables, metal communication cables and LAN cables
SHENYANG FURUKAWA CABLE CO., LTD. (China)	229 million Chinese yuan	100%	Manufacture and sales of electric wires and components
Furukawa Electric Copper Foil Taiwan Co., Ltd. (Taiwan)	1,555 million NT dollars	100%	Manufacture and sale of copper foils for li-ion batteries
Furukawa Circuit Foil Taiwan Corporation (Taiwan)	1,475 million NT dollars	66.7%	Manufacture and sale of electrodeposited copper foils
Furukawa Metal (Thailand) Public Co., Ltd.	480 million Thai baht	44.00%	Manufacture and sales of copper tubes
Thai Furukawa Unicom Engineering Co., Ltd. (Thailand)	104million Thai baht	91.8%	Engineering work in Telecommunication, CATV and Civil field.
FURUKAWA AUTOMOTIVE SYSTEMS VIETNAM INC. (Vietnam)	18 million US dollars	100%	Manufacture and sales of automotive wire harnesses.
PT Tembaga Mulia Semanan Tbk (Indonesia)	12 million US dollars	42.42%	Manufacture and sales of metal rods and aluminium rods
Furukawa Electric Singapore Pte. Ltd. (Singapore)	3 million US dollars	100%	Sales of electric cables, electric wires, coiled wires and metal products
Trocellen GmbH (Germany)	8,500 thousand Euro	100%	Manufacture and sales of foam products

- [Note] 1. The figures in the bracket include the ratio of indirectly ownership.
2. In fiscal 2015, the Company had 102 consolidated subsidiaries and 13 equity-method affiliates.

(9) Employee Data (as of March 31, 2016)

Segment name	Number of employees		Increase/Decrease from the Previous Year-End	
Total	6,006	(+199)	703	(+1)
	3,256	(+8)	518	(-3)
	36,014	(+3,617)	145	(-8)
	2,313	(-74)	807	(-136)
	2,237	(-58)	1,059	(-57)
	49,826	(+3,692)	3,232	(-203)

- [Note] 1. The above figures do not include the number of the temporary workers and temporary transferred workers to the other company out of the Group
2. The figure in brackets in the Number of Employees column is the increase/decrease from the previous year-end.
3. The number of employees in the Services, Development and Other Businesses segment includes employees who are engaged in corporate operations such as the Company's head office departments and Sales & Marketing division.
4. The average age of the Company's employees is 44.1 years of age, and the average length of service is 21. 1 years (not including temporary employees and seconded employees).

(10) Other important matters concerning the current status of the Furukawa Group

Vehicles using parts manufactured by a subsidiary of the Company were recalled, and the Company and its subsidiary are holding negotiations after being asked to cooperate by sharing the recall costs.

The Company is also being investigated by the Brazilian antitrust authorities in connection with auto parts transactions, and VISCAS Corporation, which is engaged in the power cables business, is also under investigation by the Brazilian antitrust authorities. Meanwhile, the Company and one of its subsidiary are the defendants in a class action in the United States concerning an auto parts cartel and are also being asked for compensation by some customers, etc. in connection with antitrust law violations. All of the above are matters arising from past activities and the Group is not engaged in any such activities at the present time.

2 . Shares (as of March 31, 2015)

(1) Shareholder' Equity

Class of share	Total number of shares to be issued by the company	Total number of outstanding shares	Number of shareholders
Common Stock	2,500,000,000	706,669,179	53,515
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 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,552,000	5.18%
Japan Trustee Services Bank, Ltd. (Trust Account)	30,982,000	4.39%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	24,135,000	3.42%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	23,992,000	3.40%
Asahi Mutual Life Insurance Co.	13,650,500	1.93%
FURUKAWA CO., LTD.	13,290,455	1.88%
BBH BOSTON CUSTODIAN FOR JAPAN VALUE EQUITY CONCENTRATED FUND A SERIES OF 620135	12,595,000	1.78%
Fuji Electric Co., Ltd.	11,000,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	10,919,000	1.55%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	10,754,914	1.52%

[Note]1. Shareholding ratio above is calculated with the number which deducted 462,657 shares of the Company's treasury stock.

2. Although not mentioned in the above table, Asahi Mutual Life Insurance Co. has placed 10,500,000 shares in a retirement benefits trust.

3 . Corporate Officers (as of March 31, 2016)

(1) Directors and Audit & Supervisory Board Members

Masao Yoshida	Director, Chairman of the Board
Mitsuyoshi Shibata	President (Representative Director) General Manager of Group Global Business Management & Development Division
Sumitaka Fujita	Director (Outside)
Nobuyoshi Soma	Director (Outside)
Osamu Tsukamoto	Director (Outside)
Tatsuo Teratani (*)	Director (Outside)
Nozomu Amano	Director, Corporate Senior Vice President, General Manager of Administration & CSR Division
Takamitsu Kozuka	Director, Corporate Senior Vice President, General Manager of Automotive Products Division
Suguru Shinozaki (*)	Director, Corporate Senior Vice President, General Manager of Sale and Marketing Division
Keiichi Kobayashi (*)	Director, Corporate Senior Vice President, Advisor of Electronics & Automotive System Business, and General Manager of Copper & High Performance Material Products Division
Takahide Kimura	Director, Corporate Senior Vice President, General Manager of, Strategy Division
Hiroyuki Ogiwara	Director, Corporate Senior Vice President and General Manager of Finance & Procurement Division
Takahiko Ito	Audit & Supervisory Board Member (Full-time)
Hideo Sakura	Audit & Supervisory Board Member (Full-time)
Tetsuya Sato (*)	Audit & Supervisory Board Member (Full-time)
Yuzuru Fujita	Audit & Supervisory Board Member (Outside)
Tadashi Kudo	Audit & Supervisory Board Member (Outside)
Kenji Koroyasu	Audit & Supervisory Board Member (Outside)

[Note] 1. Messrs. Sumitaka Fujita, and Osamu Tsukamoto, Directors, and Messrs. Yuzuru Fujita, Tadashi Kudo and Kenji Koroyasu, Audit & Supervisory Board Members are registered with the Tokyo Stock Exchange as independent officers, respectively.

2. The expertise in finance and accounting held by each Audit & Supervisory Board Member is as follows:

- Mr. Takahiko Ito, an Audit & Supervisory Board Member (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. Hideo Sakura, an Audit & Supervisory Board Member (Full-time), was appointed Director in charge of a finance, Accounting, and Purchasing divisions of the Company, and possesses a sound knowledge of finance and accounting.
- Mr. Yuzuru Fujita, an Audit & Supervisory Board Member (Outside), 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, an Audit & Supervisory Board Member (Outside), helps the position of representative director of a financial institution, and possesses sound knowledge of general business management, including finance and accounting.

3. Directors and an Audit & Supervisory Board Member in the table shown above with the mark of (*) were appointed for the first time at the 193rd Annual Meeting of Shareholders held on June 24, 2015, and subsequently took up their positions.

4. Mr. Hiromasa Ogawa resigned Audit & Supervisory Board Member at the close of the 193rd Annual Meeting of Shareholders.

5. FURUKAWA CO., LTD. holds 3.43% 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. Asahi Mutual Life Insurance Co. holds 3.42% of the Company's outstanding shares (including shares placed

by Asahi Mutual Life Insurance Co. in a retirement benefits trust). Zeon Corporation holds 0.35% of the Company's outstanding shares, and the Company holds 2.31% of the outstanding shares of Zeon Corporation (including shares placed by the Company in a retirement benefits trust). The Company holds 0.04% of outstanding shares of Central Japan Railway Company. Property for lease owned by FURUKAWA CO., LTD. is leased by the Company. Transaction between the Company and a subsidiary of FURUKAWA CO., Ltd. concerning selling and buying nonferrous metal products.

(2)Outside officers

1) Major activities of Outside Officers

(i)Outside Directors

Name	Attendance at meetings of the Board of Directors (percentage of attendance)	Comments and Remarks
Sumitaka Fujita	21 out of 21 meetings (100%)	Mr. Fujita actively commented on proceedings from a global management perspective, mainly on proposals concerning matters such as formulation of the mid-term management plan, corporate governance, capital investment, business reorganization, finance and accounting, and group corporate management, based on his extensive knowledge and experience as an executive of a trading company. Mr. Fujita has been also an active member of the Company's Nominating/Compensation Committee and the organizer of the Company's Outside Officers' Meeting.(*1)
Nobuyoshi Soma	21 out of 21 meetings (100%)	Mr. Soma actively commented on proceedings, from a global management perspective, mainly on proposals concerning matters such as formulation of the mid-term management plan, corporate governance, overseas expansion and sales strategy, based on his extensive knowledge and experience as an executive of a global non-ferrous metal manufacturer. Mr. Soma has been also an active member of the Company's Nominating/Compensation Committee.
Osamu Tsukamoto	21 out of 21 meetings (100%)	Mr. Tsukamoto actively commented on proceedings in light of economic policies and markets trends, mainly on proposals concerning matters such as the development of the mid-term management plan, corporate governance, R&D, and business reorganization, based on his extensive knowledge and vast experience in the industrial policy field at METI. Mr. Tsukamoto has been also an active member of the Company's Nominating/Compensation Committee.
Tatsuo Teratani	15 out of 15meetings (100%) (*2)	Mr. Teratani actively commented on proceedings in light of technological and market trends in the auto parts business and electronics field in particular, mainly on proposals concerning matters such as formulation of the mid-term management plan and business operations, based on his extensive knowledge and vast experience of the auto

		parts business gained through many years of involvement in the design and development of automobiles.
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[Note] 1. From the year under review, the Company started to hold the Outside Officers' Meeting intending to give opportunities to Outside Officers exchanging information and sharing the understanding of the Company based on objective viewpoint. The Company held the Outside Officers' Meeting twice(2) in this fiscal year.

2. The number of meetings of Board of Directors attended by Outside Directors Tatsuo Teratani is different from the number attended by the other Directors because he was elected at the 193rd Annual Meeting of Shareholders.:

(ii)Outside Audit & Supervisory Board Members

Name	Attendance		Comments and Remarks Meetings of the Board of Directors and the Audit & Supervisory Board
	Meetings of the Board of Directors (percentage of attendance)	Meetings of the Audit & Supervisory Board (percentage of attendance)	
Yuzuru Fujita	20 out of 21 meetings (95.2%)	10 out of 10 meetings (100%)	Mr. Fujita actively commented on proceedings at meetings of the Board of Directors and the Audit & Supervisory Board from a risk management perspective, mainly on proposals concerning matters such as business investment and compliance, based on his extensive knowledge and experience as an executive of a financial institution. In addition to the foregoing, Mr. Fujita actively commented on proceedings at meetings of the Audit & Supervisory Board, asking about and confirming the results of the audit and quarterly review of the accounting auditors.
Tadashi Kudo	20 out of 21 meetings (95.2%)	10 out of 10 meetings (100%)	Mr. Kudo actively commented on proceedings at meetings of the Board of Directors and the Audit & Supervisory Board, mainly on proposals concerning matters such as corporate governance, investment and equity investment, and compliance, based on his extensive knowledge and experience as an executive of a financial institution. In addition to the foregoing, Mr. Kudo actively commented on proceedings at meetings of the Audit & Supervisory Board, asking about and confirming the results of the audit and quarterly review of the accounting auditors. Mr. Kudo has been also an active member of the Company's Compensation Committee.
Kenji Koroyasu	21 out of 21 meetings (100%)	10 out of 10 meetings (100%)	Mr. Koroyasu actively commented on proceedings at meetings of the Board of Directors and the Audit & Supervisory Board from a risk management perspective, mainly on proposals concerning matters such as corporate governance, labor problems at overseas plants, and safety and compliance, based on his extensive knowledge and experience of corporate legal affairs and corporate management gained through many years in the legal profession. In addition to the foregoing, Mr. Koroyasu actively commented on proceedings at meetings of the Audit & Supervisory Board, asking about and confirming

			the results of the audit and quarterly review of the accounting auditors.
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2) There were no specific fact of the Company's improper and unlawful business conduct during the fiscal year under review.

3) Outline of the limited liability agreements

The Company has agreements to limit liabilities under Paragraph 1, Article 423 of the Corporation Law with outside Directors and outside Audit & Supervisory Board Members. The upper limit of liabilities under this agreement is the statutory lower limit.

(3) Compensation of the Company's officers

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

A compensation Committee including two outside officers 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 Company Group will increase its corporate value and achieve sustainable growth while contributing to society through its business activities.

Compensation of the Company's officers based on the policy comprises monthly compensation and performance-tied compensation. Monthly compensation is a monthly cash payment of an amount determined according to contribution to the Company, etc. based on a standard amount for each title. Performance-tied compensation is an annual cash payment of an individually specific amount determined by allocating the total amount to be paid calculated based on consolidated net income each fiscal year according to position. Directors excluding Outside Directors are paid the abovementioned monthly compensation and performance-tied compensation, and Outside Directors and Audit & Supervisory Board Members are paid a certain monthly compensation depending on their titles, etc

(ii) Compensation of Directors and Audit & Supervisory Board Members for the fiscal year under review

	Number of persons	Amount of monthly compensation (million yen)	Amount of Performance-tied compensations (million yen)	Amount (million yen)
Directors (outside)	15 (4)	412 (44)	12 (-)	424 (44)
Audit & Supervisory Board Members (outside)	7 (3)	122 (29)	- (-)	122 (29)
Total (outside officers)	22 (7)	534 (73)	12 (-)	546 (73)

[Note] 1. The maximum annual compensation for Directors in accordance with the resolution of the Annual Meetings is ¥600 million (excluding employees' salaries for Directors concurrently holding a position as employee) respectively. The maximum annual compensation for Audit & Supervisory Board Members is ¥130 million.

2. Three(3) Directors and one(1) Audit & Supervisory Board Member who retired or resigned this year are included in headcount on the number above.

3. A portion of the compensation of Directors was performance-tied compensation, and performance-tied compensation for FY2015, when calculated in accordance with the prescribed calculation formula, came to ¥12 million as shown in the table.

(iii) Revision of the officers' compensation system

Pursuant to a decision of the Nomination and Compensation Committee, the Company plans to revise the officers' compensation system, reducing the portion that is paid as a fixed amount and increasing the variable portion that is linked to performance and increases or decreases

based on performance. The Company plans to apply this revised system from officers' compensation paid from July 2016. The revision is designed to strengthen the link between compensation and performance and to develop a compensation system that helps enhance corporate value in the mid-to-long term. The new officers' compensation system will be comprised of basic compensation, short-term performance-tied compensation, and mid-to-long-term performance-tied compensation, and a summary of each type of compensation is shown below.

Compensation plan	Summary
Basic compensation (fixed amount)	Basic compensation is compensation paid to Directors, Audit & Supervisory Board Members as well as Executive Officers and Senior Fellows who are not Directors. A fixed amount determined according to differences in roles i.e. management supervision or business execution, and position is paid in cash each month.
Short-term performance-tied compensation (Payment ratio: 0~200%)	Short-term performance-tied compensation is compensation paid to Directors excluding Outside Directors as well as Executive Officers and Senior Fellows who are not Directors. An amount determined by the Nomination and Compensation Committee for each individual officer based upon an assessment of factors such as the degree to which the relevant officer's department achieved the business plan (*)or implemented measures in the previous fiscal year is paid in cash each month. *Assessed using Key Performance Indicators formulated in accordance with the Mid-term Management Plan, or, in the case of the Chairman, President and Officers in charge of Head Office departments, assessed using indicators linked to corporate performance.
Mid-to-long-term performance-tied compensation (payment ratio: 0~100%)	Mid-to-long term performance-tied compensation is for eligible directors except outside director, officers and senior fellows (collectively "Directors and Officers") Under this Equity Compensation, the Directors and Officers are compensated with the shares of the Company common stock which is acquired by the Trust to be set for this purpose and to be funded by the Company for the acquisition of shares. The Company contributes maximum amount of JPY 350 thousands for each three-fiscal-year performance period which is rolled over for each consecutive three-fiscal year period (the first period shall be from April 1, 2016 to March 31 2019). Directors and Officers are granted base points for the future Equity Compensation payout each fiscal year during their term, each granted amount of which to eligible individuals varies depending on its rank classification among the Directors and Officers. Upon the end of each performance period, points granted to the Directors and Officers, after downward only adjustment by the pre-set measures (the return rate comparison measure between TOPIX (Tokyo Stock Price Index) and the Company stock and the accumulated dividends during a performance period measure), become vested as a right to be paid out the Equity compensation. Upon its retirement, Directors and Officers receive Equity Compensation payment from the trust in the corresponding amount to the vested points accumulated during their term of office.. * The total number of points granted to Directors, etc. each target period shall not exceed 1,750,000 points, and one point shall correspond to one share of the Company's common stock. If a stock split, reverse stock split or similar is implemented during the effective period of the Plan, the points shall be adjusted according to the split ratio or reverse split ratio, etc.

Notes

1. Basic compensation and short-term performance-tied compensation paid to Directors will not exceed an annual amount of 600 million yen, which is the maximum amount of Directors' compensation pursuant to a resolution of the 184th Annual General Meeting of

Shareholders held on June 29, 2006. Basic compensation paid to Audit & Supervisory Board members will not exceed an annual amount of 130 million yen, which is the maximum amount of Audit & Supervisory Board Members' compensation pursuant to a resolution of the 192nd Annual General Meeting of Shareholders held on June 25, 2014.

2. The payment ratios in the above table show the percentage by which the actual amount of compensation fluctuates as a result of performance-tied assessment when the standard amount of compensation prescribed for each plan is taken as 100%.
3. Officers living overseas are not eligible for the stock compensation plan and instead officers living overseas are paid cash compensation in an amount equal to the compensation under the plan when they retire.

The revision of the compensation system will take effect on the condition that the stock compensation plan, which makes up the mid-to-long-term performance-tied compensation, is approved at the 194th Annual General Meeting of Shareholders of the Company to be held in June 2016. The number of officers who will be eligible for the stock-compensation plan when it is first introduced is expected to be 24 in total, comprising 7 Directors, 14 Executive Officers and 3 Senior Fellows, assuming that the Company's proposal for the election of Directors is approved at said Annual General Meeting of Shareholders. Under the revised compensation system, performance-tied compensation will account for approximately 30% to 50% of total compensation, though this percentage will vary depending on position.

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	220 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	207 million yen
(iii) Of the amount stated in (ii) above, remuneration to be paid by Furukawa Electric to the accounting auditor	82 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 the Company, FCM Co., Ltd. and thirteen(13) 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) Reason for Audit & Supervisory Board to have agreed to remuneration of the accounting auditors

The Audit & Supervisory Board gathered the necessary information from accounting departments, the accounting auditors and other relevant parties, received explanations concerning matters such as the audit plan and audit methods, and compared these with the audit results and status of performance of duties in the previous fiscal year to assess the validity of the basis used to calculate the estimated amount of remuneration. Following careful examination, the Audit & Supervisory Board expressed agreement specified in Article 399, Paragraph 1 of the Companies Act with respect to the remuneration of the accounting auditors.

(4) Contents of non-audit services

The Company has engaged the accounting auditor to provide advisory services and other services related to accounting which do not fall under the scope of Article 2, Paragraph 1 of the Certified Public Accountants Act.

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

The Audit & Supervisory Board has determined the following policies on making decisions on dismissing or not reappointing accounting auditors.

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

If the Audit & Supervisory Board recognizes any case that will prevent accounting auditors from executing their duties, such as the insufficient establishment of the independence of accounting auditors, the auditing system or the quality control system, the Board will review the possibility of dismissing or not reappointing the said accounting auditors. If necessary, it will determine the content of a proposal to be submitted to a shareholders' meeting in conjunction with dismissing or not reappointing accounting auditors.

(6) Suspension of the operations of the accounting auditors during the past two years

Details of the disciplinary action announced by the Financial Services Agency on December 22, 2015 are summarized below.

(i) Subject of disposition

Ernst & Young ShinNihon LLC

(ii) Details of the action

· Suspension from accepting new engagements for 3 months (from January 1, 2016 to March 31, 2016)

· Order to improve business operations (improvement of operational control systems)

(iii) Reason for the action

· The reason for the action is that, in audits of the financial statements of another company, certified public accountants who belong to the above audit corporation, in negligence of due care, attested financial statements containing material misstatements as if the statements contained no material misstatements; and

· the above audit corporation's operations were deemed significantly inappropriate.

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

The Company 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>

The Company 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.

(1) Systems for ensuring compliance of the execution of duties by directors and employees with laws, regulations and the Articles of Incorporation

Upholding the basic philosophy of compliance with ethics and prevailing laws as laid out in "Furukawa Electric Group Philosophy" and "Furukawa Electric Group CSR Code of Conduct", the Company, with the President assuming the highest responsibility, promotes compliance activities including in-house education and efforts to prevent and detect legal violations through the CSR and Risk Management Committee and the Administration & CSR Division.

To ensure ongoing compliance activities throughout the Group, General Manager of each division has overall responsibility for compliance for that division and in some main divisions, Compliance management officers will be appointed to effectively promote compliance activities.

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 Administration & CSR Division and related divisions 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 in the Administration & CSR Division.

(2) 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, management committee and under the *ringi* decision-making system shall be stored in accordance with "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.

(3) 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, management committee 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 the Company, 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 "Basic Regulations on Risk Management and Internal Controls". In addition, to build more systematic and comprehensive risk management system, a CSR/Risk Management Committee chaired by the President, and consisting of the Advisors of business, General Manager of Sales and Marketing Division, General Managers of Corporate Divisions, and General Managers of some Business Divisions shall be established to grasp the Group's risks in general operations, and verify the appropriateness of its evaluation and management methods.

The CSR/Risk Management Committee shall establish special committees such as quality management, safety, environment, disaster prevention, business continuity management among the risks to strengthen the risk management system.

(4) The system for securing appropriateness of financial reporting

Based on the Basic Regulations on Risk Management and Internal Control, the Company's 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.

(5) Systems for ensuring effectiveness of directors' execution of duties

The mid-term management plan and the single-year budget shall set specific targets. General Managers of Business Divisions etc. 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 General Managers of Business Divisions etc.

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 "Basic Regulations on Segregation of Duties and the Regulations Regarding Positional Responsibilities and Authority".

(6) Systems for ensuring the soundness of operations of the Group, consisting of the Company and its subsidiaries

In accordance with "Regulations on Group Management Control", administrative managers of individual subsidiaries shall be appointed, and they shall require own subsidiaries reporting subsidiaries' business conditions on a regular basis, and offer management guidance to subsidiaries. Predetermined matters shall require approval of the Company.

Concrete management goals that subsidiary companies should achieve shall be set out in mid-term management plans as well as budgets for single fiscal years, and administrative representatives shall report on the progress toward such goals at Board of Directors' meetings on a regular basis.

A risk management system and method shall be provided for in the "Rule of Risk Management and Basic Rule of Internal Control." In addition, the CSR and Risk Management Committee will assess the risk for the Group in operating businesses and verify the reasonableness of the management method.

According to "Furukawa Electric Group Philosophy" and "Furukawa Electric Group CSR Code of Conduct", the placement of representatives for administering compliance will be made obligatory for subsidiary companies in "Compliance Manual". In addition, under the leadership of the Administration & CSR Division, education, advice and guidance on risk management, internal control and compliance will be provided to subsidiary companies.

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.

(7) Provisions concerning assistant employees requested by the Audit & Supervisory Board Members for assistance in their duties

At the request of a Audit & Supervisory Board Member for any assistant employee, appropriate personnel shall be appointed after consultation with the Audit & Supervisory Board Member.

(8) Provisions concerning independence of the employees stipulated in the preceding item from Directors, and secureness of effective instructions for them

The assistant employee shall be appointed as assistant to the Audit & Supervisory Board Member by an order of appointment and shall assist the Audit & Supervisory Board Member in fulfilling his or her duties and in operating the Audit & Supervisory Board.

Pursuant to the Internal Regulations on Assistant Employees to Audit & Supervisory Board Members, assistant employees shall be guaranteed independence from Directors. Transfer, appraisal, disciplinary action and other matters involving assistant employees shall require the approval of the Audit & Supervisory Board Member.

(9) Systems for reporting from directors and employees to Audit & Supervisory Board Members and other systems relating to notification to Audit & Supervisory Board Members

It shall be ensured that Audit & Supervisory Board Members have constant access to any meeting or any material they deem necessary for auditing purposes.

Directors or division managers shall report to Audit & Supervisory Board Members the Group's status of development and operation of internal control, compliance and risk control as appropriate.

Directors or division managers shall provide swift notification to Audit & Supervisory Board Members 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 among the Group, 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.

Audit & Supervisory Board Members may request that the directors and employees of the Company, as well as its subsidiaries, report on matters concerning the execution of their duties.

(10) Systems for securing the person from treating unfavorably because of the reporting stipulated in the preceding item

"Furukawa Electric Group CSR Code of Conduct" and "the Compliance Manual" have a provision stating that officers or staff members of the Company or its subsidiaries shall not be treated unfavorably because they have undertaken reporting pursuant to the preceding item.

(11). Matters concerning the policy on procedures for prepayment and repayment for expenses arising in relation to the fulfillment of duties, as well as expenses arising in relation to the fulfillment of other relevant duties, by the Company's Audit & Supervisory Board Members or the handling of obligations thereof.

If Audit & Supervisory Board Members make a request to the Company such as the prepayment of expenses for the execution of their duties pursuant to Article 388 of the Corporation Law, the Company will deal with the relevant expenses or obligations promptly, except when expenses or obligations pertaining to such request are not deemed necessary for the relevant auditors to fulfill their duties.

(12) Other systems for ensuring effectiveness of auditing performed by Audit & Supervisory Board Members

The Audit & Supervisory Board 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 Audit & Supervisory Board Members shall be made known to Directors and employees to deepen internal awareness and understanding of the importance of auditing performed by Audit & Supervisory Board Members.

The division responsible for internal audits shall be strengthened and it shall have closer ties with Audit & Supervisory Board Members.

When Audit & Supervisory Board Members make any request for ensuring effectiveness of their audit, Directors and employees shall respond sincerely.

(2) Overview of operating status of systems to ensure appropriate operations

(i) Matters concerning compliance and risk management

The CSR and Risk Management Committee, chaired by the President, met twice in the fiscal year under review. The Committee assessed the status of risk management within the Group, including the provision of compliance training, accounting data processing, operation of the whistleblowing system, and progress on business continuity plans, and also deliberated and determined measures to deal with matters requiring improvement. The activities of the Committee were also reported to the Board of Directors.

The Furukawa Electric Group Quality Control Committee, which is a special committee of the CSR and Risk Management Committee, met four times in the fiscal year under review, and gathered information on matters such as serious quality problems and customer complaints. Where necessary, the Committee also gave business divisions and affiliated companies guidance on measures to improve their quality control systems.

During the fiscal year under review, seminars on antitrust and competition law and bribery regulations were held at Head Office and branch companies. Whistleblowing disclosures were dealt with appropriately upon consultation with outside experts where necessary.

The results of operational audits of operating departments by the Internal Audit Department were reported to the managers of the audited departments, and a summary of the results was also reported to the management, including the President, and Audit & Supervisory Board members.

(ii) Matters concerning ensuring the efficient performance of duties by directors

During the fiscal year under review, the Board of Directors met 21 times. At the meetings, Directors made decisions on the execution of important operations and assessed the level of attainment of management targets including the annual budget. The Board also deliberated basic management matters such as the formulation of the next mid-term management plan starting in FY2016 and corporate governance.

The Nomination and Compensation Committee, comprised of 5 members including 3 Outside Directors, determined compensation amounts according to the degree of achievement of management targets in the previous fiscal year, to ensure that the results of execution of operations are appropriately reflected in the individual monthly compensation of Executive Directors and Executive Officers.

(iii) Matters concerning the appropriateness of financial reporting

With the amendments to the Companies Act, the Company revised the “Furukawa Electric Group Basic Policy for the Development and Evaluation of Internal Control Over Financial Reporting” (J-SOX Core Policies). The results of evaluation of the development of internal control conducted in accordance with the Basic Policy were reported to the Board of Directors, and the Board’s approval was also obtained upon submission of the Internal Control Report.

(iv) Matters concerning the soundness of operations of the Group

Budgets for single fiscal years were set out and managed for each subsidiary company, and matters specified in the criteria for referral/ reporting to the Company as important matters relating to the management of subsidiary companies were deliberated by the Board of Directors and the Management Committee.

The Group Compliance Committee, which oversees domestic subsidiaries, met to share information about the activities of each company with respect to important matters concerning the Group’s internal control including compliance and risk management. Compliance training was also provided, including seminars on antitrust and competition law and bribery regulation for Chinese subsidiaries. Where necessary, subsidiaries were also given guidance on improving their internal control systems.

In light of the scale and importance of some subsidiaries, officers and employees of the Company were sent to such subsidiaries as Directors and Audit & Supervisory Board Members to supervise the execution of their operations.

(v) Matters concerning the effectiveness of auditing

Audit & Supervisory Board Members attended meetings of the Board of Directors as

well as meetings of the Management Committee, the CSR and Risk Management Committee and other important meetings to assess the status of development and operation of internal control systems.

Audit & Supervisory Board Members reported the audit policies and audit plans established by the Audit & Supervisory Board as well as their audit results to the Board of Directors. They also sought to improve the effectiveness and efficiency of audits through close cooperation with Audit & Supervisory Board Members, audit departments and other relevant departments of domestic affiliated companies.

In the fiscal year under review, the Audit & Supervisory Board met ten(10) times. At meetings, Audit & Supervisory Board Members exchanged views and shared information with each other. The Audit & Supervisory Board also received reports on audit plans and accounting audit results from the accounting auditors every quarter and at the end of the fiscal year (at the time of the quarterly review and the year-end closing).

In response to the amendments to the Companies Act and the enactment of Japan's Corporate Governance Code, the Company revised the Audit & Supervisory Board Members' Auditing Standards and Implementation Standards for Auditing the Internal Control Systems pursuant to a resolution of the Audit & Supervisory Board.

At the request of Audit & Supervisory Board members, two employees were appointed as assistants to Audit & Supervisory Board Members.

End

Consolidated Financial Statements for the 194th Fiscal Year
Consolidated Balance Sheet
(As of March 31, 2016)

(Unit: million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	364,030	Current liabilities	299,341
Cash and deposits	52,504	Notes and accounts payable	100,398
Notes and accounts receivable	187,028	Short-term debt	113,081
Marketable securities	15	Straight bonds	10,000
Merchandise and finished goods	29,561	Accrued income taxes	4,390
Work in process	29,027	Deferred income taxes	53
Raw materials and supplies	34,578	Provision for product defect compensation	3,008
Deferred tax assets	5,292	Provision for loss on litigation	7,123
Other current assets	27,433	Other current liabilities	61,284
Allowance for doubtful accounts	(1,412)		
Fixed assets	341,694		
Property, plant and equipment	196,544	Long-term liabilities	207,796
Buildings and structures	215,242	Straight bonds	20,000
Machinery, equipment and delivery equipment	448,824	Long-term debt	114,764
Tools, furniture and fixtures	70,756	Deferred tax liabilities	1,808
Land	37,490		
Lease assets	4,765	Debt of defined benefit plans	51,058
Construction in progress	12,088	Provision for environmental measures	10,345
Accumulated depreciation	(592,623)	Asset retirement obligations	543
		Other long-term liabilities	9,276
		Total liabilities	507,137
Intangible assets	8,516		
Goodwill	3,768	(Net assets)	
Other intangible assets	4,747	Shareholders' equity	180,894
		Capital stock	69,395
Investments and other assets	136,633	Capital surplus	21,466
Investment securities	109,028	Retained earnings	90,313
Investments	5,155	Treasury stock	(280)
Long-term loans	1,609	Accumulated Other Comprehensive Income	(7,731)
Equity of defined benefit plans	4,660	Unrealized gains on available-for-sales securities	14,070
Deferred tax assets	6,855	Deferred gains on derivatives under hedge accounting	(1,391)
Others	11,846		
Allowance for doubtful accounts	(2,522)	Remeasurements of defined benefit plans	(13,917)
		Foreign currency translation adjustment	(6,492)
		Minority interests	25,424
		Total net assets	198,587
Total assets	705,725	Total liabilities and net assets	705,725

[Note] Figures above are rounded off to the nearest million yen.

Consolidated Statement of Operation
(From April 1, 2015 to March 31, 2016)

(Unit: million yen)

Account title	Amount
Net sales	874,879
Cost of sales	733,943
Gross profit	140,935
Selling, general and administrative expenses	113,819
Operating income	27,116
Non-operating income	5,874
Interest and dividends income	2,435
Recoveries of write-offs	1,108
Others	2,330
Non-operating expenses	14,281
Interest expenses	3,715
Foreign Exchange loss	2,084
Equity in losses of affiliates	5,684
Others	2,795
Ordinary income	18,710
Extraordinary income	21,864
Gain on sales of property, plant and equipment	19,576
Gains on sales of investment securities	1,680
Others	606
Extraordinary loss	19,193
Loss on disposal of property, plant and equipment	697
Impairment loss	995
Business structural reform costs	733
Compensation for damage	3,327
Provision for loss on litigation	7,152
Others	6,287
Income before income taxes and minority interests	21,380
Total income taxes	7,939
Income taxes and others	6,942
Income taxes for prior period	717
Adjustment to deferred income taxes	280
Income before minority interests	13,440
Minority interests	3,433
Profit attributable to owners of parent	10,007

[Note] Figures above are rounded off to the nearest million yen.

Non-Consolidated Financial Statements for the 194th Fiscal Year
Non-Consolidated Balance Sheet
(As of March 31, 2016)

(Unit: million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	188,107	Current liabilities	146,180
Cash and deposits	864	Notes payable, trade	670
Notes receivable, trade	4,608	Accounts payable, trade	64,908
Accounts receivable, trade	85,336	Short-term debt	45,399
Merchandise and finished goods	2,908	Straight bonds	10,000
Work in process	13,623	Lease obligations	15
Raw materials and supplies	7,325	Accounts payable	10,540
Advance payments	15	Accrued expenses	11,079
Prepaid expenses	674	Accrued income tax	1,729
Deferred tax assets	1,802	Advances received	301
Short-term loans	53,246	Provision for product defect compensation	655
Accrued revenues	17,316	Notes payable for equipment	12
Other current assets	399	Other current liabilities	867
Allowance for doubtful accounts	(15)		
		Long-term liabilities	149,291
Fixed assets	227,281	Straight bonds	20,000
Property, plant and equipment	61,913	Long-term debt	86,176
Buildings	28,851	Lease obligations	24
Structures	2,530	Provision for employees' retirement benefits	15,729
Machinery and equipment	11,401	Provision for environmental measures	10,256
Vehicles and delivery equipment	47	Provision for loss on business of subsidiaries and affiliates	14,968
Tools, furniture and fixtures	1,453	Asset retirement obligations	414
Land	14,340	Other long-term liabilities	1,722
Lease assets	36		
Construction in progress	3,250	Total liabilities	295,472
Intangible assets	1,243		
Software	853	(Net assets)	
Rights to use public facilities	0	Shareholders' equity	107,937
Patent rights	25	Capital stock	69,395
Other intangible assets	364	Capital surplus	21,467
		Other capital surplus	21,467
Investments and other assets	164,124	Retained earnings	17,319
Investment securities	31,625	Legal retained earnings	635
Stock held in affiliates	94,883	Other retained earnings	16,684
Investments in affiliates	27,225	Retained earnings carried forward	16,684
Long-term loans receivable from Subsidiaries and affiliates	35	Treasury stock	(244)
Prepaid pension cost	3,868	Valuation and translation adjustments	11,977
Deferred tax assets	1,696	Unrealized gains on available-for-sales securities	11,971
Others	7,475	Deferred gains on derivatives under hedge accounting	6
Allowance for doubtful accounts	(2,686)		
		Total net assets	119,915
Total assets	415,388	Total liabilities and net assets	415,388

[Note] Figures above are rounded off to the nearest million yen.

Non-Consolidated Statement on Operation
(From April 1, 2015 to March 31, 2016)

(Unit: million yen)

Account title	Amount
Net sales	398,851
Cost of sales	362,630
Gross profit	36,221
Selling, general and administrative expenses	30,753
Operating loss	5,467
Non-operating income	9,045
Interest and dividends income	7,345
Others	1,700
Non-operating expenses	2,320
Interest expenses	1,611
Others	709
Ordinary income	12,192
Extraordinary income	14,529
Gain on sales of property, plant and equipment	12,908
Gain on sales of investment securities	1,594
Others	27
Extraordinary loss	32,432
Loss on disposal of property, plant and equipment	230
Provision of allowance for doubtful accounts	241
Provision for loss on business of subsidiaries and affiliates	13,786
Loss on write-down of investments in affiliates	15,688
Impairment loss	3
Business structural reform costs	691
Compensation for damage	77
Others	1,714
Net income before income taxes	(5,710)
Income taxes and others	2,236
Adjustment to deferred income taxes	(2,419)
Net income	(5,527)

[Note] Figures above are rounded off to the nearest million yen.