

May 31, 2018

Dear Shareholders:

Notice of the 196th Annual Meeting of Shareholders

You are cordially invited to attend the 196th Annual Meeting of Shareholders (the “Annual Meeting”) of Furukawa Electric Co., Ltd. to be held on June 22, 2018, at 10:00 a.m., at Tokyo Prince Hotel, 3-3-1 Shibakoen Minato-ku, 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 196th fiscal year (from April 1, 2017 to March 31, 2018)
2. Reports on Non-Consolidated Accounting Documents for the 196th fiscal year (from April 1, 2017 to March 31, 2018)

To consider and act on the following proposals,

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|------------------------|---|
| Proposal One: | Dividends from surplus |
| Proposal Two: | Election of twelve (12) Directors |
| Proposal Three: | Election of three (3) Audit & Supervisory Board Member |
| Proposal Four: | Election of one (1) Reserve Audit & Supervisory Board Member |
| Proposal Five: | Election of an Independent Auditor |

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 (<https://soukai.mizuho-tb.co.jp/>). The Card arrived at the Company and the submission via the Internet after 5:00 p.m. on June 21, 2018 would be a void vote.

Sincerely
Keiichi Kobayashi
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, 2018, 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", for the purpose of improving profitability and strengthening balance sheet, the Company will allocate its capital 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, stable and continuous dividends distribution is the most priority under the management policy.

It is proposed that the annual dividends be increased in order to increase the return to shareholders, based on the results for the year, and that the year-end dividend for the fiscal year under review be JPY 80 per share.

- (1) Matter concerning the allotment of assets for dividend and total amount
JPY80 per common share of the Company: total amount of JPY5,649,461,360

- (2) Effective date of dividends from surplus
June 25, 2018

Proposal Two: 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.

Candidate no.	Name		Position/responsibilities
1	Mitsuyoshi Shibata	Re-election	Chairman and Director
2	Keiichi Kobayashi	Re-election	President and Representative Director
3	Sumitaka Fujita	Re-election Candidate for Outside Director, Independent Officer	Outside Director
4	Nobuyoshi Soma	Re-election Candidate for Outside Director	Outside Director
5	Osamu Tsukamoto	Re-election	Outside Director

		Candidate for Outside Director, Independent Officer	
6	Tatsuo Teratani	Re-election Candidate for Outside Director	Outside Director
7	Akira Nakamoto	Re-election Candidate for Outside Director, Independent Officer	Outside Director
8	Takamitsu Kozuka	Re-election	Director and Corporate Executive Vice President, General Manager of Energy Infrastructure Division
9	Takahide Kimura	Re-election	Director and Corporate Executive Vice President, General Manager of Communications solutions Division
10	Hiroyuki Ogiwara	Re-election	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division
11	Osamu Kuroda	Re-election	Director and Corporate Senior Vice President, General Manager of Global Marketing Sales Division
12	Ken Maki	New candidate	Corporate Vice President, General Manager of Strategy Division

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

Candidates for the position of Director are selected based on the following criteria.

- Candidates for Outside Director: 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
- Candidates for Director: With the consideration of the Furukawa group business with many affiliates around the globe and various business lines, a person who has the sufficient skillset, knowledge and experience and contributes to the Furukawa corporate value

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

1. 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 Global Group Management Division
Apr. 2016 President and Representative Director (present post)
Apr. 2017 Chairman and Director (present post)

*Number of shares in the Company 6,800 Shares

Reasons for selection as a candidate for Director

Mr. Mitsuyoshi Shibata has been involved in management within the Furukawa Group for many years, holding positions including President and Representative Director. Since April 2017, he has been overseeing the performance of duties by management staff from the President downwards, in a non-executive, non-representative capacity as Chairman and Director. As we work towards achieving our mid-term management plan "Furukawa G Plan 2020," we request the re-election of Mr. Shibata as Director so that he can raise the level of strategic discussions within the Board of Directors, based on his wealth of management experience with the Group and his extensive knowledge of Group technologies, as well as continuing to actively focus on reinforcing corporate governance.

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

*Brief history

Apr. 1985 Joined Furukawa Electric Co., Ltd.
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
- Apr. 2017 President and Representative Director (present post)

*Number of shares in the Company 2,700 Shares

Reasons for selection as a candidate for Director

Mr. Keiichi Kobayashi served as General Manager of the Magnet Wire Division and Copper & High Performance Material Products Division, Advisor of Automotive Electronics Material Business, and was General Manger of the Global Marketing Sales Division. He therefore has extensive knowledge and experience in business operation, marketing and sales. He became President and Representative Director in April 2017. Since then, he has been driving the management of the Company Group forward under his outstanding leadership while utilizing his insight as President and Representative Director. He is strongly advancing the medium-term management plan as a member of the top management team and is carrying out his duty to further enhance corporate value. We request his re-election as Director.

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 4,100 Shares

Reasons for selection as a candidate for Outside Director

Mr. Sumitaka Fujita has held key management posts, including Chief Financial Officer (CFO) of a major general trading firm, and he has extensive experience in corporate management, including finance and accounting. He also has extensive knowledge of corporate governance. As an Outside Director and Independent Officer of the Company, he has spoken up actively at Board of Directors' meetings. As the Chairman of the Nominating/Compensation Committee, he has been involved in the deliberation of the nomination and remuneration of directors, including succession plans or performance-linked remuneration. In addition, he serves as the chairman of the outside directors' meetings as a lead outside director and has been contributing significantly to the enhancement of the Company's corporate governance level, striving to share knowledge about the management challenges faced by the Company among outside directors. We request the re-election of Mr. Fujita as Director in the hope that he will contribute to the further reinforcement of corporate governance and the further facilitation of the Group's global management going forward.

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.

Jun. 2013 Director (Outside) of Furukawa Electric Co., Ltd. (present post)

Jun. 2017 Senior Adviser of FURUKAWA CO., LTD. (present post)

***Important Concurrent Posts**

Senior Adviser of FURUKAWA CO., LTD.

*Number of shares in the Company 2,900 Shares

Reasons for selection as a candidate for Outside Director

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 the Group 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** 400 Shares

Reasons for selection as a candidate for Outside Director

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 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 mid-term management plan, among other tasks, given the group's renewed focus on developing 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 1,400 Shares

Reasons for selection as a candidate for Outside Director

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, as we expect him to provide us with useful advice and comments based on analysis of trends relating to technology, markets and customers, with an eye to expanding and strengthening business in the Group's core automotive sector.

7. Akira Namamoto [Date of Birth: November 25, 1945]

Candidate for outside Director and Independent Officer

*Brief history

Apr. 1969 Joined SHIMADZU CORPORATION
Jun. 2001 Director of SHIMADZU CORPORATION, General Manager of Analytical
Instruments Division
Jun. 2005 Managing Director of SHIMADZU CORPORATION, General Manager of
Analytical & Measuring Instruments Division
Jun. 2007 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 (present post)
Jun.2016 Director (Outside) of Furukawa Electric Co., Ltd. (present post)

***Important Concurrent Posts**

Representative Director, Chairman of the Board of SHIMADZU CORPORATION

*Number of shares in the Company 400 Shares

Reasons for selection as a candidate for Outside Director

Mr. Akira Nakamoto has previously held positions as President and CEO, and Chairman, of a leading precision equipment manufacturer renowned for its technological development capabilities. In addition to his extensive experience in management, he also has a high level of expertise as an engineer. We request the re-election of Mr. Nakamoto as an Outside Director, as we expect him to provide useful advice and comments on group management, in light of the Group's aim to further develop technology-driven businesses as a B-to-B company, and because he is ideally qualified to strengthen supervisory capabilities over management staff within the Board of Directors, as we work towards achieving our mid-term management plan.

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

***Brief history**

Apr. 1982 Joined Furukawa Electric Co., Ltd.

Sep. 2004 General Manager of FURUKAWA AVC ELECTRONICS(SUZHOU) 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 Products Division

Apr. 2014 Corporate Senior Vice President and General Manger of Automotive Products Division

Jun. 2014 Director and Corporate Senior Vice President, General Manger of Automotive

Products Division

Apr. 2016 Representative Director and Corporate Executive Vice President, General Manger of Automotive Products Division

Apr. 2018 Director and Corporate Executive Vice President, General Manger of Energy Infrastructure Division (present post)

*Number of shares in the Company 3,600 Shares

Reasons for selection as a candidate for Director

Mr. Takamitsu Kozuka has extensive knowledge and experience in business operation and business expansion in Japan and abroad through his experience as the General Manger of the Automotive Products Division, which operates globally. We request his re-election as Director in the hope that as General Manager of Energy Infrastructure Division supervising the power-related business, a focus area of the medium-term management plan, he will accelerate the earnings improvement of the business concerned and participate in the Board of Directors as the head of the business operation and contribute to active discussions on business strategies, among other topics.

9. 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
- Apr. 2017 Director and Corporate Executive Vice President, General Manager of Strategy Division
- Apr. 2018 Director and Corporate Executive Vice President, General Manager of Communications Solutions Division (present post)

*Number of shares in the Company 3,100 Shares

Reasons for selection as a candidate for Director

Mr. Takahide Kimura has many years' experience in managing an overseas subsidiary as well as in the telecommunication-related business. In addition, he was involved in preparing the medium-term management plan and fostering new businesses. We request his re-election as Director in the hope that as General Manager of Communications Solutions Division for supervising the telecommunication-related business, a focus area of the medium-term management plan, he will promote the expansion of the business concerned and contribute to discussions of the Board of Directors from the perspective of a planner of management strategies.

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

*Brief history

- Apr. 1983 Joined Furukawa Electric Co., Ltd.
- Dec. 2003 Vice President and Chief Financial Officer of OFS Fitel, LLC
- Nov. 2005 Manager of Tax & Accounting Department
- 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
- Apr. 2017 Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division
- Apr. 2018 Director and Corporate Executive Vice President, General Manager of

Finance & Procurement Division(present post)

*Number of shares in the Company 2,800 Shares

Reasons for selection as a candidate for Director

Mr. Hiroyuki Ogiwara has extensive knowledge of finance and accounting through business experience including CFO at an overseas subsidiary. He has been serving as the General Manager of the Finance & Procurement Division. While having a number of affiliates in Japan and abroad, the Company Group actively develops new businesses and operates overseas business aggressively. Given the situation, there has been an increasing need to maintain and improve the structure in response to accounting systems in Japan and abroad and make timely and appropriate financial decisions. Moreover, as the Company Group drives the further improvement of the financial structure, in the hope that the perspective of Mr. Ogiwara, who has been supporting the Company Group business financially, will contribute to discussions of the Board of Directors, we request his re-election as Director.

11. **Osamu Kuroda** [Date of Birth: July 21, 1959]

*Brief history

Apr. 1983 Joined Furukawa Electric Co., Ltd.

Apr. 2007 General Manager of Sales Department of Telecommunication Division, Telecommunications Company, Furukawa Electric Co., Ltd.

Dec. 2009 Assistant Manager of Corporate Planning Department

Apr. 2010 General Manger of Group Business Management Department

Apr. 2012 Assistant Manager of Electronics & automotive Systems Company

Apr. 2013 General Manager of Sales Planning & Marketing Department, Sales & Marketing Division

Apr. 2015 Corporate Vice President, General Manager of Kansai Branch and Hokuriku Sub Branch, Sales & Marketing Division

Apr. 2016 Corporate Vice President, Deputy General Manager, the Global Marketing Sales Division, General Manager of Kansai Branch and Hokuriku Sub Branch in the said division

Apr. 2017 Corporate Senior Vice President, General Manager of the Global Marketing Sales Division

Jun. 2017 Director and Corporate Senior Vice President, General Manager of the Global Marketing Sales Division (present post)

*Number of shares in the Company 2,200 Shares

Reasons for selection as a candidate for Director

Mr. Osamu Kuroda has been engaged in product sales and corporate planning for many years, mainly in the infrastructure field of the power and telecommunication-related businesses, which are focus areas of the Company Group. He has extensive knowledge and experience in the Company Group's business, products, market and clients. Since 2017, he has been serving as General Manager of the Global Marketing Sales Division and taking the lead in the promotion of business development for the Company Group in the global market. We request the re-election of Mr. Kuroda as Director in the hope that he will contribute to discussions of the Board of Directors from a marketing and sales perspective.

12. Ken Maki [Date of Birth: December 8, 1960]

*Brief history

Apr. 1984 Joined Furukawa Electric Co., Ltd.
Oct. 2003 Assistant Manager of Group Business Administration Department
Jun. 2007 Assistant Manager of Corporate Strategy Planning Department
Apr. 2010 Assistant Manager of Group Business Management Department
Jun. 2010 Director of TOTOKU ELECTRIC CO., LTD.
Jun. 2014 General Manager of Finance & Accounting Department, Finance & Procurement Division, Furukawa Electric Co., Ltd.
Apr. 2016 Corporate Vice President, General Manager of Energy Infrastructure Division
Apr. 2018 Corporate Vice President, General Manager of Strategy Division
(present post)

*Number of shares in the Company 1,000 Shares

Reasons for selection as a candidate for Director

Mr. Ken Maki turned around the management of a listed subsidiary and has extensive knowledge of business management, including corporate finance, having previously served as General Manager of the Finance & Accounting Department of the Company. Since 2016, he has been serving as General Manager of Energy Infrastructure Division, a focus area of the medium-term management plan, and he has been driving earnings improvement measures forward.

He assumed General Manager of Strategy Division in April 2018 and has been drawing up management strategies with an eye to the future of the Company Group. In the hope that the perspective of Mr. Maki, who achieved results in the turnaround of an unprofitable business, which is our priority issue, will contribute to discussions of the Board of Directors on management strategy, we request his election as a new Director.

[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 JPY 10 million 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 JPY 100 million 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.
- (vii) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.

* Even if items (i) to (vii) 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.

[Note] Matters concerning candidates for Outside Director

1. Messrs. Sumitaka Fujita, Nobuyoshi Soma, Osamu Tsukamoto, Tatsuo Teratani and Akira Nakamoto are currently Outside Directors of the Company and their term will be ten (10) years, five (5) years, five (5) years, three (3) years and two (2) year respectively 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) Concerning Mr. Sumitaka Fujita, in light of the independence criteria for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. Regarding ITOCHU Corporation, where he served as Vice Chairman and Director in the past, the Company undertakes transactions with ITOCHU Corporation, which sells products of Furukawa UACJ Memory Disk Co., Ltd., a subsidiary of the Company, to overseas clients as a distributor. The size of the transactions is small, totaling JPY 2.4 billion annually, and at least three years have passed since his retirement as an executor of business at ITOCHU Corporation.
- 2) Mr. Nobuyoshi Soma was Chairman and Representative Director of FURUKAWA CO., LTD. through June 2017. 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
 - Transactions involving the purchase of nonferrous metals from a subsidiary of FURUKAWA CO., LTD.
- 3) Concerning Mr. Osamu Tsukamoto, in light of the independence criteria for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. An advisory contract was entered into between Mr. Tsukamoto and the Company in October 2010. Since then, the Company has been receiving professional advice from him on the business fields of the Company Group. After he assumed the post of outside director in June 2013, the Company continued to pay him for advice on his professional field, in addition to remuneration as outside director. Even since his re-election as a outside director of the Company, the Company continues to do so. Moreover, the Company belongs to the Japan Coal Energy Center as a supporting member, the President of which is Mr. Tsukamoto. The Company pays an annual membership fee to the Center. The value of the consideration paid and to be paid in the future and the value of the annual membership fee to the Center paid and to be paid in the future are below the amount of the independence criteria specified by the Company.
- 4) Mr. Tatsuo Teratani worked until 2012 for Toyota Motor Corporation, with which the Company has a business relationship in automotive components. In addition to receiving compensation as an Outside Director, Mr. Teratani has received payment for specialist advice provided to the

Company and to its subsidiary FURUKAWA AUTOMOTIVE SYSTEMS INC. in fields such as the automotive components business. This will continue after his re-election as Outside Director.

- 5) Concerning Mr. Akira Nakamoto, in light of the independence criteria for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. Mr. Nakamoto serves as Representative Director and Chairman of the Board of SHIMADZU CORPORATION, with which the Company undertakes transactions. The Company engages in cable repair work for SHIMADZU CORPORATION. The size of the transactions is small, totaling some JPY 8 million annually, and it is below the amount of the independence criteria specified by the Company.
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 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 that SHIMADZU CORPORATION overcharged the Japanese Ministry of Defense for expenses

on aviation instruments was revealed, and as a result, SHIMADZU CORPORATION was suspended from bidding by the Japanese Ministry of Defense. SHIMADZU CORPORATION refunded this overcharged amount, and the suspension was lifted in March 2014. Based on the results of an internal investigation conducted from April 2015 to March 2016, there was also found to be an issue regarding fulfilment of a maintenance contract for aviation instruments with the Ministry of Defense. The matter in question was reported to the ministry in May 2016. As a consequence, SHIMADZU CORPORATION was suspended from bidding by the Japanese Ministry of Defense for three and a half months from June 2017, but the suspension was lifted in September 2017.

Mr. Akira Nakamoto did not recognize the fact in advance, but after the fact became apparent, Mr. Akira Nakamoto conducted an investigation to clarify the overall situation, and in addition, Mr. Akira Nakamoto worked to strengthen the 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, Messrs. Sumitaka Fujita, Nobuyoshi Soma, Osamu Tsukamoto, Tatsuo Teratani, and Akira Nakamoto 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. The limit of liabilities based on the agreement is the minimum amount provided in laws and ordinances.

Proposal Three: Election of three (3) Audit & Supervisory Board Members

The term of office for Messrs. Hideo Sakura and Kenji Koroyasu will expire, and Mr. Yusei Shirasaka will resign from his position as Audit & Supervisory Board Member at the close of the Annual Meeting. We therefore request you to appoint three (3) Audit & Supervisory Board Members to maintain and strengthen the auditing system.

The candidates for the positions of Audit & Supervisory Board Members are as follows.

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

1. 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

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

Apr. 2018 Director of Furukawa Electric Co., Ltd. (present post)

*Important Concurrent Post

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

*Number of shares in the Company 3,500 Shares

Reasons for selection as a candidate for Audit & Supervisory Board Member

Mr. Nozomu Amano has held key posts such as General Manager of Legal Department and General Manager of Administration & CSR Division. He has implemented a wide range of measures based on this, including the establishment of a basic policy on corporate governance and the improvement of the management of the Board of Directors, and has facilitated the reinforcement of corporate governance. Moreover, he has strived to enhance the compliance structure, including compliance with competition laws of Japan and overseas. We request his election as a new Audit & Supervisory Board Member in the hope that he will conduct an audit of legality and appropriate risk management as to the management of the Company Group, which we expect contributes to further enhancement of our audit system.

[Note] Mr. Nozomu Amano is also a Director of the Company at present, and he will resign from his position as Director at the close of the Annual Meeting.

2. Takahiro Kashiwagi [Date of Birth: July 25, 1959]

*Brief history

Apr. 1983 Joined Furukawa Electric Co., Ltd.

Jun. 2007 General Manager of Administration Department, CSR Division

Jun. 2008 General Manager of Legal Department

Apr. 2012 General Manager of Corporate Strategy Planning Department and General Manager of Group Business Management Department

Apr. 2013 General Manager of Corporate Strategy Planning Department, Strategy Division

Apr. 2014 Corporate Vice President, General Manager of Magnet Wire Division

Apr. 2016 Corporate Vice President, General Manager of Magnet Wire Division,
Electronics Component Material Division

Apr. 2017 Corporate Vice President, Deputy General Manager of Administration &
CSR Division (present post)

*Number of shares in the Company 1,200 Shares

Reasons for selection as a candidate for Audit & Supervisory Board Member

Mr. Takahiro Kashiwagi served as General Manager of Corporate Strategy Planning Department and General Manager of Magnet Wire Division. He has extensive knowledge of business operation, including overseeing the establishment of a joint-venture company overseas. In addition, he has extensive experience in corporate legal affairs, addressing compliance issues as General Manager of Legal Department. He has been striving to reinforce corporate governance as Deputy General Manager of the Administration & CSR Division since 2017. We request his election as a new Audit & Supervisory Board Member, as it is considered that his knowledge and experience in business operation and corporate governance will be beneficial.

3. Kunihiko Sakai [Date of Birth: March 4, 1954]
Candidate for Outside Audit & Supervisory Board Member,
Independent Officer

*Brief history

Apr. 1979 Public Prosecutor ,Tokyo District Public Prosecutors' Office

Jul. 1998 Senior Counsel, Minister's Secretariat of Ministry of Justice

Apr. 2000 Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant
Director, Public Security Department of Tokyo District Public Prosecutors'
Office

Apr. 2002 Director, the United Nations Asia And Far East Institute for Crime Prevention

Jul. 2005 Director, Trial Department of Tokyo High Public Prosecutors' Office

Jul. 2006 Public Prosecutor, Supreme Public Prosecutors' Office

Jun. 2007 Chief Public Prosecutor, Nara District Public Prosecutors' Office

Jul. 2008 Director-General, General Affairs Department of Supreme Public Prosecutors'
Office

Jun. 2010 Director, Lay Judge Trial Department of Supreme Public Prosecutors' Office

Oct. 2010 Chief Public Prosecutor of Nagoya District Public Prosecutors' Office

Jun. 2012 President, Research and training Institute, Ministry of Justice

Jul. 2014 Superintending Prosecutor, Takamatsu District Public Prosecutors' Office

Sep. 2016 Superintending Prosecutor, Hiroshima District Public Prosecutors' Office

Mar. 2017 Resigned Above

Apr. 2017 Advisor Attorney, TMI Associates (present post)

*Important Concurrent Post

Advisor Attorney of TMI Associates

*Number of shares in the Company 0 Shares

Reasons for selection as a candidate for Outside Audit & Supervisory Board Member

Although Mr. Kunihiko Sakai has no experience of engaging directly in corporate management, he has advanced knowledge in areas such as corporate governance and risk management in legal affairs and compliance through years of experience including overseas experience in the legal profession. We request his election as a new outside Audit & Supervisory Board Member in the hope that he will make appropriate points and provide appropriate opinions for maintaining sound management.

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

1. The relationship between the firm from which the candidate for Outside Audit & Supervisory Board Member came and the Company are as follows.

Concerning Mr. Kunihiko Sakai, in light of the independence criteria for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company. When his election is approved, the Company will register him as an independent officer. There have been no transactions between TMI Associates, where Mr. Sakai serves as a advisor attorney, and the Company since April 2017.

2. No facts have been found concerning improper or unlawful business conduct on the part of the candidate for Outside Audit & Supervisory Board Member during his term as an officer at any other company in the past five years.

3. 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. If Mr. Kunihiko Sakai takes up the position of Outside Audit & Supervisory Board Member, 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 Four: 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 195th Annual Meeting of Shareholders held on June 22, 2017, will conclude at the beginning of the Annual Meeting. Therefore, in the event that the mandatory number of outside Audit & Supervisory Board Member is not achieved, we request you to appoint one (1) Reserve Audit & Supervisory Director.

The candidate for 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
Dec. 2017 Retired From ADEKA Corporation

***Number of shares in the Company** 0 Shares

[Note]

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

Mr. Shin-ichi Kiuchi has been representative of the finance and accounting department and Audit & Supervisory Board Member at a company whose stock is listed on the stock exchange, and 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 outside Audit & Supervisory Board Member (reserve).

3. The relationship between the company for which the reserve candidate for outside Audit & Supervisory Board Member worked previously and the Company is as follows:

Concerning Mr. Shinichi Kiuchi, in light of the independence criteria for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company. When he takes office as an outside Audit & Supervisory Board Member, the Company will register him as an independent officer. ADEKA Corporation, where Mr.

Kiuchi served as a full-time Audit & Supervisory Board Member in the past, holds 0.12% of the outstanding shares of the Company, and the Company holds 0.66% of the outstanding shares of ADEKA Corporation. Moreover, the Company purchases raw materials, etc. from ADEKA Corporation. However, the transaction amount is small, totaling some 30 million yen annually.

4. 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 5 Election of an Independent Auditor

Ernst and Young ShinNihon LLC , our Independent Auditor, will step down at the end of the Annual Meeting. Therefore, the election of Deloitte Touche Tohmatsu LLC is newly requested. This Proposal is submitted based on a decision by the Audit & Supervisory Board.

1. The reason why the Audit & Supervisory Board has chosen Deloitte Touche Tohmatsu LLC as a candidate for independent auditor in place of Ernst and Young ShinNihon LLC

The present independent auditor has been conducting audits on the Company for many years. By appointing Deloitte Touche Tohmatsu LLC, we can expect that audits on the Company can be conducted from a fresh perspective. In addition, the Audit & Supervisory Board comprehensively examined the professionalism, independence, appropriateness and quality control structure of Deloitte Touche Tohmatsu LLC. As a result, the Audit & Supervisory Board has found Deloitte Touche Tohmatsu LLC to be qualified.

2. Name and others of the candidate for independent auditor

Name	Deloitte Touche Tohmatsu LLC
Location of principal office	15-3, Konan 2-chome, Minato-ku, Tokyo
Overview (as of February 28, 2018)	Establishment: May 1968 Capital: 968 million yen Number of staff: 6,682 persons (Breakdown) Partners (CPAs): 530 persons Particular partners: 51 persons Staff CPA: 2,829 persons Successful candidates for CPA

	<p>(including assistant CPAs): 1,188 persons</p> <p>Other professionals: 1,791 persons</p> <p>Clerks: 293 persons</p>
History	<p>May 1968 Tohmatsu Aoki Audit Corp. established</p> <p>May 1975 Becomes member of Touche Ross International (the present Deloitte Touche Tohmatsu Limited)</p> <p>Feb. 1990 Renamed “Deloitte Touche Tohmatsu”</p> <p>Jul. 2009 Transformed to Audit Corporation LLC and renamed “Deloitte Touche Tohmatsu LLC”</p>

End.

Business Report

(1) Development and Results of Business Operations during the fiscal year under review

The world economy during this period generally maintained moderate growth as an increase in exports from emerging economies was seen and effects from economic stimulus measures started to show results in addition to strong economies in the U.S. and Europe. In Japan, capital investments remained on the increase and employment/income steadily improved as corporate earnings remained strong due to an increase in exports against the backdrop of a strong overseas economy.

Under these circumstances, the Company Group has been reinforcing focus areas, infrastructure (telecommunication, energy)/automotive fields based on the medium-term management plan “Furukawa G Plan 2020.” In the infrastructure-related business, we strengthened the production/supply structure on a global basis, including a decision of making capital investments to cope with robust global optical fiber demand in telecommunications field. Moreover, in the energy field, we are actively receiving orders for new energy projects and advancing to put in place a supply structure to establish a stable revenue structure by enhancing human resources and investments in cable manufacturing equipment to reinforce the engineering capabilities of power construction. In the automotive field, we strived to expand our business region on a global basis for products on which the Company Group has dominance in areas of the environment, safety, automated driving.

Moreover, we continuously focus on strengthening corporate governance. Based on results of the viability assessment of the Board of Directors, we proceeded with a variety of initiatives so that more substantial deliberation will be made, including the improvement of the overall operation of the Board of Directors. In addition, we took many steps for work-style reform to contribute to the acceptance of diversified human resources, working style and value systems.

On top of that, we are making efforts to facilitate diversity centering on promoting a workplace where female workers can be active and shine. These initiatives were highly rated as a company and our issue was selected as “Nadeshiko Brand” in March 2018 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange because we excel in promoting a workplace where women can be active and shine. Moreover, further to the previous fiscal year, we are a certified “the 2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program(White 500).”

In fiscal results for the year under review, despite the inventory adjustment of digital coherent-related products in the Chinese market in the Communications Solutions Business and the impact by the deteriorated cable product mix in the Power Business, business performance remained strong due to increased sales of wire harnesses in the Automotive Parts Business, enhanced productivity in the Copper Foil Business, improved profit margin due to a review of the product mix, in addition to the robust demand for optical fiber cables and network systems in the Telecommunication Solution Business.

As a result, consolidated net sales amounted to 967.3 billion yen (up 14.7% Year on year). Consolidated operating income amounted to 44.8 billion yen (up 16.0% Year on year). Consolidated ordinary income amounted to 46.9 billion yen (up 30.2% Year on year). The profit of 9.8 billion yen from the sale of fixed assets was recorded as extraordinary profit and the loss of 16.2 billion yen, including product warranty provisions and an impairment loss, was recorded as an extraordinary loss. As a result, net income attributable to owners of the parent amounted to 28.5 billion yen (up 62.5% Year on year). Overseas sales was 456.7 billion yen (up 171% Year on year), and the overseas sales ratio came to 47.2 % (up 1.0 % Year on year).

Non-consolidated net sales amounted to 457.7 billion yen (up 14.8% Year on year), operating income was 5.7 billion yen (down 8.3% Year on year), ordinary income was 21.2 billion yen (up 0.3% Year on year), and net income came to 18.5 billion yen (up 70.0% Year on year).

(2) Changes in business outcomes and assets

(i) Changes in Group business outcomes and assets

Category	193 rd term Fiscal 2014	194 th term Fiscal 2015	195 th term Fiscal 2016	196 th term (Current term) Fiscal 2017
Net sales (JPY millions)	867,817	874,879	843,344	967,333
Operating income / loss (JPY million)	17,873	27,116	38,623	44,804
Ordinary income / loss (JPY million)	18,598	18,710	36,024	46,908
Profit (loss) attributable to owners of parent (JPY million)	7,355	10,007	17,570	28,547
Net income / loss per share (JPY)	10.42	14.17	249.17	405.05
Total assets (JPY millions)	734,125	705,725	750,126	815,822
Net assets (JPY millions)	214,743	198,587	237,051	272,071

[Notes] 1. Following the introduction of Accounting Standards for Business Combinations (ASBJ Statement No. 21, September 13, 2013) in fiscal 2015, consolidated net income was changed to net income attributable to shareholders of the parent company.

2. A reverse stock split was carried out on October 1, 2016, at the rate of 1 share per 10 common shares.

(ii) Changes in Company business outcomes and assets

Category	193 rd term Fiscal 2014	194 th term Fiscal 2015	195 th term Fiscal 2016	196 th term (Current term) Fiscal 2017
Net sales (JPY millions)	417,426	398,851	398,777	457,730
Operating income / loss (JPY million)	Δ1,258	5,467	6,209	5,694
Ordinary income / loss (JPY millions)	4,744	12,192	21,191	21,247
Net income / loss (JPY million)	4,314	Δ5,527	10,909	18,542
Net income / loss per share (JPY)	6.11	Δ7.83	154.68	263.03
Total assets (JPY millions)	430,974	415,388	431,148	465,403
Net assets (JPY millions)	134,243	119,915	134,832	151,504

[Note] A reverse stock split was carried out on October 1, 2016, at the rate of 1 share per 10 common shares.

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

[Consolidated Net Sales and Operating Income by Segment] (Unit: JPY millions)

Segment	Net sales	Increase/ decrease from the previous year-end	Operating income / loss	Increase/ decrease from the previous year-end
Infrastructure	291,786	28,034	12,752	Δ1,586
Electronics & Automotive Systems	533,790	78,333	18,210	5,416
Functional Products	153,065	21,579	13,992	2,309
Services and Developments, etc.	52,945	3,291	Δ209	Δ61
Elimination	Δ64,255	Δ7,251	57	103
Total	967,333	123,988	44,804	6,181

Infrastructure

In the Communications Solutions Business, as inventory adjustment continued in the Chinese market, the sales volume of digital coherent-related products fell. Despite that, sales of network systems-related construction and equipment remained strong domestically along with a brisk global demand for optical fiber cables.

In the Energy Infrastructure Business, although there were large scale projects for domestic power

construction, a ratio of low-profit products in underground power cable export projects increased, which put pressure on operating income.

As a result, consolidated net sales in the segment amounted to 291.8 billion yen (up 10.6% Year on year). Net operating income amounted to 12.8 billion yen (down 11.1% Year on year). Non-consolidated net sales came to 86.0 billion yen (up 13.9% Year on year).

Electronics & Automotive Systems

In the Automotive Parts Business, we recovered from sluggish domestic demand affected by the Kumamoto earthquake in April 2016. In addition, sales of wire harnesses for new car models increased. In the Copper & High Performance Material Products Business, business performance remained steady as the profit margin improved by reviewing the product mix, robust demands were addressed and captured by increased production due to improvements in productivity and an increase in product sales for automobiles and smartphones in the Magnet Wire Business.

As a result, consolidated net sales in the segment amounted to 533.8 billion yen (up 17.2% Year on year) and consolidated net operating income amounted to 18.2 billion yen (up 42.3% Year on year). Non-consolidated net sales came to 305.4 billion yen (up 17.0% Year on year).

Functional Products

In the Copper Foil Business, the profit margin improved by reviewing the product lineup in addition to capturing robust demand thanks to enhanced productivity. In the Thermal/Electronics Parts Business, sales for thermal products for data centers remained steady.

As a result, consolidated net sales in the segment amounted to 153.1 billion yen (up 16.4% Year on year) and net operating income amounted to 14.0 billion yen (up 19.8% Year on year). Non-consolidated net sales came to 63.6 billion yen (up 6.2% Year on year).

Services and Developments, etc.

The work in the segment includes support for individual businesses of the Company Group, including logistics, information processing/software development, various outsourcing businesses, real estate leasing, hydraulic power generation, R&D for new products and others.

Consolidated net sales in the segment amounted to 52.9 billion yen (up 6.6% Year on year) and consolidated net operating loss amounted to 200 million yen (deterioration of 100 million yen Year on year). Non-consolidated net sales came to 2.7 billion yen (up 17.3% Year on year).

(4) Takes in the near future

1. Implementing medium-term management plan “Furukawa G Plan 2020”

We will continue to reinforce the Infrastructure (Telecommunications, Energy)/Automotive Field, focus areas specified in the medium-term management plan “Furukawa G Plan 2020” created in 2016.

In the telecommunications area, to boost profitability, we will steadily proceed with reinforcing the production capacity of optical fiber cables, the global demand for which is expected to increase going forward. At the same time, we will offer products that are responsive to high-speed and high-capacity communications by promoting the next generation product development of Integrable Tunable Laser Assembly (ITLA), a main product in digital coherent communications.

In the energy area, while accumulating actual delivery results in submarine cables for new energy including solar power generation and wind power generation or ultra-high pressure cables/submarine cables mainly in the Asian region, we will strengthen profitability management and continue to capture equipment replacement demands from domestic power companies. Therefore, the power business will be transformed into a stable profitable structure.

In the automotive area, we will actively capture lightweight demands due to the advancement of EV/automated driving by aluminum wire harnesses or aluminum corrosion protection pins in which the Company Group remains dominant. We will also accelerate the development and expansion of sales of new products, such as vicinity surveillance radars, must-have items in advanced driver-assistance systems. Thus, we aim toward further growth in the business.

Moreover, in the infrastructure/automotive area and its combined area, we will continue to focus on next generation products/technical development, such as multi-core optical fibers, DC submarine power cables, carbon nanotube power cables, wireless communications-related products for a shift to the information terminal for automobiles. In addition, we will strive to create new businesses by utilizing functions to respond to clients for designing/making prototypes and making proposals.

To further reinforce the development of human resources that will be the foundation for achieving the medium-term management plan, we will develop human resources across the Group by systematically fostering candidates for future management and establish a structure that helps the Company Group to grow globally.

The financial targets mentioned in the medium-term management plan for FY2020 have been revised upward as follows: As increases in net sales at home and abroad are expected thanks to aggressive marketing activities within the Group, an index related to overseas sales was changed to the actual sales value from the sales ratio. The new target is the achievement of 550 billion yen in overseas sales, equivalent to the 60% overseas sale ratio initially announced in the plan.

<Financial targets for FY2020>

	Current target	New target
Consolidated operating income	At least 40.0 billion yen	At least 55.0 billion yen
Profit attributable to owners of the parent	At least 20.0 billion yen	At least 30.0 billion yen
ROE	At least 8%	At least 10%

2. Strengthening of corporate governance

The Company focuses on the reinforcement of corporate governance as our initiative to enhance corporate value.

To maintain and improve the efficiency of management as well as sound management, an internal control system related to the Company Group was established and a structure to receive reports on the operational status has been put in place. Moreover, the Nominating/Compensation Committee was established in 2015. The majority of the Committee is comprised of outside directors. Concerning the nomination of Directors and others including Representative Director, we strive to reinforce the supervisory function of the Board of Directors by establishing a nomination/election process which goes through the deliberation and reporting of the Committee. For the current period under review, the Board of Directors decided to make changes to Representative Director and the executive management structure in April 2018 through the deliberation of the Nominating/Compensation Committee.

We are currently in the third fiscal year of the viability assessment of the Board of Directors that has been conducted annually since FY2015.

From the perspective of how corporate governance should operate for the sustainable growth and enhancement of corporate value of the Company Group, we looked back on discussions from the Board of Directors and made substantial analysis/assessment based on the awareness of how the Board of Directors should operate going forward.

Based on the viability assessment from the previous period, we actively inspected the level of achievement of the medium-term management plan and discussed how to improve low-profit businesses. We also advance the efficiency of deliberations by organizing the agenda in terms of operation. As for future initiatives based on the assessment results of the current period, we will continue to substantiate discussions on the quantitative analysis of market trends/competitive advantages and specific measures to hit the target of the medium-term management plan. In addition, we will proceed with putting a structure in place to address the operational issues found at overseas affiliates commanding a view of the entire Group. Thus, we will strive to enhance corporate value.

Through a range of measures, including reviewing working practices and promoting greater roles for women, the Group is looking to foster a positive attitude based on respect for a diverse range of human resources, working patterns and values, and is committed to becoming a company whose employees make a real difference while maintaining sustainable growth.

(5) Capital investments

The status of capital investments executed by the Company Group for the current period is as follows:

Segment	Detail of key investments	Amount (JPY millions)	Increase/ decrease from the previous year-end (JPY millions)
Infrastructure	Expansion of optical fiber manufacturing equipment, etc.	17,788	7,145
Electronics & Automotive Systems	System investments for a subsidiary of automotive products business, new establishment of winding wire manufacturing equipment for automobiles	12,066	457
Functional Products	Expansion of manufacturing equipment for pipeline products, etc.	3,645	Δ1,210
Services and Developments, etc.	Replacement of ERP systems, etc.	2,122	Δ239
Elimination	—	2,916	801
Total	—	38,539	6,955

(6) Fund procurement

The Company and the Group companies raise required funds through long-term/short-term borrowing from banks, issuance of corporate bonds and commercial paper, securing of notes and accounts receivables, etc.

For the current period under review, we issued 10 billion yen worth of straight bonds in July 2017.

In Japan, China and Thailand, the Company Group installed cash management systems for subsidiaries/affiliates, respectively (including the Company in Japan), and we strive to efficiently use funds and reduce interest-bearing debts. Interest-bearing debts on a consolidated basis at the end of the current fiscal year amounted to 258.5 billion yen, up 6 billion yen from the end of the previous fiscal year.

(7) Main loan creditor (as of March 31, 2018)

Name of creditor	Amount of loan credit (JPY millions)
Mizuho Bank, Ltd.	58,947
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	27,295
The Bank of Yokohama, Ltd.	13,005

(8) Main offices, plants, and Subsidiaries (as of March 31, 2018)

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	
	Advanced Technologies R&D Laboratories	Yokohama	
	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.)	JPY 1,925 million	56.71%	Manufacture and sales of electric cables, device products
The Furukawa Battery Co., Ltd. (Yokohama /Nikko, Tochigi Pref, Iwaki, Fukushima Pref.)	JPY 1,640 million	58.04%	Manufacture and sales of batteries(for automotive and industry)
FCM CO., LTD. (Osaka / Osaka)	JPY 687 million	55.19%	Manufacture and sales of plated copper products
Furukawa Sangyo Kaisha, Ltd. (Minato-ku, Tokyo)	JPY 700 million	100%	Sales of electric cables and non-ferrous metal products
Okano Cable Co., Ltd. (Yamato, Kanagawa Pref. / Yamato, Kanagawa Pref.)	JPY 489 million	43.74%	Manufacture and sales of optical fiber cables and optical parts
Furukawa Electric Industrial Cable Co., Ltd.(Arakawa-ku, Tokyo / Hiratsuka, Kanagawa Pref.)	JPY 450 million	100%	Manufacture and sales of electric cables and other cables
FURUKAWA ELECTRICPOWER SYSTEMS CO., LTD. (Yokohama / Nagai, Yamagata Pref.)	JPY 450 million	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.)	JPY 310 million	100%	Manufacture and sales of processed products of copper and aluminum
Furukawa Logistics Corp. (Chiyoda-ku, Tokyo)	JPY 292 million	100%	Logistics services
Furukawa Elecom Co., Ltd.(Chiyoda-ku, Tokyo)	JPY 98 million	100%	Sales of electric cables and other cables
FURUKAWA AUTOMOTIVE SYSTEMS INC (Inugami, Mie Pref. /Inugami & Kameyama Mie Pref.)	JPY 100 million	100%	Manufacture and sales of automotive wire harnesses and automotive components
Furukawa Magnet Wire Co., Ltd. (Chiyoda-ku, Tokyo /	JPY 96 million	100%	Manufacture and sales of magnet wire and various type of metal

Kameyama, Mie Pref.)			cables
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3) Overseas Manufacturing and sales subsidiaries

Company name (Head office / Plant)	Capital	% of the FEC's share	Scope of business
OFS Fitel, LLC (USA)	USD 293 million	100%	Telecommunication solution business
American Furukawa, Inc. (USA)	USD 88 million	100%	Manufacture and sales of automotive components
Furukawa Electric LatAm S.A. (Brazil)	BRL 149 million	100%	Telecommunication solution business
SHENYANG FURUKAWA CABLE CO., LTD. (China)	CNY 517 million	100%	Manufacture and sales of electric wires and components
Furukawa Electric Copper Foil Taiwan Co., Ltd. (Taiwan)	NTD 1,555 million	100%	Manufacture and sale of copper foils for li-ion batteries
Furukawa Circuit Foil Taiwan Corporation (Taiwan)	NTD 1,475 million	66.7%	Manufacture and sale of electrodeposited copper foils
Furukawa Metal (Thailand) Public Co., Ltd.	THB 480 million	44.00%	Manufacture and sales of copper tubes
Thai Furukawa Unicomm Engineering Co., Ltd. (Thailand)	THB 104 million	91.75%	Engineering work in Telecommunication, CATV and Civil field.
PT Tembaga Mulia Semanan Tbk (Indonesia)	USD 12 million	42.42%	Manufacture and sales of metal rods and aluminium rods
Furukawa Automotive Parts (Vietnam) Inc.	USD 18 million	100%	Manufacture of automotive components.
Furukawa Electric Singapore Pte. Ltd. (Singapore)	USD 3 million	100%	Sales of electric cables, electric wires, coiled wires and metal products
Trocellen GmbH (Germany)	EUR 8,500 thousand	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 107 consolidated subsidiaries and 13 equity-method affiliates.

(9) Employee Data (as of March 31, 2018)

Segment	Number of employees of the Group	Number of employees of Furukawa Electric Co., Ltd.
Infrastructure	8,920 (+639)	1,223 (+3)
Electronics & Automotive Systems	36,802 (-405)	707 (+8)
Functional Products	3,975 (-315)	642 (-12)
Services and Developments, etc.	2,228 (-248)	1,131 (+48)
Total	51,925 (-329)	3,704 (+47)

[Note]

1. Temporary employees and loan employees assigned to companies outside the Group are not included.
2. Brackets () in the above table show changes compared to the end of the previous period.
3. Number of employees in the segment of Services and Developments, etc includes personnel engaged in country-wide operations such as the Head Office departments of the Company and Global Marketing Sales Division.
4. The average age of employees of the Company is 44.5 years old, and the average years of service is 20.0 years. (Temporary employees and loan employees are not included.)

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

Automobiles equipped with parts manufactured by a subsidiary of the Company are being recalled and a subsidiary of the Company in the U.S. is being sued for payment of a part of the expenses. The case is currently in litigation. An allowance was already provided for expenses that can be reasonably estimated in connection with the above.

In addition, the Company is being investigated by the Brazilian Antitrust Authority regarding the transaction of automobile parts. The Brazilian Antitrust Authority is investigating the VISCAS Corporation, which operates a power cable business. Some clients are claiming damages for the alleged violation of the Competition Law for the Company and a subsidiary of the Company. All of the above have arisen from conduct in the past and there is no such conduct at the present time.

2. Shares (as of March 31, 2018)**(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	250,000,000	70,666,917	46,010

(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 (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8,404,900	11.90%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,741,100	8.13%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	2,413,500	3.42%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,304,800	3.26%
Asahi Mutual Life Insurance Company	1,365,050	1.93%
FURUKAWA CO., LTD.	1,329,045	1.88%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,257,600	1.78%
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	1,127,210	1.60%
Fuji Electric Co., Ltd.	1,100,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1,091,900	1.55%

[Notes] 1. Shareholding ratio is calculated with the number which deducted 48,650 shares of the Company's treasury stock.

2. In addition to the 2,413,500 shares in a retirement benefits trust mentioned above, Mizuho Bank, Ltd. has a further 173 shares in the Company.

3. In addition to the 1,365,050 shares mentioned above, Asahi Mutual Life Insurance Co. also has a further 1,050,000 shares in a retirement benefits trust.

3. Corporate Officers (as of March 31, 2018)

(1) Directors and Audit & Supervisory Board Members

Name	Position/responsibilities	Other significant positions
Mitsuyoshi Shibata	Chairman and Director	
Keiichi Kobayashi	President and Representative Director	
Sumitaka Fujita	Outside Director (part-time)	Advisory Member of, ITOCHU Corporation Outside Director, Olympus Corporation
Nobuyoshi Soma	Outside Director (part-time)	Senior Advisor, FURUKAWA CO., LTD.

Osamu Tsukamoto	Outside Director (part-time)	Chairman, Japan Coal Energy Center
Tatsuo Teratani	Outside Director (part-time)	
Akira Nakamoto	Outside Director (part-time)	Representative Director & Chairman, SHIMADZU CORPORATION
Takamitsu Kozuka	Representative Director and Corporate Executive Vice President (General manager, the Automotive Products Division)	
Takahide Kimura	Director and Corporate Executive Vice President (General Manager of Strategy Division)	
Hiroyuki Ogiwara	Director and Corporate Executive Vice President (General Manager of the Finance & Procurement Division and General Manager, Global Group Management Division)	
Nozomu Amano	Director and Corporate Senior Vice President (General Manager of the Administration & CSR Division)	Outside Director, AICHI ELECTRIC Co., Ltd.
Osamu Kuroda	Representative Director and Corporate Senior Vice President (General Manager of Global Marketing Sales Division)	
Hideo Sakura	Audit & Supervisory Board Member (full-time)	
Tetsuya Sato	Audit & Supervisory Board Member (full-time)	Outside Audit & Supervisory Board Member, UACJ Corporation
Yusei Shirasaka	Audit & Supervisory Board Member (full-time)	Outside Audit & Supervisory Board Member, Fuji Furukawa Engineering & Construction Co., Ltd.
Yuzuru Fujita	Audit & Supervisory Board Member (outside, part-time)	Senior Advisor, Asahi Mutual Life Insurance Company

		Chairman, United World Colleges Japan National Committee External Audit & Supervisory Board Member, Zeon Corporation Outside Auditor, Nippon Light Metal Holdings Co., Ltd. Outside Director, HAZAMA ANDO CORPORATION
Kenji Koroyasu	Audit & Supervisory Board Member (outside, part-time)	Advisor, TMI Associates Outside Director, Central Japan Railway Company
Takashi Tsukamoto	Audit & Supervisory Board Member (outside, part-time)	Honorary Advisor, Mizuho Financial Group Outside Director, Asahi Mutual Life Insurance Company Outside Director, Aeon Retail Co., Ltd. Outside Director, Internet Initiative Japan Inc.

[Notes]

1. Messrs. Sumitaka Fujita, Osamu Tsukamoto and Akira Nakamoto, Directors, and Messrs. Yuzuru Fujita, Kenji Koroyasu and Takashi Tsukamoto, 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. Hideo Sakura, an Audit & Supervisory Board Member, has considerable knowledge of finance and accounting, having gained practical experience and served as Director in charge of a finance and accounting division within the Group.
 - 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. Takashi Tsukamoto, an Audit & Supervisory Board Member (Outside), held the position of representative director of a financial institution, and possesses sound knowledge of general business management, including finance and accounting.
3. Director Mr. Osamu Kuroda and Audit Supervisory Board Member Mr. Takashi Tsukamoto were newly elected at the 195th Annual Meeting of Shareholders, held on June 22, 2017. 4. Director Mr. Masao Yoshida and Audit Supervisory Board Member Mr. Tadashi Kudo finished their terms and resigned at the 195th Annual Meeting of Shareholders.5. The Company holds 2.17% of the

outstanding shares of FURUKAWA CO., LTD., and FURUKAWA CO., LTD. holds 3.43% of the Company's outstanding shares (including shares placed by FURUKAWA CO., LTD. in a retirement benefits trust). The Company has contributed the equivalent of 3.17% of total funds to Asahi Mutual Life Insurance Company, which in turn holds 3.42% of the Company's outstanding shares (including shares placed by Asahi Mutual Life Insurance Company in a retirement benefits trust). The Company holds 2.36% of the outstanding shares of Zeon Corporation (including shares placed by the Company in a retirement benefits trust), and Zeon Corporation holds 0.35% of the Company's outstanding share. The Company holds 0.04% of outstanding shares of Central Japan Railway Company. The Company holds 0.09% of outstanding shares of Internet Initiative Japan Inc.

The Company has transactions, etc. with SHIMADZU CORPORATION, where Mr. Akira Nakamoto serves as Chairman, Representative Director. The transactions include our cable repair work for SHIMADZU CORPORATION.

(2) Information related to Outside Directors and Outside Audit & Supervisory Board Members

1) Principal activities of outside directors

① Outside Directors

Name	Attendance to Board of Directors Meeting (Attendance rate)	Comments and Remarks
Sumitaka Fujita	20 out of 20 (100%)	Based on his extensive knowledge/experience as a business manager of a trading firm, Mr. Fujita actively speaks mainly on corporate governance, business strategy, finance and accounting, the Group's business management and more from the Group's global management perspective. He serves as Chairman of the Outside Officer's Meeting ^(Note) as a lead outside director. Moreover, he is also active as Chairman of the Nomination and Compensation Committee.
Nobuyoshi Soma	19 out of 20 (95%)	Based on his extensive knowledge/experience as a business manager of a global non-ferrous metals manufacturer, Mr. Soma actively speaks mainly on business strategy, overseas business operations, and product quality from the Group's global management perspective. Moreover, he is also active as a member of the Nomination and Compensation Committee.

Osamu Tsukamoto	19 out of 20 (95%)	Based on his extensive knowledge/experience in industrial policy at the Ministry of Economy, Trade and Industry, following economic policies and market trends, Mr. Tsukamoto actively speaks mainly on R&D, business strategy, and the Group's corporate management. Moreover, he is also active as a member of the Nomination and Compensation Committee.
Tatsuo Teratani	20 out of 20 (100%)	Based on his extensive knowledge/experience in automobile parts through the design/development of automobiles, Mr. Teratani actively speaks mainly on business strategy, product quality and R&D, based on technology and market trends, particularly in the automobile parts business and electronics field.
Akira Nakamoto	20 out of 20 (100%)	Based on his extensive knowledge/experience as a business manager of a leading a precision equipment maker, Mr. Nakamoto actively speaks mainly on business strategy, investor relations, finance and accounting, safety/compliance, and the cultivation of human resources from the Group's global management perspective. Moreover, he is also active as a member of the Nomination and Compensation Committee.

[Note] The Company holds regular Outside Officers' Meetings in order to give opportunities to Outside Officers to exchange opinions and establish a shared understanding of the Company from an objective viewpoint, and to enable the resulting opinions to be reported to the Board of Directors if necessary. The Company held three Outside Officers' Meetings during the year under review.

② Outside Audit & Supervisory Board Members

Name	Attendance		Comments and Remarks
	Board of Directors Meeting (Attendance rate)	Audit & Supervisory Board Meeting (Attendance rate)	
Yuzuru Fujita	20 out of 20 (100%)	11 out of 11 (100%)	Based on his extensive knowledge/experience as a business manager of a financial institution, Mr. Fujita actively speaks mainly on compliance, the Group's corporate management, and business investments from a risk management perspective at the Board of Directors Meeting and the Audit & Supervisory Board Meeting.

			Additionally, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by the accounting auditor at the Audit & Supervisory Board.
Kenji Koroyasu	20 out of 20 (100%)	11 out of 11 (100%)	Based on his extensive knowledge/experience in corporate legal affairs and corporate management as a legal professional, Mr. Koroyasu actively speaks mainly on litigation issues from a risk management perspective at the Board of Directors and the Audit & Supervisory Board. In addition to the above, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by an accounting auditor at the Audit & Supervisory Board.
Takashi Tsukamoto	15 out of 15 (100%) [Note]	10 out of 10 (100%) [Note]	Based on his extensive knowledge/experience as a business manager of a financial institution, Mr. Tsukamoto actively speaks mainly on the Group's corporate management, financial policies, and disclosure from a risk management perspective at the Board of Directors Meeting and the Audit & Supervisory Board Meeting. Additionally, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by an accounting auditor at the Audit & Supervisory Board Meeting.

[Note] As Mr. Takashi Tsukamoto, outside Audit & Supervisory Board member, was newly elected at the 195th Annual Meeting of Shareholders, the number of meetings of the Board of Directors and the Audit & Supervisory Board required to be attended is different from other outside Audit & Supervisory Board members.

2) Action in response to improper or unlawful business conduct during the fiscal year under review

There has been no specific fact of such conduct.

3) Outline of the limited liability agreements

The Company has agreements to limit liabilities under Paragraph 1, Article 423 of the Companies Act 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) Nominating and Compensation Committee

A Nominating and Compensation Committee including two outside officers deliberates and makes decisions on policies, framework and other matters related to the compensation of officers and other issues under the authorization from the Company's Board of Directors. The Committee consists of 6 members, which of 4 members including committed chairman are outside directors. Deliberates and determines of the Committee is the followings:

[Role of Nominating and Compensation Committee]

(i)Nominating : to opine on the followings upon request from the Company's Board

- Proposal to be presented at a shareholder's meeting about an election or a removal of a director and an auditor;
- Appointment and dismissal of a representative director, chairman and president;
- Appointment and removal of an officer;
- Appointment and dismissal of a titled executive officer(Corporate Executive Vice President, Corporate Senior Vice President)

(ii)Compensation : to determine followings under the authorization of the Company's Board

- Policies and systems on compensation for directors and officers;
- Compensation for each individual director and officer;
- Proposals to be presented at a shareholder's meeting about compensation for directors and auditors;
- Guidelines for compensation of affiliates' president;

(iii)To determine the policy for orientation and education plan and program for directors, auditors and officers.

(ii)Policy For the Directors's and Officers's compensation

The Company has the following policy for the directors and officers compensation, which is determined by the nomination and compensation committee.

[Policy for the directors and officers compensation]

The compensation of directors and 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.

Based on the policy, the committee confirms validity, effectiveness and appropriateness of plan design and level of compensation every year, by means of outside survey that is comparing the Company's compensation level with those of other similar size 30 manufacturing companies.

(iii) Outline of the Directors and Officers Compensation

The compensation of the Company's directors and officers is comprised of base salary, short-term performance-tied compensation and mid-to-long-term performance-tied compensation. The performance-tied compensation is paid to directors except an outside director and non-director officers and senior fellows. The performance tied compensation will account for approximately 30% to 50% of total compensation, while the percentage for each eligible person will vary depending on its position. A summary of each type of compensation is shown below.

Compensation plan	Summary
Base salary (Fixed amount)	Basic salary is paid in cash in the fixed amount every month to Directors, Audit & Supervisory Board Members as well as Executive Officers and Senior Fellows who are not Directors. A paid amount for each person differ depending on its roles i.e. management supervision role or business execution role, and each officers position.
Short-term performance-tied compensation (Payment ratio: 0~200%)	Short-term performance-tied compensation is paid to Directors excluding Outside Directors as well as Executive Officers and Senior Fellows who are not Directors. A paid amount is determined by the Nomination and Compensation Committee for each individual officer taking account of the achievement degree of each assigned performance target assigned under the company business plan in the previous fiscal year. This compensation is paid in cash every 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 stock award for which directors except outside director, officers and senior fellows (collectively "Directors and Officers") are eligible. Under this stock award, the Directors and Officers are compensated with the

	<p>Company common stocks which are 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 points for their service of each fiscal term for the future stock payout, amount of which point to each eligible individual varies depending on its rank 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 dividends accumulation scale measure during a performance period), become vested as a right to receive stock compensation. Upon its retirement, Directors and Officers are paid from the trust in the stocks in the amount corresponding to the vested points accumulated during their term of office.</p> <p>* 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.</p> <p>* The total number of points granted to Directors, etc. each target period shall not exceed 175,000 points, and one point shall correspond to one share of the Company's common stock.</p>
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[Notes]

1. Basic compensation and short-term performance-tied compensation paid to Directors will not exceed an annual amount of JPY 600 million, which is the maximum amount of Directors' compensation pursuant to a resolution of the 184th Annual Meeting of Shareholders held on June 29, 2006. (excluding employees' salaries for Directors concurrently holding a position as employee) respectively.
2. Basic compensation paid to Audit & Supervisory Board members will not exceed an annual amount of JPY 130 million, which is the maximum amount of Audit & Supervisory Board Members' compensation pursuant to a resolution of the 192nd Annual Meeting of Shareholders held on June 25, 2014.
3. Stock award under the mid-to-long-term performance-tied compensation was introduced upon the approval of the 194th Annual Meeting of Shareholders held in June 2016. In this term, 23 persons (7 Directors, 14 Executive Officers and 2 Senior Fellows) are granted the points for their service under the stock award programme.

4. 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%.

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

Officer classification	Total compensation (JPY millions)	Total compensation by type (JPY millions)			Number of subject officers (persons)
		Base salary	Compensation linked to short-term performance	Compensation linked to medium to long-term performance	
Director (excluding outside directors)	410	270	69	70	8
Audit & Supervisory Board Member (excluding outside Audit & Supervisory Board Members)	92	92	-	-	3
Outside Officer	108	108	-	-	9
Outside director	73	73	-	-	5
Outside Audit & Supervisory Board Member	34	34	-	-	4

[Note]

1. The amount and the number of subject officers in the above table include one (1) Director and one (1) Audit & Supervisory Board Member who retired in the fiscal year under review.
2. Amount of medium to long-term performance-tied compensations is calculated based on the total points granted for the service during this term which is corresponding to the stock amount to be vested and paid in the future subject to certain downward only adjustment after each performance period.
3. In addition to the above table, a total of seven (7) million yen was paid to one (1) Director and one (1) Audit & Supervisory Board Member who retired in the fiscal year under review as retirement benefits. The Company already abolished the retirement benefit payment system for retiring directors and audit & supervisory board members based on the resolution of the 184th Annual Meeting of Shareholders held on June 29, 2006. This amount is the final payment of retirement benefits based on the said resolution.

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	JPY 224million
(ii) Of the amount stated in (i) above, remuneration for auditing services stipulated in Paragraph 1, Article 2 of the Certified Public Accountant Law	JPY 205 million
(iii) Of the amount stated in (ii) above, remuneration to be paid by Furukawa Electric to the accounting auditor	JPY 82 million

[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.

The Audit & Supervisory Board shall, based on the consent of all Audit & Supervisory Board Members, dismiss the Accounting Auditors after reviewing a case if it determines that the circumstance falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act. In this case, an Audit & Supervisory Board Member designated by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the reasoning at the first General Meeting of Shareholders convenes following the dismissal.

In the event that the Audit & Supervisory Board determines that the execution of duties by the Accounting Auditor has been disrupted due to incomplete independence, audit structure and quality control structure, etc., or it is appropriate to further enhance the reliability/appropriateness of an audit, the Board shall consider the dismissal or non-reappointment of the Accounting Auditor and determine proposals related to the dismissal and non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders if determined necessary.

5. The Company's Systems and Policies

(1) Systems for ensuring sound 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 Companies Act and in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act.

<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

- ① 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.
 - ② 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.
 - ③ 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.
 - ④ 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.
 - ⑤ 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.
 - ⑥ 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 Administration Department in the Administration & CSR Division.
- (2) Systems for storage and control of information on directors' execution of duties
- ① 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.
 - ② 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")
- ① 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.

- ② 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.
- ③ 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.
- ④ 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

- ① 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.
- ② 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.
- ③ 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

① 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.

② 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.

③ 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.

④ 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.

⑤ 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

① 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.

② 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

- ① It shall be ensured that Audit & Supervisory Board Members have constant access to any meeting or any material they deem necessary for auditing purposes.
- ② 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.
- ③ 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.
- ④ 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

- ① 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.

- ② 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.

③ The division responsible for internal audits shall be strengthened and it shall have closer ties with Audit & Supervisory Board Members.

④ When Audit & Supervisory Board Members make any request for ensuring effectiveness of their audit, Directors and employees shall respond sincerely.

(2) Overview of operation status related to the system to ensure appropriate business operations

1) Matters concerning compliance and risk management

① The CSR and Risk Management Committee, chaired by the President, met two times 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.

② The Quality Control Committee of Furukawa Electric Group, a special committee for the CSR and Risk Management Committee, was held four times for the fiscal year under review and investigated on product inspections. The special committee collects information on the occurrence of serious quality issues and claims from clients and provides guidance on improvement measures for a quality control system as necessary.

③ During the fiscal year under review, seminars on competition law and bribery regulations were held at Head Office, branch companies and other facilities. A publication outlining examples of compliance issues distributed to management and related admin divisions. Whistleblowing disclosures were dealt with appropriately upon consultation with outside experts where necessary.

④ 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.

2) Matters concerning ensuring the efficient performance of duties by directors

① During the fiscal year under review, the Board of Directors met 20 times. At the meetings, Directors made decisions on the execution of important operations and assessed the level of attainment of management targets, including the mid-term management plan and annual budget. The Board also deliberated on basic management matters such as corporate governance.

② A director compensation system is in place and in operation so the ratio of performance-linked compensation to total compensation, including the stock compensation system, will increase to more appropriately reflect the performance of the execution of duties compensated for executive directors and executive officers, based on the decisions of the Nomination and Compensation Committee, the majority of whose members are outside directors.

3) Matters concerning the appropriateness of financial reporting

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

4) Matters concerning the soundness of operations of the Group

- ① 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 Company also provided support to help overseas subsidiaries in particular to improve their management foundations in relation to personnel/labor, accounting and IT.
- ② The Group Compliance Committee met to share information on activities relating to important aspects of internal control in Japan. The Company distributed a publication outlining examples of compliance issues to Group companies in Japan and overseas. Other initiatives aimed at strengthening internal control systems within the Group included organizing seminars on competition law and bribery regulations in Japan and Indonesia.
- ③ Installment and enhancement of an internal reporting system at the Company Group is advancing.
- ④ 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.

5) Matters concerning the effectiveness of auditing

- ① 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.
- ② 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 from the Company’s audit departments and domestic affiliates, and with internal audit departments, and conducted visiting audits of overseas affiliates and others.
- ③ In the fiscal year under review, the Audit & Supervisory Board met 11 times and exchanged opinions and shared information.
- ④ The Audit & Supervisory Board received reports about the audit plan by the Accounting Auditor and discussed important audit items. In addition, the Audit & Supervisory Board exchanged opinions on the quarterly review results and audit results of the fiscal year under review as reported by the Accounting Auditor in accordance with the business results of each quarter and at the fiscal

year-end, audit quality control structure, and progress status of the business improvement plan. The Board also receives reports on the status of an audit's progress as needed.

- ⑤ 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 196th Fiscal Year**Consolidated Balance Sheet**

(As of March 31, 2018)

(Unit: JPY millions)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	426,122	Current liabilities	330,336
Cash and deposits	50,635	Notes and accounts payable	124,387
Notes and accounts receivable	224,335	Short-term debt	106,279
Marketable securities	0	Straight bonds	10,000
Merchandise and finished goods	36,814	Accrued income taxes	4,024
Work in process	32,273	Deferred income taxes	1
Raw materials and supplies	44,703	Provision for product defect compensation	22,827
Deferred tax assets	9,931	Other current liabilities	62,815
Other current assets	28,643		
Allowance for doubtful accounts	(1,215)		
Fixed assets	389,699		
Property, plant and equipment	216,728	Long-term liabilities	213,414
Buildings and structures	218,385	Straight bonds	20,000
Machinery, equipment and delivery equipment	463,538	Long-term debt	122,227
Tools, furniture and fixtures	72,325	Deferred tax liabilities	9,515
Land	39,981	Debt of defined benefit plans	43,174
Lease assets	3,808	Provision for environmental measures	10,470
Construction in progress	20,484	Asset retirement obligations	1,084
Accumulated depreciation	(601,794)	Other long-term liabilities	6,943
Intangible assets	11,304	Total liabilities	543,751
Goodwill	2,542		
Other intangible assets	8,762	(Net assets)	
Investments and other assets	161,665	Shareholders' equity	219,182
Investment securities	132,270	Capital stock	69,395
Investments	6,062	Capital surplus	22,271
Equity of defined benefit plans	5,143	Retained earnings	128,130
Deferred tax assets	3,618	Treasury stock	(613)
Others	15,777	Accumulated Other Comprehensive Income	17,335
Allowance for doubtful accounts	(1,206)	Unrealized gains on available-for-sales securities	30,020
		Deferred gains on derivatives under hedge accounting	(495)
		Remeasurements of defined benefit plans	(6,525)
		Foreign currency translation adjustment	(5,664)
		Minority interests	35,552
		Total net assets	272,071
Total assets	815,822	Total liabilities and net assets	815,822

[Note] Figures above are rounded off to the nearest JPY millions.

Consolidated Statement of Operation
(From April 1, 2017 to March 31, 2018)

(Unit: JPY millions)

Account title	Amount
Net sales	967,333
Cost of sales	801,411
Gross profit	165,921
Selling, general and administrative expenses	121,117
Operating income	44,804
Non-operating income	10,457
Interest and dividends income	2,564
Equity in earnings of affiliates	4,311
Others	3,581
Non-operating expenses	8,352
Interest expenses	3,977
Foreign Exchange loss	1,216
Others	3,158
Ordinary income	46,908
Extraordinary income	9,776
Gain on sales of property, plant and equipment	9,362
Others	414
Extraordinary loss	16,219
Loss on disposal of property, plant and equipment	967
Impairment loss	3,122
Product warranty provisions	7,157
Provision for loss on litigation	2,131
Others	2,840
Income before income taxes and minority interests	40,466
Total income taxes	8,151
Income taxes and others	8,402
Adjustment to deferred income taxes	(251)
Income before minority interests	32,314
Minority interests	3,767
Profit attributable to owners of parent	28,547

[Note] Figures above are rounded off to the nearest JPY millions.

Non-Consolidated Financial Statements for the 196th Fiscal Year

Non-Consolidated Balance Sheet

(As of March 31, 2018)

(Unit: JPY millions)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	202,900	Current liabilities	162,006
Cash and deposits	11,486	Notes payable, trade	1,028
Notes receivable, trade	3,190	Accounts payable, trade	84,746
Electronically recorded monetary claims	4,768	Short-term debt	40,886
Accounts receivable, trade	108,550	Straight bonds	10,000
Merchandise and finished goods	5,138	Lease obligations	25
Work in process	13,290	Accounts payable	6,506
Raw materials and supplies	9,569	Accrued expenses	15,705
Advance payments	163	Accrued income tax	1,272
Prepaid expenses	709	Advances received	312
Deferred tax assets	2,385	Provision for product defect compensation	344
Short-term loans	14,682	Provision for loss on construction contracts	660
Accrued revenues	28,064	Notes payable for equipment	11
Other current assets	916	Other current liabilities	505
Allowance for doubtful accounts	(16)	Long-term liabilities	151,892
Fixed assets	262,503	Straight bonds	20,000
Property, plant and equipment	67,269	Long-term debt	96,750
Buildings	30,704	Lease obligations	41
Structures	2,854	Provision for employees' retirement benefits	17,954
Machinery and equipment	12,775	Provision for environmental measures	10,370
Vehicles and delivery equipment	53	Provision for loss on business of subsidiaries and affiliates	3,444
Tools, furniture and fixtures	2,201	Allowance for stock benefit for directors	196
Land	13,883	Deferred tax liabilities	2,015
Lease assets	62	Asset retirement obligations	379
Construction in progress	4,734	Other long-term liabilities	740
Intangible assets	3,778	Total liabilities	313,899
Software	3,412	(Net assets)	
Rights to use public facilities	0	Shareholders' equity	130,349
Patent rights	12	Capital stock	69,395
Other intangible assets	353	Capital surplus	21,467
Investments and other assets	191,454	Other capital surplus	21,467
Investment securities	44,345	Retained earnings	40,063
Stock held in affiliates	91,694	Legal retained earnings	1,306
Investments in affiliates	35,509	Other retained earnings	38,757
Long-term loans receivable from Subsidiaries and affiliates	20,317	Retained earnings carried forward	38,757
Prepaid pension cost	3,992	Treasury stock	(576)
Others	7,415	Valuation and translation adjustments	21,154
Allowance for doubtful accounts	(11,820)	Unrealized gains on available-for-sales securities	20,865
Total assets	465,403	Deferred gains on derivatives under hedge accounting	289
		Total net assets	151,504
		Total liabilities and net assets	465,403

[Note] Figures above are rounded off to the nearest JPY millions.

Non-Consolidated Statement on Operation
(From April 1, 2017 to March 31, 2018)

(Unit: JPY millions)

Account title	Amount
Net sales	457,730
Cost of sales	416,090
Gross profit	41,639
Selling, general and administrative expenses	35,945
Operating loss	5,694
Non-operating income	17,841
Interest and dividends income	16,590
Others	1,251
Non-operating expenses	2,288
Interest expenses	1,160
Foreign Exchange loss	333
Others	793
Ordinary income	21,247
Extraordinary income	7,227
Gain on sales of property, plant and equipment	6,962
Others	264
Extraordinary loss	12,526
Loss on disposal of property, plant and equipment	449
Provision of allowance for doubtful accounts	1,613
Provision for loss on business of subsidiaries and affiliates	3,310
Loss on write-down of investments in affiliates	6,422
Others	730
Net income before income taxes	15,948
Income taxes and others	(25)
Adjustment to deferred income taxes	(2,568)
Net income	18,542

[Note] Figures above are rounded off to the nearest JPY millions.