Notice of Joint Incorporation-Type Company Split (Simplified Incorporation-type Company Split) with NTT Electronics Corporation

Furukawa Electric Co., Ltd. (“Furukawa Electric”) hereby announces that at a board meeting held on December 22, 2016 it resolved to transfer, effective as of April 3, 2017, parts of the planar lightwave circuit manufacturing businesses of Furukawa Electric and NTT Electronics Corporation (hereinafter “NTT Electronics”), which is to be newly incorporated through a joint incorporation-type company split carried out with NTT Electronics (hereinafter referred to as “the PLC Company Split”), and to transfer parts of the optical semiconductor manufacturing businesses of Furukawa Electric and NTT Electronics to the newly incorporated Furukawa FITEL Optical Device Co., Ltd. (hereinafter “Furukawa FITEL Optical Device”) (hereinafter referred to as “the Optical Semiconductor Company Split”; the Optical Semiconductor Company Split and PLC Company Split shall be referred to collectively as “the Company Splits”).

No more than 10% of Furukawa Electric’s net assets as of the last day of the previous fiscal year and no more than 3% of Furukawa Electric's net sales earned in the previous fiscal year are estimated to be reduced as a result of either of the Company Splits, and for this reason Furukawa Electric will omit disclosure of some items and content.

1. Aims of the Company Splits – In order to respond to demand for optical components, which is expected to continue growing in the future against a backdrop of development in digital coherent telecommunications supporting the backbone of expanding telecommunications demand (including rapidly growing cloud services), it is necessary to build an efficient and stable production system. In response, Furukawa Electric and NTT Electronics have decided to carry out the Company Splits with the aim of building an optical components supply system that customers will be able to use with even greater peace of mind; this will be achieved by making effective use of the PLC and optical semiconductor production resources of both companies, and by strengthening BCP capabilities.

2. Outline of the Company Splits

   (1) Schedule for the Company Splits

<table>
<thead>
<tr>
<th>Board of directors resolutions (both companies)</th>
<th>December 22, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective date</td>
<td>April 3, 2017 (planned)</td>
</tr>
</tbody>
</table>

The Company Splits will be carried out without obtaining general meeting of shareholders’ approval at either Furukawa Electric or NTT Electronics because both Company Splits meet the requirements for a simplified incorporation-type company split under the provisions of Article 805 of the Companies Act.

(2) Method for the Company Splits

(i) PLC Company Split – A joint incorporation-type company split shall be carried out, with Furukawa Electric and NTT Electronics as the splitting companies, in order to establish NTT Electronics Optech as the newly incorporated company.

(ii) Optical Semiconductor Company Split – A joint incorporation-type company split shall be carried out, with Furukawa Electric and NTT Electronics as the splitting companies, in order to establish Furukawa FITEL Optical Device as the newly incorporated company.
(3) Details of the allocation of shares in relation to the Company Splits
   (i) When carrying out the PLC Company Split, NTT Electronics Optech shall issue 1,000 shares of common stock, of which
       200 shares shall be allocated to Furukawa Electric and 800 shares shall be issued to NTT Electronics as payment for the split.
   (ii) When carrying out the Optical Semiconductor Company Split, Furukawa FITEL Optical Device shall issue 1,000 shares of
       common stock, of which 600 shares shall be allocated to Furukawa Electric and 400 shares shall be issued to NTT Electronics
       as payment for the split.

(4) Handling of subscription warrants and bonds with warrants attached in relation to the Company Splits – No applicable
    matters.

(5) Increase or decrease in capital in relation to the Company Splits
   (i) There will be no increase or decrease in the capital of Furukawa Electric upon carrying out the PLC Company Split.
   (ii) There will be no increase or decrease in the capital of Furukawa Electric upon carrying out the Optical Semiconductor Company
       Split.

(6) Rights and obligations transferred to the newly incorporated companies
   (i) As of the effective date of the PLC Company Split, the PLC manufacturing business assets, liabilities, rights and obligations
       pertaining to the PLC Company Split as set out under the incorporation-type company split plan shall be transferred to NTT
       Electronics Optech from Furukawa Electric and NTT Electronics.
   (ii) As of the effective date of the Optical Semiconductor Company Split, the optical semiconductor manufacturing business
       assets, liabilities, rights and obligations pertaining to the Optical Semiconductor Company Split as set out under the
       incorporation-type company split plan shall be transferred to Furukawa FITEL Optical Device from Furukawa Electric and
       NTT Electronics.

(7) Outlook on fulfillment of obligations
   (i) No problems are expected regarding the prospects for the fulfillment of obligations by Furukawa Electric, NTT Electronics
       and NTT Electronics Optech after the PLC Company Split.
   (ii) No problems are expected regarding the prospects for the fulfillment of obligations by Furukawa Electric, NTT Electronics
       and Furukawa FITEL Optical Device after the Optical Semiconductor Company Split.

3. Approach to calculating details of the allocation of shares in relation to the Company Splits
   (i) PLC Company Split – The share allocation was calculated after negotiations and discussions were held between NTT
       Electronics and Furukawa Electric in overall consideration of the net sales, number of employees, net assets, and various other
       circumstances in relation to the business to be transferred from NTT Electronics and the business to be transferred from
       Furukawa Electric.
   (ii) Optical Semiconductor Company Split – The share allocation was calculated after negotiations and discussions were held
       between NTT Electronics and Furukawa Electric in overall consideration of the net sales, number of employees, net assets,
       and various other circumstances in relation to the business to be transferred from NTT Electronics and the business to be
       transferred from Furukawa Electric.

4. Outline of Splitting Companies

<table>
<thead>
<tr>
<th></th>
<th>Splitting Company (as of March 31, 2016)</th>
<th>Splitting Company (as of March 31, 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Company Name</td>
<td>Furukawa Electric Co., Ltd.</td>
</tr>
<tr>
<td>(2)</td>
<td>Location</td>
<td>2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo</td>
</tr>
<tr>
<td>(3)</td>
<td>Rank and Name of Representative</td>
<td>President, Mitsuyoshi Shibata</td>
</tr>
<tr>
<td>(4)</td>
<td>Business</td>
<td>Manufacture and sale of cables, telecommunications equipment, and wrought copper products</td>
</tr>
<tr>
<td>(5)</td>
<td>Capital</td>
<td>JPY 69,395 million</td>
</tr>
<tr>
<td>(6)</td>
<td>Date of Establishment</td>
<td>June 25, 1896</td>
</tr>
<tr>
<td>(7)</td>
<td>Outstanding Shares</td>
<td>706,669,179 shares (*)</td>
</tr>
</tbody>
</table>
(8) Accounting Date

<table>
<thead>
<tr>
<th>Accounting Date</th>
<th>March 31</th>
<th>March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Shareholders and Investment Ratio</td>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account) 5.17%</td>
<td>Nippon Telegraph and Telephone Corporation 91.09%</td>
</tr>
<tr>
<td></td>
<td>Japan Trustee Services Bank, Ltd. (Trust Account) 4.38%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mizuho Trust &amp; Banking Co., Ltd., Retirement Funds Trust Mizuho Bank, Ltd. Account, Re-trust Trustee Trust &amp; Custody Services Bank, Ltd. 3.42%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 4) 3.40%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asahi Mutual Life Insurance Co. 1.93%</td>
<td></td>
</tr>
</tbody>
</table>

(10) Operating results and financial situation as of fiscal year ended March 31, 2016

<table>
<thead>
<tr>
<th>Item</th>
<th>Consolidated</th>
<th>Non-Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets (million yen)</td>
<td>198,587</td>
<td>11,188</td>
</tr>
<tr>
<td>Total assets (million yen)</td>
<td>705,725</td>
<td>24,790</td>
</tr>
<tr>
<td>Net assets per share (yen)</td>
<td>245.26</td>
<td>1,186.43</td>
</tr>
<tr>
<td>Net sales (million yen)</td>
<td>874,879</td>
<td>33,296</td>
</tr>
<tr>
<td>Operating income (million yen)</td>
<td>27,116</td>
<td>3,217</td>
</tr>
<tr>
<td>Ordinary income (million yen)</td>
<td>18,710</td>
<td>3,036</td>
</tr>
<tr>
<td>Current net income (million yen)</td>
<td>13,440</td>
<td>2,591</td>
</tr>
<tr>
<td>Net income attributable to owners of parent company (million yen)</td>
<td>10,007</td>
<td>-</td>
</tr>
<tr>
<td>Current net income per share (yen)</td>
<td>14.17</td>
<td>274.76</td>
</tr>
</tbody>
</table>

*This became 70,666,917 shares as of the date of the announcement because of a reverse stock split effective as of October 1, 2016.*

Outline of the splitting business divisions

(1) Company Name

<table>
<thead>
<tr>
<th>Incorporation-Type Company Split (Plan)</th>
<th>Incorporation-Type Company Split (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTT Electronics Optech Corporation</td>
<td>Furukawa FITEL Optical Device Co., Ltd.</td>
</tr>
<tr>
<td>Furukawa FITEL Optical Device Co., Ltd.</td>
<td></td>
</tr>
</tbody>
</table>

(2) Location

<table>
<thead>
<tr>
<th>Location</th>
<th>To, Naka-shi, Ibaraki</th>
<th>6, Yawata-Kaigandori, Ichihara, Chiba</th>
</tr>
</thead>
</table>

(3) Rank and Name of Representative

<table>
<thead>
<tr>
<th>Rank and Name of Representative</th>
<th>To Be Determined</th>
<th>To Be Determined</th>
</tr>
</thead>
</table>

(4) Business

<table>
<thead>
<tr>
<th>Business</th>
<th>Manufacture of Planar Lightwave Circuits</th>
<th>Manufacture of Optical Semiconductors</th>
</tr>
</thead>
</table>

(5) Capital

<table>
<thead>
<tr>
<th>Capital</th>
<th>JPY100 million</th>
<th>JPY100 million</th>
</tr>
</thead>
</table>

(8) Accounting Date

<table>
<thead>
<tr>
<th>Accounting Date</th>
<th>March 31</th>
<th>March 31</th>
</tr>
</thead>
</table>

[Outline of the splitting business divisions]

(1) Details of the businesses to be split

(i) PLC Company Split – Parts of the planar lightwave circuit manufacturing businesses of Furukawa Electric and NTT Electronics

(ii) Optical Semiconductor Company Split – Parts of the optical semiconductor manufacturing businesses of Furukawa Electric and NTT Electronics
(2) Operating results of the divisions to be split (fiscal year ended March 31, 2016)

(i) PLC Company Split

<table>
<thead>
<tr>
<th>Business to be split (A)</th>
<th>Overall (B)</th>
<th>Ratio (%) (A) / (B) X 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furukawa Electric net sales</td>
<td>1,273</td>
<td>398,851</td>
</tr>
<tr>
<td>NTT Electronics net sales</td>
<td>5,889</td>
<td>33,296</td>
</tr>
</tbody>
</table>

* Net sales listed under Business to be split (A) for Furukawa Electric and NTT Electronics are net sales for the whole departments that are to be split; the businesses to be transferred under the PLC Company Split are part of these departments.

(ii) Optical Semiconductor Splits

<table>
<thead>
<tr>
<th>Business to be split (A)</th>
<th>Overall (B)</th>
<th>Ratio (%) (A) / (B) X 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furukawa Electric net sales</td>
<td>11,482</td>
<td>398,851</td>
</tr>
<tr>
<td>NTT Electronics net sales</td>
<td>3,246</td>
<td>33,296</td>
</tr>
</tbody>
</table>

* Net sales listed under Business to be split (A) for Furukawa Electric and NTT Electronics are net sales for the whole departments that are to be split; the businesses to be transferred under the Optical Semiconductor Company Split are part of these departments.

(3) Assets and liabilities to be split, and amounts (planned)

(i) PLC Company Split

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furukawa Electric</td>
<td>390</td>
<td>None</td>
</tr>
<tr>
<td>NTT Electronics</td>
<td>1,560</td>
<td>None</td>
</tr>
</tbody>
</table>

(ii) Optical Semiconductor Company Split

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furukawa Electric</td>
<td>1,950</td>
<td>None</td>
</tr>
<tr>
<td>NTT Electronics</td>
<td>1,300</td>
<td>None</td>
</tr>
</tbody>
</table>

5. Status after the Company Splits – There will be no changes to Furukawa Electric’s company name, locations, rank and name of representative, business content, capital, or accounting date after the Company Splits.

Please see 4. Outline of Splitting Companies for details of the company names, locations, rank and name of representatives, business content, capital, and accounting dates of the companies to be newly incorporated (NTT Electronics Optech and Furukawa FITEL Optical Device) after the company splits.

6. Future outlook – The impact of the Company Splits on Furukawa Electric’s results will be minor.

(Reference) Forecast consolidated results in the current fiscal year (announced on November 2, 2016) and consolidated results in the previous fiscal year

<table>
<thead>
<tr>
<th></th>
<th>Consolidated sales (million yen)</th>
<th>Consolidated operating income (million yen)</th>
<th>Consolidated ordinary income (million yen)</th>
<th>Net income attributable to owners of parent company (million yen)</th>
<th>Current net income per share (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furukawa Electric results forecast (fiscal year ending March 31, 2017)</td>
<td>820,000</td>
<td>29,000</td>
<td>25,500</td>
<td>12,500</td>
<td>177.04</td>
</tr>
<tr>
<td>Results in previous fiscal year (fiscal year ended March 31, 2016)</td>
<td>874,879</td>
<td>27,116</td>
<td>18,710</td>
<td>10,007</td>
<td>14.17</td>
</tr>
</tbody>
</table>