

September 26, 2016

Company: Furukawa Electric Co., Ltd.
Representative: Mitsuyoshi Shibata, President
Code: 5801 (TSE First Section)
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Department
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Notice of Business Transfer

Furukawa Electric Co., Ltd. (hereinafter, “Furukawa Electric”) hereby announces that, at a meeting of its Board of Directors held on September 26, 2016, it resolved to acquire the underground and undersea power transmission line business of VISCAS Corporation (hereinafter, “VISCAS”), a joint venture company formed with Fujikura Ltd. (hereinafter, “Fujikura”).

1. Reason for the business transfer

Furukawa Electric believes that reorganizing the business of VISCAS and transferring its underground and undersea power transmission line business to Furukawa Electric and the power distribution line and overhead power transmission line businesses to Fujikura will enhance the respective companies’ strengths, leading to businesses development and enhancement.

2. Overview of the business transfer

(1) Details of the business transfer

Underground and undersea power transmission line business of VISCAS

*The manufacturing and selling of mainly underground cables (66kV or higher), undersea cables, and their component parts, and the contracting of related construction work

(2) Transfer price, settlement method, and other details

The details shall remain undisclosed based on an agreement by the parties involved.

3. Overview of the company transferring the business

(1)	Company name	VISCAS Corporation
(2)	Headquarters	Shinagawa Seaside West Tower, 4-12-2 Higashi Shinagawa, Shinagawa-ku, Tokyo
(3)	Title and name of representative	President: Susumu Sakuma

(4)	Main business	Manufacturing, selling, and construction of power transmission lines and power cables	
(5)	Capital	13.6 billion yen (as of August 31, 2016)	
(6)	Established	September 26, 2001	
(7)	Shareholders and shareholding ratio	Furukawa Electric Co., Ltd.: 50% Fujikura Ltd.: 50%	
(8)	Relationship between Furukawa Electric and VISCAS	Capital relationship	VISCAS is an equity method affiliate of Furukawa Electric.
		Personnel relationship	Secondment of executives and employees
		Business relationship	Furukawa Electric partially supplies raw materials, partially purchases VISCAS products, and guarantees loans and liabilities.
		Related party	VISCAS is an equity method affiliate of Furukawa Electric and therefore a related party.

4. Schedule

Date of resolution by the Board of Directors	September 26, 2016
Signing of transfer contract	September 30, 2016 (plan)
Date of transfer	October 3, 2016 (plan)

5. Overview of accounting treatment

The transfer of the said business is considered to be an acquisition and negative goodwill is expected to be recognized. However, the amount is currently under review.

6. Future outlook

Negative goodwill is expected to be recognized as extraordinary gains in the third quarter of the fiscal year ending March 31, 2017. An announcement will be made immediately in case a revision of the business forecasts becomes necessary in the future.