

August 29, 2012

FOR IMMEDIATE RELEASE

Company name: Furukawa Electric Co., Ltd.
Code: 5801 (First Section of TSE and OSE)
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**Notice of Execution of Basic Integration Agreement between
Furukawa Electric's Consolidated Subsidiary
Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries, Ltd.**

Furukawa Electric Company Ltd. announces that its consolidated subsidiary Furukawa-Sky Aluminum Corp. (hereinafter "FSA") and Sumitomo Light Metal Industries, Ltd. (hereinafter "SLM") have executed the basic integration agreement under which the two companies agree to integrate their businesses (hereinafter the "Business Integration") effective as of October 1, 2013 (the scheduled date) by resolutions of the respective board of directors of these companies held on this day. Details are as follows.

The implementation of the Business Integration is subject to the approval, authorization, and permission obtained from the relevant authorities within and outside Japan, including the Fair Trade Commission of Japan, approval of the respective shareholders meetings of the companies, etc.

1. Purpose of the Business Integration

The purpose of the Business Integration between the two companies is that the integrated new company strengthens its business foundation in the increasingly competitive aluminum rolled products market through greater customer satisfaction, efficient use of management resources, and cost cutting by maintaining economies of scale and taking other measures, accelerates its globalization, and thereby aims to become a "major aluminum company with global competitiveness."

Furukawa Electric believes that the continuous growth and enhanced corporate value of the new company to be realized through the Business Integration will bring increased profits and enhanced value of the Furukawa Electric Group, corresponding with the course of action of Furukawa Electric's management. Furukawa Electric believes that strengthening the integrated new company's management foundation will lead to the expansion of the consolidated profits for this fiscal year, improved financial standing, and the enhanced efficiency of asset utilization.

2. Outline of the Business Integration

(1) Method of the Business Integration

The Companies will conduct the Business Integration by an absorption-type merger (*kyushu gappei*) (the “Merger”). The Business Integration will be conducted based on the spirit of equality; however, due to the procedures of the Merger, FSA will be the surviving company (*kyushu gappei sonzoku kaisha*) and SLM will be the absorbed company (*kyushu gappei shoumetsu kaisha*).

(2) Schedule of the Merger

Resolution at Board of Directors’ Meeting to Approve the Basic Integration Agreement	August 29, 2012
Execution of Basic Integration Agreement	August 29, 2012
Resolution at Board of Directors’ Meeting to Approve the Merger Agreement	April 2013 (scheduled)
Execution of Merger Agreement	April 2013 (scheduled)
Ordinary Shareholders’ meeting to approve the Merger Agreement	End of June 2013 (scheduled)
Date of Merger (effective date)	October 1, 2013 (scheduled)

(3) Allotment of shares under the Merger

	FSA (Surviving Company)	SLM (Absorbed Company)
Allotment of shares under the Merger (Merger ratio)	1	0.346

3. Corporate Profiles of the Companies that are Parties to the Merger

	Surviving Company	Absorbed Company
(1) Corporate Name	Furukawa-Sky Aluminum Corp.	Sumitomo Light Metal Industries, Ltd.
(2) Head Office	4-14-1 Sotokanda, Chiyoda-ku, Tokyo	5-11-3, Shimbashi, Minato-ku, Tokyo
(3) Name and Title of Representative	President: Mitsuru Okada	President: Shigenori Yamauchi
(4) Principal Business	Manufacture and sales of aluminum and aluminum alloy roll products, casting products, forged products, and processed products of them.	Manufacture and sales of roll products of nonferrous metals, including aluminum and copper, and alloys, and processed products of them.
(5) Capital	16,528 million yen (as of March 31, 2012)	28,459 million yen (as of March 31, 2012)
(6) Date of Incorporation	October 1, 2003	August 24, 1959
(7) Number of Shares Issued	227,100,000 shares (as of March 31, 2012)	581,538,867 shares (as of March 31, 2012)

(8) Fiscal Year End	March 31	March 31
(9) Number of Employees	(Individually) 1,959 (Consolidated) 3,644 (as of March 31, 2012)	(Individually) 1,522 (Consolidated) 4,536 (as of March 31, 2012)
(10) Major Customers	Marubeni Metals Corporation Toyo Seikan Kaisha, Ltd. Showa Aluminum Can K.K.	Sumitomo Corporation Sumikeisho Corporation Sumikin Bussan Corporation
(11) Major Banking Partners	Mizuho Corporate Bank, Ltd. The Norinchukin Bank The Bank of Tokyo Mitsubishi UFJ, Ltd.	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd.
(12) Majority Shareholders and Associated Shareholdings	<p>Furukawa Electric Co., Ltd. 53.00%</p> <p>Nippon Steel Corporation 8.23%</p> <p>Japan Trustee Services Bank, Ltd. (Investment Trust Account) 4.64%</p> <p>The Master Trust Bank of Japan, Ltd. (Investment Trust Account) 3.32%</p> <p>Furukawa-Sky Employee Stock Ownership Plan 2.07%</p> <p>Japan Trustee Services Bank, Ltd. (trust account 9) 1.10%</p> <p>Marubeni Corporation 1.00%</p> <p>Mitsui & Co., Ltd. 1.00%</p> <p>Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension 0.78%</p> <p>CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW 0.41%</p> <p>(as of March 31, 2012)</p>	<p>Sumitomo Metal Industries, Ltd. 9.32%</p> <p>Sumitomo Corporation 5.44%</p> <p>Sumitomo Mitsui Banking Corporation 3.64%</p> <p>Japan Trustee Services Bank, Ltd. (Investment Trust Account) 3.11%</p> <p>Sumitomo Trust & Banking Corporation (Currently: Sumitomo Mitsui Trust Bank, Limited) 2.64%</p> <p>The Master Trust Bank of Japan, Ltd. (Investment Trust Account) 2.38%</p> <p>Sumitomo Light Metals Kyoeikai NOMURA ASSET MANAGEMENT U.K.LIMITED SUB A/C EVERGREEN NOMINEES LTD. 1.96%</p> <p>1.48%</p> <p>Sumitomo Life Insurance Company 1.36%</p> <p>Sumitomo Metal Mining Co., Ltd. 1.07%</p> <p>(as of March 31, 2012)</p>

(13) Related Interests						
Capital Ties	No important capital ties.					
Personnel Ties	No important personnel ties.					
Business Ties	No important business ties.					
Status as a Related Party	Each Company is not a related party to the other Company, as well as affiliated persons and affiliated companies thereof.					
(14) Operating Results and Financial Situation of Recent Three Years						
Fiscal Year	FSA (consolidated)			SLM (consolidated)		
	Fiscal Year Ended March 2010	Fiscal Year Ended March 2011	Fiscal Year Ended March 2012	Fiscal Year Ended March 2010	Fiscal Year Ended March 2011	Fiscal Year Ended March 2012
Consolidated Net Assets	59,617	69,907	71,179	28,600	35,267	53,261
Consolidated Total Assets	200,176	217,878	212,998	309,897	306,649	322,150
Consolidated Net Assets Per Share (yen)	260.39	305.44	310.82	64.18	79.99	90.11
Consolidated Sale Amount	185,588	207,223	193,972	233,530	259,476	258,926
Consolidated Business Profit	572	12,338	6,360	5,208	15,595	12,349
Consolidated Ordinary Profit	-660	11,680	6,411	3,017	11,466	10,184
Consolidated Net Profit of Present Financial Year	-770	11,968	3,540	-6,480	7,189	8,298
Consolidated Net Profit of Present Financial Year Per Share (yen)	-3.39	52.70	15.59	-15.95	16.64	14.95
Dividend Per Share (yen)	2.00	6.00	6.00	—	—	1.50

(Unit: 1 million yen, unless otherwise noted.)

4. Status After Merger

	Surviving Company
(1) Corporate Name	Not yet determined.
(2) Head Office	Not yet determined.
(3) Name and Title of Representatives	Chairman and CEO: Shigenori Yamauchi President and CEO: Mitsuru Okada ※We will implement a Co-CEO Structure
(4) Principal Business	Manufacture and sales of roll products, casting products, forged products and processed products of nonferrous metals, including aluminum and copper, and alloys thereof.

(5) Capital	Not yet determined.
(6) Fiscal Year End	Not yet determined.
(7) Net Assets	Not yet determined at this time.
(8) Total Assets	Not yet determined at this time.

As a result of the Merger, Furukawa Electric's shareholding ratio for the integrated new company will be 28.1% and the integrated new company will be a company subject to the equity method applied by Furukawa Electric.

5. Future Prospects

The Merger will have no impact on the business prospects and results for Furukawa Electric's consolidated accounts for the fiscal year ended March 31, 2013. Any impacts of the Merger on the fiscal year ended March 31, 2014 will be notified as soon as they are available.

Attached materials: "Notice of Execution of Basic Integration Agreement between Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries, Ltd." publicly announced by FSA on August 29, 2012