FY2010 Management Plan
Q3 Review

February 2011
Hideo Sakura, CFO
Furukawa Electric
Operating Income **X2.7** (yr/yr)

Transmission Infrastructure
- 10.0 ⇒ 8.1
  - demand for emerging grew, but domestic decreased

Functional materials
- -2.0 ⇒ 17.0
  - demand for electronics & automotives recovered

Services, others
- 1.7 ⇒ 1.5

**FY2010 Forecast Unchanged**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>920.0</th>
<th>Operating Income</th>
<th>36.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Profit</td>
<td>32.0</td>
<td>Net Profit</td>
<td>12.5</td>
</tr>
<tr>
<td></td>
<td>Apl.-Dec.09</td>
<td>Apl.-Dec.10</td>
<td>b-a</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------</td>
<td>-------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>581.3</td>
<td>686.7</td>
<td>+18%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>9.7</td>
<td>26.6</td>
<td>+174%</td>
</tr>
<tr>
<td>equity method</td>
<td>2.7</td>
<td>0.8</td>
<td>-2.0</td>
</tr>
<tr>
<td>FX</td>
<td>+0.4</td>
<td>-0.8</td>
<td>-1.2</td>
</tr>
<tr>
<td><strong>Ordinary Profit</strong></td>
<td>9.6</td>
<td>23.4</td>
<td>+143%</td>
</tr>
<tr>
<td>minority shareholders</td>
<td>2.7</td>
<td>-4.0</td>
<td>-6.7</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>10.5</td>
<td>11.2</td>
<td>+6%</td>
</tr>
</tbody>
</table>
## BS / ROA improved

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>835.8</td>
<td>857.5</td>
<td>+3%</td>
</tr>
<tr>
<td>Capital ratio</td>
<td>19.6%</td>
<td>19.5%</td>
<td>-0.1</td>
</tr>
<tr>
<td>Debt</td>
<td>362.1</td>
<td>370.7</td>
<td>+2%</td>
</tr>
<tr>
<td>DE ratio</td>
<td>2.22</td>
<td>2.22</td>
<td>±0</td>
</tr>
<tr>
<td>Turnover</td>
<td>0.97</td>
<td>*1.07</td>
<td>+0.1</td>
</tr>
<tr>
<td>ROA (OI basis)</td>
<td>2.4%</td>
<td>*4.1%</td>
<td>+1.7</td>
</tr>
</tbody>
</table>

*at annual rate
+16.9 improved yr/yr including extra factor of +3.1

Sales increase: +13.8
Mix improvement etc.: +7.4
Metal position rebound: +1.9
Crude oil price hike: -1.9
FX loss: -1.3

9.7 (09Q3)

26.6 (10Q3)
### Q3 (Oct.-Dec. 2010) OI Analysis

Almost Flat yr/yr excluding extra factor of -32

<table>
<thead>
<tr>
<th></th>
<th>09Q3</th>
<th>10Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales decrease Mix etc.</td>
<td>-0.3</td>
<td></td>
</tr>
<tr>
<td>Metal position worsening</td>
<td>-0.4</td>
<td></td>
</tr>
<tr>
<td>LCM-basis rebound</td>
<td>-2.0</td>
<td></td>
</tr>
<tr>
<td>Crude oil price hike</td>
<td>-0.4</td>
<td></td>
</tr>
<tr>
<td>FX loss</td>
<td>-0.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12.4</td>
<td>8.9</td>
</tr>
</tbody>
</table>
While demand for UHV cables in China was robust, weak demand for construction cables in Japan continued. Production cost of reflection panel for LED TV increased by launching mass production.

While demand for HD blanks was sluggish due to inventory adjustment, demand for magnet wires for smart phones and wire harness for mini cars and luxury cars was robust.

While demand for copper foils was sluggish, recovery of strips for electronics devices and pipes for air-conditioners contributed.

Recovery of SPE, LPE, automotive parts, and cans contributed. If excluding extra factors of +4.0, mainly metal position improvement, OI were down to 4.7

Demand for cables in Brazil, US and for CATV in Japan was robust, while cables in Japan and export was weak. If excluding extra factors of -11 mainly FX, OI were up to 7.5, down only -0.1 yr/yr.
### Q3 (Oct.-Dec. 2010) OI by Segment

<table>
<thead>
<tr>
<th>Category</th>
<th>Telecom</th>
<th>Energy</th>
<th>Electronics</th>
<th>Metals</th>
<th>Light</th>
</tr>
</thead>
<tbody>
<tr>
<td>09Q3</td>
<td>3.2</td>
<td>1.0</td>
<td>3.6</td>
<td>1.1</td>
<td>2.6</td>
</tr>
<tr>
<td>10Q3</td>
<td>3.1</td>
<td>0.5</td>
<td>2.5</td>
<td>0.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Excluding extra factor</td>
<td>3.6</td>
<td>1.1</td>
<td>2.6</td>
<td>1.2</td>
<td>3.2</td>
</tr>
</tbody>
</table>

#### Transmission Infrastructure
- **Telecom**: Demand for cables in Brazil, US and for CATV in Japan was robust, while cables in Japan and export was weak. If excluding extra factors of -0.5 mainly FX, OI were up to 3.6, up +0.4 yr/yr.
- **Energy Industrial**: While demand for UHV cables in China was robust, weak demand for construction cables in Japan continued. Production cost of reflection panel for LED TV increased by launching mass production. If excluding extra factors of -0.6 mainly metal and oil, OI were up to 1.1, up +0.1 yr/yr.
- **Electronics Automotive**: While demand for magnet wires for smart phone was robust, demand for HD blanks was sluggish due to inventory adjustment, and production cost for wire harness increased.
- **Metals**: While demand for pipes for air-conditioner was stable, strips and foils were sluggish. If excluding extra factors of -0.8 mainly LCM basis, OI were up to 1.2, up +0.1 yr/yr.
- **Light Metals**: While SPE demand was stable, extra factors of -1.2 which was mainly LCM basis affected, OI were up to 3.2, up +0.6 yr/yr.
### Functional Materials

<table>
<thead>
<tr>
<th>Unit sales basis</th>
<th>08H1</th>
<th>H2</th>
<th>09H1</th>
<th>H2</th>
<th>10Q1</th>
<th>10Q2</th>
<th>10Q3</th>
<th>10Q4e</th>
</tr>
</thead>
<tbody>
<tr>
<td>08H1 = 100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Copper Foil

For Li batteries, printed circuit boards

- **08H1**: 100
- **H2**: 80
- **09H1**: 90
- **H2**: 100
- **10Q1**: 100
- **10Q2**: 95
- **10Q3**: 100

#### Semicon process tapes

For wafer dicing processes

- **08H1**: 100
- **H2**: 85
- **09H1**: 95
- **H2**: 105
- **10Q1**: 95
- **10Q2**: 90
- **10Q3**: 85

#### Aluminum blank discs

For hard disk drives

- **08H1**: 100
- **H2**: 85
- **09H1**: 105
- **H2**: 105
- **10Q1**: 80
- **10Q2**: 75
- **10Q3**: 95
Traditional Processing

<table>
<thead>
<tr>
<th>Unit sales basis</th>
<th>08H1</th>
<th>H2</th>
<th>09H1</th>
<th>H2</th>
<th>10Q1</th>
<th>10Q2</th>
<th>10Q3</th>
<th>10Q4e</th>
</tr>
</thead>
<tbody>
<tr>
<td>08H1 = 100</td>
<td>100</td>
<td></td>
<td>80</td>
<td>75</td>
<td>75</td>
<td>70</td>
<td>75</td>
<td>75</td>
</tr>
</tbody>
</table>

**Copper wire**
*For power cables*

**Copper strips**
*For leadframes, connectors*

**Copper pipes**
*For air conditioners*
Measures for FY2012 Medium term plan

Global expansion of transmission infrastructure business

<Telecommunications>
Preform JV agreement with Hen Tong China (Starting at the end of 2011)

<Energy>
Industrial Cable JV agreement with Huatong China (Started in Nov. 2010)

Strengthening the position of functional material

<Industrial products>
Started mass production of MCPET for LED TV (FY2010 Q3-)

<Elec/Auto systems>
Started mass production of HD blanks (FY2010 Q3-)

<Metals>
Tripling production capacity of copper foils for EV and HEV (FY2011-12 gradually)

Tightening in traditional business

<Elec/Auto systems>
Integrated magnet wire production into two (Oct. 2010-)

<Metals>
Reforming domestic production of copper pipe (until the end of FY2011)

<Metals>
Started copper strips JV in China (until the end of Dec. 2010)
Thank you for your attention.
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Projections of future sales and earnings in these materials are “forward-looking statements.” Management offers these projections in good faith and on the basis of information presently available. Information in these statements reflects assumptions about such variables as economic trends and currency exchange rates.

Forward-looking statements incorporate known and unknown risks as well as other uncertainties that include, but are not limited to, the following items.
- Economic trends in the U.S., Europe, Japan and elsewhere in Asia, particularly with regard to consumer spending and corporate capital expenditures.
- Changes in exchange rates of the U.S. dollar, euro, and Asian currencies.
- The Furukawa Electric Group’s ability to respond to rapid advances in technology.
- Changes in assumptions involving financial and managerial matters and the operating environment.
- Current and future trade restrictions and related matters at foreign countries.
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