



May 11, 2016

FOR IMMEDIATE RELEASE

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### **Notice Regarding Change in Number of Shares per Share Unit, Consolidation of Shares and Partial Amendments of Articles of Incorporation**

Furukawa Electric Co., Ltd. (hereinafter the “Company”) announces as follows that it resolved at its Board of Directors’ meeting held on May 11, 2016 to submit proposals for a change in the number of shares per share unit, consolidation of shares and resulting partial amendments to the Articles of Incorporation, to the 194th ordinary general meeting of shareholders (hereinafter the “Shareholders Meeting”) to be held on June 27, 2016.

#### **1. Change in the number of shares per share unit**

In accordance with the “Action Plan for Consolidation of Share Trading Units,” stock exchanges in Japan require domestic listed companies to change trading units of their common shares to 100 shares by October 1, 2018.

Therefore, the Company will change the trading unit of its common shares at the Tokyo Stock Exchange (hereinafter the “TSE”) from the current 1,000 shares to 100 shares.

In conjunction with the change of trading units, the Company will change the number of shares per share unit stipulated in its Articles of Incorporation from the current 1,000 shares to 100 shares as of October 1, 2016 pursuant to the TSE regulations stating that the number of shares per share unit determined by each domestic listed company shall be its trading unit. This change in the number of shares per share unit will be implemented by a resolution of the Shareholders Meeting regarding the partial amendments to the Articles of Incorporation described in No. 3 below.

#### **2. Consolidation of shares**

##### **(1) Objective of consolidation**

The Company will consolidate its common shares by a resolution of the Shareholders Meeting in order to ensure that the common share price per trading unit will be at a desirable level set forth by stock exchanges in Japan (50,000 yen or more and less than 500,000 yen) after the change in the number of shares per share unit described in No. 1 above. This consolidation of shares will come into effect only if the partial amendments to the Articles of Incorporation described in No. 3 below are approved by the Shareholders Meeting.

##### **(2) Details of consolidation**

###### **1) Class of shares to be consolidated**

Common shares

###### **2) Consolidation ratio**

On October 1, 2016, every 10 shares will be consolidated into 1 share, based on the number of shares held by each shareholder recorded on the final register of shareholders as of September 30, 2016.

3) Decrease in the number of shares due to the consolidation

Total number of outstanding shares before the consolidation (as of March 31, 2016)	706,669,179 shares
Decrease in the number of shares due to the consolidation	636,002,262 shares
Total number of outstanding shares after the consolidation	70,666,917 shares

4) Impact of the consolidation of shares

Although the consolidation of shares will reduce the number of outstanding shares to one-tenth of that before the consolidation, the assets and net assets of the Company will remain unchanged before and after the consolidation. Excluding other factors such as stock fluctuations in the market, therefore, there will be no change in the asset value of the Company's common shares held by shareholders.

(3) Decrease in the number of shareholders due to the consolidation

Composition of the Company's shareholders (As of March 31, 2016)

Number of shares held	Number of shareholders (percentage)	Number of shares held (percentage)
All shareholders	53,515 (100%)	706,669,179 (100%)
Shareholders holding less than 10 shares	368 (0.69%)	762 (0.00%)
Shareholders holding 10 shares or more	53,147 (99.31%)	706,668,417 (100%)

(Note) If the Company consolidates its shares based on the composition of shareholders above, 368 shareholders who each hold less than 10 shares only (holding 762 shares in total) will lose their shareholder status due to the consolidation. However, before the consolidation comes into effect, they can use the procedures "to purchase additional shares up to one share unit" so that they will be able to remain as shareholders after the consolidation of shares. Such shareholders are encouraged to contact their securities firms or the administrator of the register of the Company's shareholders (Mizuho Trust & Banking Co., Ltd.).

(4) Handling of fractional shares less than one share

If any fractional shares less than one share are created as a result of the consolidation of shares, such fractional shares will be sold in a lump pursuant to the provisions of the Companies Act, and the proceeds from the sale will be distributed to shareholders with fractional shares in proportion to the number of their respective fractional shares.

3. Partial amendments to the Articles of Incorporation resulting from the change in the number of shares per share unit and the consolidation of shares

(1) Reason for amendments to the Articles of Incorporation

In conjunction with the change in the number of shares per share unit described in No. 1 above, the Company will partially amend, by a resolution of the Shareholders Meeting, its Articles of Incorporation to change the number of shares per share unit to 100 shares. Also in conjunction with the consolidation of shares described in No. 2 above, the Company will partially amend, by a resolution of the Shareholders Meeting, its Articles of Incorporation to change the total number of authorized shares to 250,000,000 shares.

The Company will establish a supplementary provision stating that these amendments will come into effect on the effective date of the consolidation of shares that will be separately resolved at the Shareholders Meeting as described in No. 2 above.

(2) Details of amendments to the Articles of Incorporation (Underlines denote amendments)

Existing Articles of Incorporation	Proposed amendments
<p>Chapter 2 Shares of Stock (Total Number of Authorized Shares)</p> <p>Article 6 The total number of shares authorized to be issued shall be <u>2,596,000,000 shares, of which 2,500,000,000 shares are common stock, 50,000,000 shares are preferred stock and 46,000,000 shares are subordinated stock.</u></p> <p>Article 8 The number of shares per share unit <u>of the common stock, preferred stock and subordinated stock</u> of the Company shall be <u>1,000 shares.</u></p> <p>(Newly established)</p>	<p>Chapter 2 Shares of Stock (Total Number of Authorized Shares)</p> <p>Article 6 The total number of shares authorized to be issued shall be <u>250,000,000 shares.</u></p> <p>Article 8 The number of shares per share unit of the Company shall be <u>100 shares.</u></p> <p><u>Supplementary Provision</u> <u>Until October 1, 2016 on which the consolidation of shares as detailed in proposal No. 2 for the 194th ordinary general meeting of shareholders will come into effect, the total number of the Company's authorized shares stipulated in Article 6 shall be "2,500,000,000 shares" and the number of shares per share unit of the Company stipulated in Article 8 shall be "1,000 shares." This supplementary provision shall be deleted on October 1, 2016 on which the consolidation of shares will come into effect.</u></p>

Note: The consolidation of shares will be submitted as detailed in proposal No. 2 to the Shareholders Meeting.

The proposal for partial amendments of the Articles of Incorporation to be submitted to the Shareholders Meeting will also include the deletion of the provisions for preferred stock and subordinated stock and the deletion of the provisions for takeover defense measures. For details, please see the "Notice of Partial Amendments to Articles of Incorporation" announced on May 11, 2016 separately.

4. Schedule of key events

Resolution at the Board of Directors	Wednesday, May 11, 2016
Resolution at the ordinary general meeting of shareholders (tentative)	Monday, June 27, 2016
Base date of consolidation of shares (tentative)	Friday, September 30, 2016
Effective date of consolidation of shares (tentative)	Saturday, October 1, 2016
Effective date of change in the number of shares per share unit (tentative)	Saturday, October 1, 2016
Effective date of change in the total number of authorized shares (tentative)	Saturday, October 1, 2016

(Reference) As mentioned above, the change in the number of shares per share unit and the consolidation

of shares will come into effect on October 1, 2016. However, due to the transfer procedures after stock trading, any trading of the Company's shares by shareholders on the TSE will be executed in the trading unit (of 100 shares after the consolidation of shares) which is premised on this effective date, on and after Wednesday, September 28, 2016.

(Reference) Q&A Regarding Change in Number of Shares per Share Unit and Consolidation of Shares

Q1. Please tell us the specific schedule going forward.

A.1 The tentative schedule of key events for the change in the number of shares per share unit and the consolidation of shares are as follows:

May 11, 2016	Meeting of the Board of Directors of the Company (Resolution for convening the ordinary general meeting of shareholders)
June 27, 2016	Ordinary general meeting of shareholders
September 28, 2016*	Change the trading unit of the Company's shares to 100 shares
October 1, 2016*	Effective date of change in the number of shares per share unit and the consolidation of shares
Early November 2016*	Send a notice of allotment of consolidated shares to each shareholder
Early December 2016*	Start payment of proceeds from the sale of fractional shares

\*These events are scheduled to take place if the proposals for the consolidation of shares and the change in the number of shares per share unit are approved by the 194th ordinary general meeting of shareholders to be held on June 27, 2016.

Q2. Will the consolidation of shares have no impact on the asset value of the Company?

A2. There will be no change in the Company's assets or capital before and after the consolidation of shares.

As a result of the consolidation, the number of shares held by shareholders will be reduced to one-tenth of that before the consolidation, but the asset value per common share will become ten times its original value. Accordingly, apart from other factors including stock market fluctuations, there will be no change in the asset value of the Company's common shares held by its shareholders.

Q3. What will happen to the numbers of shares held and voting rights?

A3.

[Number of shares held]

The number of shares held by each shareholder after the consolidation of shares will be obtained by multiplying the number of shares recorded on the final register of shareholders as of September 30, 2016, by one-tenth. (Any fractional share less than one share will be cut down.)

The number of the Company's shares recorded in shareholders' accounts with securities firms, etc. will be changed to the number of shares after the consolidation of shares as of October 1, 2016.

If any fractional shares less than one share are created as a result of the consolidation of shares, the Company will sell all of these fractional shares in a lump and pay the proceeds from the sale to shareholders with fractional shares in proportion to the number of their respective fractional shares. (The specific schedule is as shown in Q1.)

[Number of voting rights]

The consolidation of shares will reduce the number of shares held by each shareholder to one-tenth of that before the consolidation. However, the number of voting rights held by each shareholder will remain unchanged because the number of shares per share unit will also be changed (from 1,000 shares to 100 shares).

Specifically, the following are examples of the numbers of shares and voting rights before and after the consolidation of shares and the change in the number of shares per share unit:

	Before effective date	
	Number of	Number of

After effective date		
Number of	Number of	Fractional

	shares held	voting rights		shares held	voting rights	shares
Example 1	2,000	2	→	200	2	0
Example 2	1,500	1		150	1	0
Example 3	505	0		50	0	0.5
Example 4	7	0		0	0	0.7

- In examples 2 and 3, there are shares less than one share unit (50 shares each after the effective date). You can use the system to sell or purchase shares less than one share unit in the same manner as before at your request.
- With respect to fractional shares created in examples 3 and 4 (0.5 shares and 0.7 shares, respectively), the Company will sell them in a lump and pay the proceeds from the sale to shareholders with fractional shares in proportion to the number of their respective fractional shares.
- The shareholder in example 4 will hold no share after the consolidation of shares, causing the said shareholder to lose his/her status as a shareholder.

If shareholders have accounts with multiple securities firms, the procedures for the consolidation of shares will be implemented in principle for the Company's outstanding shares recorded in transfer account books of each securities firm. Please contact your securities firms for details.

Q4. Are there any procedures shareholders have to undertake?

A4. There are no special procedures to be undertaken.

Q5. Is there any way of avoiding the creation of fractional shares less than one share?

A5. It is possible to avoid creation of fractional shares less than one share by requesting to purchase or sell shares less than one share unit before the consolidation of shares comes into effect.

You can apply with your securities firms to purchase or sell shares less than one share unit. If you do not have a securities company account, please contact the administrator of the register of shareholders mentioned below.

[Contact information]

If you have any questions about the change in the number of shares per share unit and the consolidation of shares, please contact your securities firms or the administrator of the register of shareholders mentioned below.

Administrator of register of shareholders:	Transfer Agent Department Mizuho Trust & Banking Co., Ltd.
Telephone:	0120-288-324 (toll-free number)
Reception hours:	9:00 – 17:00 (on weekdays)