

June 5, 2019

Dear Shareholders:

## Notice of the 197<sup>th</sup> Annual Shareholders Meeting

You are cordially invited to attend the 197<sup>th</sup> Annual Shareholders Meeting of Furukawa Electric Co., Ltd. to be held on June 27, 2019, at 10:00 a.m., at Tokyo Prince Hotel, 3-3-1 Shibakoen Minato-ku, Tokyo, Japan.

The Annual shareholders meeting will be conducted:

To receive the following reports,

1. Business Report, Consolidated Accounting Documents and the Audit Reports of Account Auditors and Audit & Supervisory Board for Consolidated Accounting Documents for the 197<sup>th</sup> fiscal year (from April 1, 2018 to March 31, 2019)
2. Reports on Non-Consolidated Accounting Documents for the 197<sup>th</sup> fiscal year (from April 1, 2018 to March 31, 2019)

To consider and act on the following proposals,

- |                        |   |
|------------------------|---|
| <b>Proposal One:</b>   | <b>Dividends from surplus</b>   |
| <b>Proposal Two:</b>   | <b>Election of twelve (12) Directors</b>  |
| <b>Proposal Three:</b> | <b>Election of one (1) Audit &amp; Supervisory Board Member</b>                       |
| <b>Proposal Four:</b>  | <b>Election of one (1) Reserve Audit &amp; Supervisory Board Member</b>               |
| <b>Proposal Five:</b>  | <b>Partial revision of performance-linked stock remuneration system for Directors</b> |

The foregoing proposals of business are more fully described in the documents attached and made a part hereof. Your vote is important. When you are attending the Annual shareholders meeting, please bring enclosed Card for Exercise of Voting Rights with you. If you are unable to attend the Annual shareholders meeting, please exercise your voting rights in writing or via the Internet (<https://soukai.mizuho-tb.co.jp/>). The Card arrived at the Company and the submission via the Internet after 5:00 p.m. on June 26, 2019 would be a void vote.

Sincerely  
Keiichi Kobayashi  
President

DISCLAIMER: This translation may be used only for reference purposes. This English version is not an official translation of the original Japanese version (including Reference Documents for Annual Shareholders Meeting, the Business Report, Financial Statements for the fiscal year ended March 31, 2019, which consist of consolidated balance sheet, and consolidated statement of operation, non-consolidated balance sheet, non-consolidated statement of operation; hereinafter the same). Due to differences of accounting, legal, and other systems as well as language, etc., this English version might contain inaccuracies, and therefore, might be inconsistent with the original import intended in Japanese version. Certain parts of the translation may have been edited to accommodate differences in writing style and expression between English and Japanese version. In the event of any discrepancies between the Japanese and English version, the former shall prevail. Furukawa Electric Co., Ltd. shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, or misunderstanding with regard to this translation.

*[Translation for Reference Purpose Only]*

**Proposal One: Dividends from surplus**

The Company's capital allocation policy is to strike a balance among investments in growth and new business opportunity, improvement of balance sheet and shareholder returns, with management priority on capital efficiency.

Based on the policy, with the five-year management plan "Furukawa G Plan 2020", for the purpose of improving profitability and strengthening balance sheet, the Company will allocate its capital resources mainly to telecommunication and energy infrastructure and auto part market as the Furukawa group's focused business sector for its sustainable growth and capital expenditure and R&D for new business opportunity. For the return to shareholders, stable and continuous dividends distribution is the most priority under the management policy.

It is proposed that the year-end dividends for the current fiscal year be 85 yen per share, in order to increase the return to shareholders.

- (1) Matters concerning allotment of dividend assets to shareholders and total amount of dividends  
85 yen per common share of the Company  
Total amount: 6,002,526,600 yen
- (2) Effective date of the dividend from surplus  
June 28, 2019

[Translation for Reference Purpose Only]

**Proposal Two: Election of twelve (12) Directors**

The term of office of all Directors (12 Directors) will expire at the close of the Annual shareholders meeting. We therefore request you to appoint 12 Directors.

The candidates for Directors are as shown below.

Candidate no.	Name		Position/responsibilities
1	Mitsuyoshi Shibata	Re-election	Chairman and Director
2	Keiichi Kobayashi	Re-election	President and Representative Director
3	Sumitaka Fujita	Re-election Candidate for Outside Director, Independent Officer	Outside Director
4	Osamu Tsukamoto	Re-election Candidate for Outside Director, Independent Officer	Outside Director
5	Akira Nakamoto	Re-election Candidate for Outside Director, Independent Officer	Outside Director
6	Yoshiro Miyokawa	New Candidate Candidate for Outside Director, Independent Officer	—
7	Yukiko Yabu	New Candidate Candidate for Outside Director, Independent Officer	—
8	Hiroyuki Ogiwara	Re-election	Representative Director and Corporate Senior Executive Vice President, Chief of Transformation Division
9	Osamu Kuroda	Re-election	Director and Corporate Senior Vice President, General Manager, Global Marketing Sales Division

[Translation for Reference Purpose Only]

10	Satoshi Miyamoto	New Candidate	Corporate Senior Vice President, General Manager, Administration & CSR Division
11	Ken Maki	Re-election	Director and Corporate Vice President, General Manager, Strategy Division
12	Akihiro Fukunaga	New Candidate	Corporate Vice President, General Manager, Finance & Global Management Division

The Company board of directors selected the candidates here based on the reports from Nominating/ Compensation Committee majority members of which are outside directors.

With respect to board members (Directors and Audit & Supervisory Board Members), the Company believes that their skills, knowledge and experience, as well as multiple views from diverse board members, in terms of gender and international experience, contribute to the Group's global business operations and appropriate oversight/auditing. Based on this perception, the Company selects candidates for board members as follows:

- Candidates for Outside Director: Total mix of various skills and backgrounds; a person with experience of corporate management and governmental body, an engineer with specific technological expertise, and an expert of law or accounting
- Candidates for Director: With the consideration of the Furukawa group business with many affiliates around the globe and various business lines, a person who has the sufficient skillset, knowledge and experience and contributes to the Furukawa corporate value

Please see the following pages for the individual candidates' background, anticipated role in the board and other information.

[Translation for Reference Purpose Only]

1.	<b>Mitsuyoshi Shibata</b>	[Date of Birth: November 5, 1953]
<p><b>■Brief history</b></p> <p>April 1977    Joined Furukawa Electric Co., Ltd.</p> <p>June 2008    Corporate Vice President, General Manager of Corporate Planning Department</p> <p>Jan. 2009    Corporate Vice President and Vice President of Metals Company</p> <p>June 2009    Corporate Senior Vice President and President of Metals Company</p> <p>June 2010    Director and Corporate Senior Vice President, President of Metals Company</p> <p>April 2012    President and Representative Director</p> <p>Nov. 2013    President and Representative Director, General Manager of Global Group Management Division</p> <p>April 2016    President and Representative Director</p> <p>April 2017    Chairman and Director (present post)</p>		
<p>Number of shares in the Company    7,200Shares</p>		
<p><b>■Important Concurrent Posts</b></p> <p>Director (Outside) of Isuzu Motors Limited</p> <p>Director (Outside) of TOBU RAILWAY CO.,LTD.</p> <p>Statutory Auditor (Outside) of Asahi Mutual Life Insurance Company</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Mitsuyoshi Shibata has been involved in management within the Furukawa Group for many years, holding positions including President and Representative Director. Since April 2017, he has been overseeing the performance of duties by management staff from the President downwards and he plays a central role in improving the effectiveness of the Board of Directors, such as promoting measures to improve the management of the Board of Directors, in a non-executive as Chairman and Director. As we work towards achieving our mid-term management plan “Furukawa G Plan 2020,” we request the re-election of Mr. Shibata as Director so that he can raise the level of strategic discussions within the Board of Directors, based on his wealth of management experience with the Group and his extensive knowledge of Group technologies, as well as continuing to actively focus on reinforcing corporate governance.</p>		

[Translation for Reference Purpose Only]

2.	<b>Keiichi Kobayashi</b>	[Date of Birth: June 24, 1959]
<p><b>■Brief history</b></p> <p>April 1985    Joined Furukawa Electric Co., Ltd.</p> <p>April 2012    General Manager of Magnet Wire Division, Electronics &amp; Automotive Systems Company</p> <p>April 2013    General Manager of Magnet Wire Division</p> <p>Feb. 2014    General Manger of Copper &amp; High Performance Material Products Division, and General Manager of Magnet Wire Division</p> <p>April 2014    Corporate Vice President and General Manager of Copper &amp; High Performance Material Products Division</p> <p>April 2015    Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper &amp; High Performance Material Products Division</p> <p>June 2015    Director and Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper &amp; High Performance Material Products Division</p> <p>April 2016    Representative Director and Corporate Executive Vice President, General Manger of Global Marketing Sales Division</p> <p>April 2017    President and Representative Director (present post)</p>		
<p>Number of shares in the Company    3,800Shares</p>		
<p><b>■Important Concurrent Posts</b></p> <p>N/A</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Keiichi Kobayashi served as General Manager of the Magnet Wire Division and Copper &amp; High Performance Material Products Division, Advisor of Automotive Electronics Material Business, and was General Manger of the Global Marketing Sales Division. He therefore has extensive knowledge and experience in business operation, marketing and sales. He became President and Representative Director in April 2017. Since then, he has been driving the management of the Company Group forward under his outstanding leadership while utilizing his insight as President and Representative Director. He is strongly advancing the medium-term management plan as a member of the top management team and is carrying out his duty to further enhance corporate value. We request his re-election as Director.</p>		

[Translation for Reference Purpose Only]

3.	<b>Sumitaka Fujita</b>	[Date of Birth: December 24, 1942]
Candidate for outside Director and Independent Officer		
<p><b>■Brief history</b></p> <p>April 1965    Joined ITOCHU Corporation</p> <p>June 1995    Director of ITOCHU Corporation</p> <p>April 1997    Managing Director of ITOCHU Corporation</p> <p>April 1998    Managing Representative Director of ITOCHU Corporation</p> <p>April 1999    Senior Managing Representative Director of ITOCHU Corporation</p> <p>April 2001    Representative Director, Vice President of ITOCHU Corporation</p> <p>April 2006    Representative Director, Vice Chairman of ITOCHU Corporation</p> <p>June 2008    Senior Adviser of ITOCHU Corporation</p> <p>June 2008    Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>July 2011    Advisory Member of ITOCHU Corporation (present post)</p>		
Number of shares in the Company    4,400Shares		
<p><b>■Important Concurrent Posts</b></p> <p>Advisory Member of ITOCHU Corporation</p> <p>Director (Outside) of Olympus Corporation</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Sumitaka Fujita has held key management posts, including Chief Financial Officer (CFO) of a major general trading firm, and he has extensive experience in corporate management, including finance and accounting. He also has extensive knowledge of corporate governance. As an Outside Director and Independent Officer of the Company, he has spoken up actively at Board of Directors' meetings. As the Chairman of the Nominating/Compensation Committee, he has been involved in the deliberation of the nomination and remuneration of directors, including succession plans or performance-linked remuneration. In addition, he serves as the chairman of the outside directors' meetings as a lead outside director and has been contributing significantly to the enhancement of the Company's corporate governance level, striving to share knowledge about the management challenges faced by the Company among outside directors. We request the re-election of Mr. Fujita as Director in the hope that he will contribute to the further reinforcement of corporate governance and the further facilitation of the Group's global management going forward.</p>		

[Translation for Reference Purpose Only]

4.	<b>Osamu Tsukamoto</b>	[Date of Birth: June 11, 1953]
Candidate for outside Director and Independent Officer		
<b>■Brief history</b>		
April 1977	Joined the Ministry of International Trade & Industry (currently Ministry of Economy, Trade & Industry)	
July 2003	Deputy Director-General for Regional Economic and Industrial Policy Group, and Agency for Natural Resources and Energy	
June 2004	Director-General for Manufacturing Industries Bureau	
July 2006	Deputy Director-General for Technology Policy Coordination	
July 2008	Director-General, Kanto Bureau for Economy, Trade and Industry	
July 2009	Director-General for Regional Economic and Industrial Policy	
July 2010	Retire from office	
Oct. 2010	Distinguished Professor of Tokyo University of Science	
Oct. 2010	Advisor of Furukawa Electric Co., Ltd. (part-time)	
June 2013	Director (Outside) of Furukawa Electric Co., Ltd. (present post)	
Mar. 2014	Retire from Distinguished Professor of Tokyo University of Science	
June 2014	President of Japan Coal Energy Center (present post)	
Number of shares in the Company 500Shares		
<b>■Important Concurrent Posts</b>		
President of Japan Coal Energy Center		
<b>■Reasons for selection as a candidate for Director</b>		
<p>Mr. Osamu Tsukamoto has made comments on the field of research and development and directions of new businesses and has provided advice, etc. on administrative subsidy measures based on his many years of experience in the industrial policy field at the Ministry of Economy, Trade and Industry as well as his extensive knowledge since he appointed outside Director, despite the fact that he has not been directly involved in corporate management. We request the re-election of Mr. Tsukamoto as Outside Director so that he will supervise the progress in the mid-term management plan, among other tasks, given the group's renewed focus on developing new technologies and new businesses, and so that he will continue to provide us with such useful comments and advice in the future.</p>		



[Translation for Reference Purpose Only]

5.	<b>Akira Namamoto</b>	[Date of Birth: November 25, 1945]
Candidate for outside Director and Independent Officer		
<p><b>■Brief history</b></p> <p>April 1969    Joined SHIMADZU CORPORATION</p> <p>June 2001    Director of SHIMADZU CORPORATION, General Manager of Analytical Instruments Division</p> <p>June 2005    Managing Director of SHIMADZU CORPORATION, General Manager of Analytical &amp; Measuring Instruments Division</p> <p>June 2007    Senior Managing Executive Director of SHIMADZU CORPORATION</p> <p>June 2009    Representative Director, President &amp; CEO of SHIMADZU CORPORATION</p> <p>June 2015    Representative Director, Chairman of the Board of SHIMADZU CORPORATION (present post)</p> <p>June 2016    Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p>		
Number of shares in the Company    700Shares		
<p><b>■Important Concurrent Posts</b></p> <p>Representative Director, Chairman of the Board of SHIMADZU CORPORATION</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Akira Nakamoto has previously held positions as President and CEO, and Chairman, of a leading precision equipment manufacturer renowned for its technological development capabilities. He has extensive knowledge and experience in management, business strategy and manufacturing. We request the re-election of Mr. Nakamoto as an Outside Director, as we expect him to provide useful advice and comments on group management, in light of the Group's aim to further develop technology-driven businesses as a B-to-B company, and because he is ideally qualified to strengthen supervisory capabilities over management staff within the Board of Directors, as we work towards achieving our mid-term management plan.</p>		

[Translation for Reference Purpose Only]

6.	<b>Yoshiro Miyokawa</b>	[Date of Birth: December 28, 1952]
Candidate for outside Director and Independent Officer		
<p><b>■Brief history</b></p> <p>April 1975    Joined Yamanouchi Pharmaceutical Co., Ltd. (presently Astellas Pharma Inc.)</p> <p>Jan. 2003    General Manager, Business Process Innovation Promotion Department, Yamanouchi Pharmaceutical</p> <p>Sept. 2004    Leader, Integration Secretariat, Merger Preparatory Committee, Group Strategy Planning Department, Yamanouchi Pharmaceutical</p> <p>April 2005    General Manager, Integration Promotion Department, Astellas Pharma Inc.</p> <p>Sept. 2005    Executive Officer and General Manager, Business Innovation Department, Astellas Pharma Inc.</p> <p>April 2006    Executive Officer and General Manager, Human Resources Department, Astellas Pharma Inc.</p> <p>April 2008    Executive Officer and Chief Administrative Officer, Astellas Pharma Inc.</p> <p>June 2008    Senior Executive Officer and Chief Administrative Officer, Astellas Pharma Inc.</p> <p>June 2011    Vice President and Executive Officer, Astellas Pharma Inc.</p> <p>June 2013    Representative Director &amp; Vice President, Chief Administrative Officer, and Chief Compliance Officer, Astellas Pharma Inc.</p> <p>June 2017    Retired from Astellas Pharma Inc.</p>		
Number of shares in the Company    1,000Shares		
<p><b>■Important Concurrent Posts</b></p> <p>N/A</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Yoshiro Miyokawa assumed prominent administrative positions and served as Representative Director &amp; Vice President at a large pharmaceutical company, and has extensive experience and in-depth insight in corporate management, compliance, and corporate governance. The Company expects that his experience and knowledge of actively implementing a corporate governance reform of a leading Japanese company will contribute to further improving the Company's governance system and strengthening the supervisory function of the Board of Directors. Therefore, the Company requests his election as a new Outside Director.</p>		

[Translation for Reference Purpose Only]

7.	<b>Yukiko Yabu</b>	[Date of Birth: June 23, 1958]
Candidate for outside Director and Independent Officer		
<p><b>■Brief history</b></p> <p>April 1981    Joined Matsushita Electric Industrial Co., Ltd. (presently Panasonic Corporation)</p> <p>Jan. 2006    Director of Lifestyle Value Research Laboratory, R&amp;D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd.</p> <p>Jan. 2011    Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Corporation</p> <p>April 2012    Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Corporation</p> <p>April 2013    Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Corporation</p> <p>March 2014    Retired from Panasonic Corporation</p> <p>June 2014    Director (Outside) of DUSKIN CO., LTD.</p> <p>June 2015    Director (Outside) of TAKARA HOLDINGS INC.</p> <p>June 2016    Director (Outside) of Daiwa House Industry Co., Ltd. (Present Post)</p> <p>June 2017    Retired from the position of Outside Director, DUSKIN CO., LTD.</p> <p>June 2018    Retired from the position of Outside Director, TAKARA HOLDINGS INC.</p>		
Number of shares in the Company    —		
<p><b>■Important Concurrent Posts</b></p> <p>Director (Outside) of Daiwa House Industry Co., Ltd.</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Ms. Yukiko Yabu has served as outside director of several listed companies, although she has not engaged in corporate management in any other capacity; and has a wealth of experience and advanced knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. The Company expects that her advice and recommendations based on her expertise in marketing/product development will stimulate discussion on the Board and contribute to supervising the management from an independent standpoint. Therefore, the Company requests her election as a new Outside Director.</p>		

[Translation for Reference Purpose Only]

8.	<b>Hiroyuki Ogiwara</b>	[Date of Birth: February 18, 1961]
<p><b>■Brief history</b></p> <p>April 1983    Joined Furukawa Electric Co., Ltd.</p> <p>Dec. 2003    Vice President and Chief Financial Officer of OFS Fitel, LLC</p> <p>Nov. 2005    Manager of Tax &amp; Accounting Department</p> <p>June 2009    General Manager of Finance &amp; Accounting Department</p> <p>April 2013    General Manager of Finance &amp; Accounting Department, Finance &amp; Procurement Division</p> <p>April 2014    Corporate Vice President and General Manager of Finance &amp; Procurement Division</p> <p>June 2014    Director and Corporate Vice President, General Manager of Finance &amp; Procurement Division</p> <p>April 2016    Director and Corporate Senior Vice President, General Manager of Finance &amp; Procurement Division and General Manager of Global Group Management Division</p> <p>April 2017    Director and Corporate Executive Vice President, General Manager of Finance &amp; Procurement Division and General Manager of Global Group Management Division</p> <p>April 2018    Director and Corporate Executive Vice President, General Manager of Finance &amp; Procurement Division</p> <p>April 2019    Representative Director and Corporate Senior Executive Vice President, Chief of Transformation Division (Present Post)</p>		
<p>Number of shares in the Company    3,500Shares</p>		
<p><b>■Important Concurrent Posts</b></p> <p>N/A</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Hiroyuki Ogiwara has a wealth of knowledge and experience in serving as CFO of an overseas subsidiary and General Manager of Finance &amp; Procurement Division of the Company, and supporting financial aspects of the Group’s businesses over the years. Since April 2019, Mr. Ogiwara, as the leader of Transformation Division, has been promoting transformation activities toward increasing the entire Group’s earnings power and reinforcing the organizational ability for execution, while assisting President in decision-making as Corporate Senior Executive Vice President. The Company expects that he will contribute to stimulating discussion on the Board from the perspective of managing the entire Group, and therefore requests his re-election as a Director.</p>		

[Translation for Reference Purpose Only]

9.	<b>Osamu Kuroda</b>	[Date of Birth: July 21, 1959]
<b>■Brief history</b>		
April 1983	Joined Furukawa Electric Co., Ltd.	
April 2007	General Manager of Sales Department of Telecommunication Division, Telecommunications Company, Furukawa Electric Co., Ltd.	
Dec. 2009	Assistant Manager of Corporate Planning Department	
April 2010	General Manger of Group Business Management Department	
April 2012	Assistant Manager of Electronics & automotive Systems Company	
April 2013	General Manager of Sales Planning & Marketing Department, Sales & Marketing Division	
April 2015	Corporate Vice President, General Manager of Kansai Branch and Hokuriku Sub Branch, Sales & Marketing Division	
April 2016	Corporate Vice President, Deputy General Manager, the Global Marketing Sales Division, General Manager of Kansai Branch and Hokuriku Sub Branch in the said division	
April 2017	Corporate Senior Vice President, General Manager of the Global Marketing Sales Division	
June 2017	Director and Corporate Senior Vice President, General Manager of the Global Marketing Sales Division (present post)	
Number of shares in the Company 2,200Shares		
<b>■Important Concurrent Posts</b>		
N/A		
<b>■Reasons for selection as a candidate for Director</b>		
<p>Mr. Osamu Kuroda has been engaged in product sales and corporate planning for many years, mainly in the infrastructure field of the power and telecommunication-related businesses, which are focus areas of the Company Group. He has extensive knowledge and experience in the Company Group's business, products, market and clients. Since 2017, he has been serving as General Manager of the Global Marketing Sales Division and taking the lead in the promotion of business development for the Company Group in the global market. We request the re-election of Mr. Kuroda as Director in the hope that he will contribute to discussions of the Board of Directors from a marketing and sales perspective.</p>		

[Translation for Reference Purpose Only]

10.	Satoshi Miyamoto	[Date of Birth: February 20, 1962]
<p><b>■Brief history</b></p> <p>April 1984    Joined Ministry of Trade and Industry (current Ministry of Economy, Trade and Industry)</p> <p>July 1999    Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>June 2001    Deputy Director, Japan External Trade Organization (JETRO) New York Center</p> <p>June 2004    Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry</p> <p>April 2006    Canon Inc. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises)</p> <p>June 2010    Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>April 2011    Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>Feb. 2012    Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau)</p> <p>June 2013    Deputy Chairman, JETRO</p> <p>Oct. 2015    Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>June 2016    Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>July 2017    Retired from the Ministry of Economy, Trade and Industry</p> <p>Nov. 2017    Advisor (full-time), Furukawa Electric Co., Ltd.</p> <p>April 2018    Corporate Vice President, and General Manager of Administration &amp; CSR Division</p> <p>April 2019    Corporate Senior Vice President, and General Manager of Administration &amp; CSR Division (Present Post)</p>		
<p>Number of shares in the Company    200Shares</p>		
<p><b>■Important Concurrent Posts</b></p> <p>N/A</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>During his career at the Ministry of Economy, Trade and Industry, Mr. Satoshi Miyamoto assumed several prominent positions, including Councilor of the Minister's Secretariat (Manufacturing Industries Bureau) and Commissioner of the Small and Medium Enterprise Agency; and also held positions in JETRO as well as a private enterprise through the exchange program under the Act on</p>		

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Personnel Exchange Between the Government Sector and Private Enterprises. He has a wealth of experience and knowledge in industrial policies, as well as a wide network of connections. Since he joined the Company, he has actively promoted company-wide initiatives including ESG management and SDGs, and has assumed responsibilities for establishing a well-balanced governance system in terms of growth and defense, including the above mentioned initiatives. Therefore, the Company expects that his viewpoint will contribute to stimulating discussion on the Board, and requests his election as a new Director.

11.	<b>Ken Maki</b>	[Date of Birth: December 8, 1960]
<p><b>■Brief history</b></p> <p>April 1984    Joined Furukawa Electric Co., Ltd.</p> <p>Oct. 2003    Assistant Manager of Group Business Administration Department</p> <p>June 2007    Assistant Manager of Corporate Strategy Planning Department</p> <p>April 2010   Assistant Manager of Group Business Management Department</p> <p>June 2010    Director of TOTOKU ELECTRIC CO., LTD.</p> <p>June 2014    General Manager of Finance &amp; Accounting Department, Finance &amp; Procurement Division, Furukawa Electric Co., Ltd.</p> <p>Apr. 2016    Corporate Vice President, General Manager of Energy Infrastructure Division</p> <p>Apr. 2018    Corporate Vice President, General Manager of Strategy Division</p> <p>Jun. 2018    Director and Corporate Vice President, General Manager of Strategy Division (Present Post)</p>		
Number of shares in the Company    1,000Shares		
<p><b>■Important Concurrent Posts</b></p> <p>N/A</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Ken Maki has a track record of successful turnaround of a listed subsidiary, also assumed responsibilities as General Manager of the Finance &amp; Accounting Department and General Manager of Energy Infrastructure Division of the Company, and has considerable experience and knowledge of business strategy as well as finance and accounting. Since 2018, Mr. Maki, as General Manager of Strategy Division, has been working on measures for establishing an optimal business portfolio through reallocation of management resources, and promoting a forward-looking strategy of the Group, including the renewal of the Group Vision toward 2030. Therefore, the Company expects that he will contribute to strategic discussion at the Board of Directors, and requests his re-election as Director.</p>		

[Translation for Reference Purpose Only]

12.	Akihiro Fukunaga	[Date of Birth: January 29, 1964]
<p><b>■Brief history</b></p> <p>April 1986    Joined Furukawa Electric Co., Ltd.</p> <p>Nov. 2005    Senior Vice President and Chief Financial Officer, OFS Fitel, LLC</p> <p>Aug. 2009    Manager, Accounting Section 2, Finance &amp; Accounting Department, Furukawa Electric Co., Ltd.</p> <p>Aug. 2011    Manager, Accounting Section 1, Finance &amp; Accounting Department, Furukawa Electric Co., Ltd.</p> <p>June 2013    Manager, Finance &amp; Accounting Section, Finance &amp; Accounting Department, Finance &amp; Procurement Division</p> <p>Nov. 2013    General Manager, Global Group Management Office, Global Group Management Division</p> <p>April 2016    General Manager, Finance &amp; Accounting Department, Finance &amp; Procurement Division</p> <p>April 2018    Corporate Vice President, Global Management Division</p> <p>April 2019    Corporate Vice President, General Manager of Finance &amp; Global Management Division (Present Post)</p>		
<p>Number of shares in the Company    1,900Shares</p>		
<p><b>■Important Concurrent Posts</b></p> <p>N/A</p>		
<p><b>■Reasons for selection as a candidate for Director</b></p> <p>Mr. Akihiro Fukunaga assumed the position of CFO of our U.S. subsidiary and leadership positions in the accounting division, and also directed and improved business management of affiliated companies in Japan and overseas as General Manager of Global Group Management Division. As such, he has considerable experience and knowledge in finance and accounting as well as group management. Making the best use of such experience and knowledge, he continues to assume his responsibilities for further strengthening the Group's balance sheets and promoting global management of the Group. The Company expects that his viewpoint as an expert of accounting regimes in Japan and overseas will contribute to strategic discussions on the Board, and therefore, requests his election as a new Director.</p>		



*[Translation for Reference Purpose Only]*

[Independence Standards for outside officers specified by the Company]

If none of the following attributes are applicable to the relevant outside Directors and outside Audit & Supervisory Board Members (including candidates), the Company considers that they are independent Directors and Audit & Supervisory Board Members without the possibility of creating any conflict of interest with general shareholders.

- (i) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (ii) Person belonging to a company which is one of the Company's main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (iii) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company's total assets in the most recent years).
- (iv) Person who receives monetary or other economic benefits from the Company of JPY 10 million or more a year, over and above officer's remuneration, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives JPY 100 million a year from the Company.
- (v) Person who has fallen under items (i) to (iv) during any period within the past three years.
- (vi) Relative of the person who falls under items (i) to (v) above, within the second degree of kinship.
- (vii) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.

\* Even if items (i) to (vii) are not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

[Note] Matters concerning candidates for Outside Director

1. Mr. Sumitaka Fujita, Mr. Osamu Tsukamoto and Mr. Akira Nakamoto are currently Outside Directors of the Company and their term will be eleven (11) years, six (6) years and three (3) year respectively at the close of the Annual shareholders meeting.
2. The relationship between the firm from which the candidate for Outside Directors came and the Company are as follows.
  - 1) Concerning Mr. Sumitaka Fujita, in light of the independence Standards for outside officers

*[Translation for Reference Purpose Only]*

specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. Regarding ITOCHU Corporation, where he served as Vice Chairman and Director in the past, the Company undertakes transactions with ITOCHU Corporation, which sells products of Furukawa UACJ Memory Disk Co., Ltd., a subsidiary of the Company, to overseas clients as a distributor. The size of the transactions is small, totaling JPY 3.1 billion annually, and at least three years have passed since his retirement as an executive at ITOCHU Corporation.

- 2) Concerning Mr. Osamu Tsukamoto, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. An advisory contract was entered into between Mr. Tsukamoto and the Company in October 2010. Since then, the Company has been receiving professional advice from him on the business fields of the Company Group. After he assumed the post of outside director in June 2013, the Company continued to pay him for advice on his professional field, in addition to remuneration as outside director. Even since his re-election as a outside director of the Company, the Company continues to do so. Moreover, the Company belongs to the Japan Coal Energy Center as a supporting member, the President of which is Mr. Tsukamoto. The Company pays an annual membership fee to the Center. The value of the consideration paid and to be paid in the future and the value of the annual membership fee to the Center paid and to be paid in the future are below the amount of the independence Standards specified by the Company.
- 3) Concerning Mr. Akira Nakamoto, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. Mr. Nakamoto serves as Representative Director and Chairman of the Board of SHIMADZU CORPORATION, with which the Company undertakes transactions. The Company engages in sales for our thermal products and repairing cable for SHIMADZU CORPORATION. The size of the transactions is small, totaling some JPY 7 million annually, and it is below the amount of the independence Standards specified by the Company.
- 4) Concerning Mr. Yoshiro Miyokawa, the Company judged that he satisfies the independence criteria for outside officers stipulated by the Tokyo Stock Exchange and the Company's Independence Standard, and therefore, he is independent from the Company. When his appointment is approved, the Company will register him as an independent director. There is no special interest between Mr. Miyokawa and the Company.

*[Translation for Reference Purpose Only]*

- 5) Concerning Ms. Yukiko Yabu, the Company judged that she satisfies the independence criteria for outside officers stipulated by the Tokyo Stock Exchange and the Company's Independence Standard, and therefore, she is independent from the Company. When her appointment is approved, the Company will register her as an independent director. Between the Company and Panasonic Corporation, for which Ms. Yabu worked until 2014, there is a business relationship where the Company sells metal products to Panasonic Corporation. However, the total transaction amount is 2.8 billion yen per year, which is small and below the threshold specified in the Company's Independence Standard.
3. With respect to the candidates for re-election, there are no specific facts of inappropriate business execution by the Company during the term of the Outside Director.
4. During the past five years, there were the following facts of inappropriate business execution by a candidate for the Company's Outside Director who served as an officer of another company:

While Mr. Sumitaka Fujita has served as outside director of Olympus Corporation since April 2012, its U.S. subsidiary, Olympus Corporation of the Americas (OCA) was investigated by the U.S. Department of Justice (DOJ) for the alleged violation of the U.S. Anti-Kickback Statute and the U.S. False Claims Act, concerning activities relating to its U.S. medical business for the period from 2006 to 2011; and entered into a deferred prosecution agreement with the DOJ on February 29, 2016. From October 11, the OCA was again investigated by the DOJ for the alleged violation of the Foreign Corrupt Practices Act, concerning medical business activities conducted by its U.S. sales subsidiary (an indirect subsidiary of Olympus Corporation) and the latter's subsidiary in Brazil. These subsidiaries entered into a deferred prosecution agreement with the DOJ on February 29, 2016. As for the above-mentioned two agreements, the DOJ filed motions with a U.S. district court seeking the dismissal of the complaints, and the court approved the motion on March 12, 2019, and the complaints were dismissed. Mr. Fujita was appointed as an outside director of Olympus Corporation after the start of the above-mentioned investigations by the DOJ.

In March and August 2015, the DOJ issued subpoenas to a Japanese subsidiary of Olympus Corporation, seeking information relating to products, which the subsidiary sold in the U.S.; and conducted an investigation relating to the Federal Food, Drug and Cosmetic Act (FDCA). The Japanese subsidiary entered into a plea agreement with the DOJ on December 3, 2018, and the plea agreement was approved by a U.S. federal court and became final on December 10, 2018. Although Mr. Fujita had not been aware of the fact until the incident was uncovered, he had regularly made recommendations from the perspective of legal compliance, promoting awareness.

Upon becoming aware of these facts after assuming the position of outside director of Olympus Corporation, Mr. Fujita called for the implementation of appropriate measures to strengthen compliance and prevent a recurrence at the Board of Directors meetings of Olympus Corporation, where these facts were reported, and necessary measures were deliberated. He also supervised the

*[Translation for Reference Purpose Only]*

implementation of each measure.

Mr. Akira Nakamoto served as a representative director of SHIMADZU CORPORATION from June 2009, but in January 2013, during his term of office as the representative director, the fact that SHIMADZU CORPORATION overcharged the Japanese Ministry of Defense for expenses on aviation instruments was revealed, and as a result, SHIMADZU CORPORATION was suspended from bidding by the Japanese Ministry of Defense. SHIMADZU CORPORATION refunded this overcharged amount, and the suspension was lifted in March 2014. Based on the results of an internal investigation conducted from April 2015 to March 2016, there was also found to be an issue regarding fulfilment of a maintenance contract for aviation instruments with the Ministry of Defense. The matter in question was reported to the ministry in May 2016. As a consequence, SHIMADZU CORPORATION was suspended from bidding by the Japanese Ministry of Defense for three and a half months from June 2017, but the suspension was lifted in September 2017.

Mr. Akira Nakamoto did not recognize the fact in advance, but after the fact became apparent, Mr. Akira Nakamoto conducted an investigation to clarify the overall situation, and in addition, Mr. Akira Nakamoto worked to strengthen the internal control system and foster compliance awareness.

#### 5. Overview of limited liability agreement

It is stipulated in the Articles of Incorporation that the Company may enter into limited liability agreements with Outside Directors to bring qualified human resources capable of fulfilling expected roles in performing their duties. Accordingly, Messrs. Sumitaka Fujita, Osamu Tsukamoto and Akira Nakamoto, as Outside Directors, concluded the limited liability agreements with the Company, which will continue to be effective, if they are re-appointed and assume the positions of Outside Directors. If Mr. Yoshiro Miyokawa and Ms. Yukiko Yabu are appointed and assume the positions of Outside Directors, the Company will conclude limited liability agreements with them. The limit of liabilities under the agreements is the minimum amount provided for in laws and regulations.

[Translation for Reference Purpose Only]

**Proposal Three: Election of one (1) Audit & Supervisory Board Member**

The term of office of one Audit & Supervisory Board Member, Mr. Tetsuya Sato, will expire at the close of this shareholders meeting. Therefore, the Company requests the election of one Audit & Supervisory Board Member, in order to maintain/strengthen its auditing system.

The candidate for Audit & Supervisory Board Member is as follows.

The Company obtained prior consent from the Audit & Supervisory Board regarding this proposal.

	<b>Yoshiaki Mizota</b>	[Date of Birth: April 1, 1959]
<b>■Brief history</b>		
April 1983	Joined Furukawa Electric Co., Ltd.	
Sept. 2001	General Manager, Chiba Telecommunications Manufacturing Department, Optcom Business Division	
June 2002	General Manager, Mie Telecommunications Manufacturing Department, Optcom Business Division	
Oct. 2003	General Manager, Mie Telecommunications Manufacturing Department, Telecommunications Company	
March 2006	General Manager, Technology Development Department, Telecommunications Company	
March 2007	General Manager, Fiber & Cable Manufacturing Department, Telecommunications Company	
Aug. 2010	Director and Senior Vice President, OFS Fitel, LLC	
April 2011	Corporate Vice President of Furukawa Electric Co., Ltd., Director and Senior Vice President of OFS Fitel, LLC	
April 2012	Corporate Vice President, General Manager, Fiber & Cable Business Division, Telecommunications Company	
April 2013	Corporate Vice President, General Manager of the Fiber & Cable Business Division and General Manager of the Electron Beam Business Division	
April 2015	Corporate Vice President, General Manager of Production Technology Division	
April 2017	Corporate Vice President, General Manager of MONOZUKURI Innovation Division	
April 2018	Corporate Senior Vice President and General Manager of MONOZUKURI Innovation Division	
April 2019	Advisor, MONOZUKURI Innovation Division (present)	
Number of shares in the Company 2,400Shares		
<b>■Important Concurrent Posts</b>		
N/A		
<b>■Reasons for selection as a candidate for Director</b>		
Mr. Yoshiaki Mizota has been engaged in manufacturing/development of telecommunication		

*[Translation for Reference Purpose Only]*

business over the years, and has a wealth of experience in and extensive knowledge of business management in other countries and MONOZUKURI or manufacturing through his experience as an executive of the U.S. subsidiary and General Manager of MONOZUKURI Innovation Division. In order to strengthen the auditing system of the Group which globally operates businesses with diverse product lines, it is considered his management experience in an overseas subsidiary and technological expertise are very useful. Therefore, the Company requests his election as a new Audit & Supervisory Board Member.

[Translation for Reference Purpose Only]

**Proposal Four: Election of one (1) Reserve Audit & Supervisory Board Member**

The effective terms of the resolution on the election of a substitute Audit & Supervisory Board Member at the 196th Annual Shareholders Meeting held on June 22, 2018, will expire at the beginning of this Shareholders Meeting. Therefore, to ensure that the Company will not lack the mandatory number of outside Audit & Supervisory Board Members, we request the election of one substitute outside Audit & Supervisory Board Member.

The candidate for substitute Audit & Supervisory Board Member is shown below.

The Company obtained prior consent from the Audit & Supervisory Board regarding this proposal.

	<b>Kenji Koroyasu</b>	[Date of Birth: April 16, 1942]
<b>■Brief history</b>		
April 1967	Public Prosecutor	
April 1993	Public Prosecutor, Supreme Public Prosecutors Office	
Dec. 1993	Chief Public Prosecutor, Otsu District Public Prosecutors Office	
Jan. 1996	Chief Secretary, Ministry of Justice	
Dec. 1997	Director of General Affairs Department, Supreme Public Prosecutors Office	
April 1999	Director of Criminal Affairs Department, Supreme Public Prosecutors Office	
Dec. 1999	Director General, Research and Training Institute of the Ministry of Justice	
May 2001	Superintending Prosecutor, Sapporo High Public Prosecutors Office	
June 2002	Superintending Prosecutor, Nagoya High Public Prosecutors Office	
Feb. 2003	Superintending Prosecutor, Osaka High Public Prosecutors Office	
June 2004	Retired as Superintending Prosecutor	
July 2004	Joined Tokyo Eiwa Attorneys at Law	
June 2005	Outside Director, Central Japan Railway Company (JR Central) (present post)	
July 2008	Advisor (Attorney), TMI Associates (present post)	
June 2010	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.	
Number of shares in the Company 2,000Shares		
<b>■Important Concurrent Posts</b>		
Outside Director, Central Japan Railway Company (JR Central)		
Advisor Attorney of TMI Associates		

- Notes: 1. Mr. Kenji Koroyasu is a candidate for substitute Outside Audit & Supervisory Board Member.
2. Reasons for nominating him as a substitute Outside Audit & Supervisory Board Member are as follows:  
Mr. Kenji Koroyasu has not directly engaged in corporate management in any other capacity than outside officer, but he has long experience as a legal professional, and is familiar with legal affairs of companies through his experience as outside officer.

*[Translation for Reference Purpose Only]*

He has sufficient expertise and extensive knowledge of corporate management, and therefore, the Company judged that he is capable of properly carrying out auditing of the Company's business execution, and requests his election as a substitute Audit & Supervisory Board Member.

3. The relationship between the company for which the substitute Outside Audit & Supervisory Board Member previously worked and the Company is as follows: Concerning Mr. Kenji Koroyasu, the Company judged that he satisfies the independence criteria for outside officers stipulated by the Tokyo Stock Exchange and the Company's Independence Standard, and therefore, he is independent from the Company. When his appointment is approved, the Company will register him as an independent officer. Mr. Koroyasu served as Outside Audit & Supervisory Board Member of the Company from June 2010 to June 2018. Furthermore, there is no transaction between the Company and TMI Associates, where Mr. Koroyasu works as Advisor Attorney from July 2008.
4. Overview of limited liability agreement  
It is stipulated in the Articles of Incorporation that the Company may enter into limited liability agreements with Outside Audit & Supervisory Board Member to bring qualified human resources capable of fulfilling expected roles in performing their duties. If Mr. Kenji Koroyasu are appointed and assume the positions of Outside Audit & Supervisory Board Member, the Company will conclude limited liability agreements with them. The limit of liabilities under the agreements is the minimum amount provided for in laws and regulations.



*[Translation for Reference Purpose Only]*

**Proposal Five: Partial revision of performance-linked stock remuneration system for Directors**

1. Reasons for proposal and reasons why the proposed remuneration is appropriate

The Company introduced the Performance-Linked Stock Remuneration System (hereinafter the “System”) for Directors, excluding Outside Directors, as well as Corporate Vice Presidents and Senior Fellows (hereinafter collectively “Directors and Officers”), upon the resolution of the 194th Annual Shareholders Meeting on June 27, 2016.

In order to change the upper limit of the payment rate from 100% to 130% (hereinafter the “Revision”)\* aiming at strengthening incentives under this System, the Company requests your approval for changing the current maximum amount of remuneration for directors. Mid- to long-term performance-linked remuneration under this System will be provided separately from the basic remuneration and the short-term performance-linked remuneration up to the maximum of 600 million yen, approved by the resolution of the 184<sup>th</sup> Annual Shareholders Meeting on June 29, 2006.

As for details of the Revision, we’d like you to leave them to the Board of Directors within the range described in 2 below.

The Revision is intended to further strengthen the linkage between remuneration for Directors and stock value of the Company, thus stimulating greater awareness of their contribution to increasing mid- to long-term corporate value, and the Company believes the Revision is appropriate.

2. Details of the Revision

Major changes in the Revision are indicated by underlined texts below. As for details of the initial System, please refer to the “Notice Regarding the Introduction of Performance-Linked Stock Compensation System” published on May 11, 2016.

(1) Overview of the System

The System adopted a structure called “Board Benefit Trust” where the Company’s shares (common stock) (hereinafter the “Company’s shares”) are acquired through a trust using the money which the Company contributed to the trust (hereinafter the “Trust” referring to the trust established under the System). And the Company’s shares and the amount of money equivalent to the market value of the Company’s shares (hereinafter the “Company’s shares, etc.”) are granted to Directors and Officers in accordance with the “Stock Benefit Regulations for Executives” predetermined by the resolution of the Board of Directors. One target period consists of three fiscal years (hereinafter the “target period”; the initial target period is three fiscal years from April 1, 2016 to March 31, 2019, and the first target period after the Revision is three fiscal years from April 1, 2019 to March 31, 2022). A predetermined number of points

*[Translation for Reference Purpose Only]*

shall be granted to Directors and Officers based on their ranks every year, as a basis of their entitlement to receive the Company's shares, etc., and the points shall be adjusted by the method stipulated in (4) below to determine the final number of points corresponding to the number of the Company's Shares to be granted. The Directors and Officers will receive the Company's shares, etc. in a number corresponding to the final number of points granted while they are in office, in principle, at the time of their retirement.

(2) Eligible Persons under the System

Eligible persons are Directors (excluding Outside Directors), Corporate Vice Presidents (excluding Directors who concluded a mandate agreement with the Company), and Senior Fellows, who are in office during the period the System remains in effect. However, overseas residents are not eligible for remuneration under the System: instead, they are paid in cash equivalent to the amount of remuneration under the System at the time of retirement. After the revision, on condition that the Company's proposal for election of Directors is approved at the Shareholders Meeting, the total number of eligible persons will be 26 with the following breakdown: 7 Directors, 17 Corporate Vice Presidents, and 2 Senior Fellows.

(3) Maximum amount of the Company's contribution

The Company established the Trust, where its Beneficiaries are retired Directors and Officers who fulfill beneficiary requirements under the "Stock Benefit Regulations for Executives". At the time of establishing the Trust, the Company contributed 347 million yen to the Trust as monetary assets for acquiring an appropriate number of the Company's shares deemed reasonably necessary for providing remuneration for Directors and Officers in the form of the Company's shares, etc. in accordance with (4) and (5) below. The Trust used entrusted money to acquire the Company's shares from the stock market. During the initial target period, in August 2016 after the establishment of the Trust, it acquired 1,295,000 shares of the Company's common stocks (the Company carried out a reverse stock split at one for 10 shares of common stock on October 1, 2016, due to a change in the trading unit from 1,000 shares to 100 shares at the financial instruments exchange).

After the elapse of the initial target period, in every three fiscal years as a general rule until the termination of the Trust, the Company will make an additional contribution of no more than 450 million yen to the Trust for the subsequent three fiscal years (hereinafter the "next target period"). However, when an additional contribution is to be made, if there remain the Company's shares (excluding the Company's shares to be granted to Directors and Officers, corresponding to the number of points adjusted according to (4) below) and/or money (hereinafter such shares and money are collectively referred to as the "Remaining Shares, etc.")

*[Translation for Reference Purpose Only]*

in the Trust account as of the date preceding to the start of the next target period, for which the contribution is to be made, such Remaining Shares, etc. shall be used for payments under the System during the next target period, and the maximum amount of the Company's contribution for the next target period shall be calculated by deducting the amount of the Remaining Shares, etc. (the value of the Company's shares is calculated at market value as of the preceding date of the start of the next target period) from 450 million yen .

For the first target period after the Revision, it is intended that the Trust shall acquire the Company's shares up to 180,000 shares (this number corresponds to the number of points to be granted in every target period as described in (4) below) through the stock market or the disposal of treasury shares of the Company promptly after the additional contribution. The Company will disclose its decision on an additional contribution in an appropriate and timely manner.

(4) Calculation method and upper limit of the number of the Company's shares to be granted to Directors and Officers

Directors and Officers shall be granted a predetermined number of points, depending on their ranks, every year, which serves as the basis of their entitlement to receive the Company's shares, etc. However, the maximum number of total points to be granted to Directors and Officers during each target period is limited to 180,000 points. After the elapse of each target period, in accordance with the predetermined standards (standards for comparison between the volatility of the Company's share prices and the volatility of Tokyo Stock Price Index or TOPIX), upon adjusting the number of points in certain cases, the number of points eligible for receiving the Company's shares by converting one point to one share is determined. In case a stock split or reverse stock split is carried out during the period the System remains in effect, necessary adjustment will be made according to the ratio of split or reverse split. The Company carried out a reverse stock split at one for 10 shares of common stock on October 1, 2016, due to a change in the trading unit from 1,000 shares to 100 shares at the financial instruments exchange. Accordingly, the Company made adjustments to the maximum number of total points during the initial target period, and granted points.

As for Directors and Officers who retired at the expiration of their terms before the target period ends, they are entitled to receive the Company's shares, etc. in a number calculated by the above-mentioned method. As for Directors and Officers who retired for other reasons, the Board of Directors shall make a decision depending on their specific circumstances.

(5) Granting of the Company's shares

*[Translation for Reference Purpose Only]*

On condition that Directors and Officers fulfill the Trust's beneficiary requirements under the "Stock Benefit Regulations for Executives", by completing procedures for determining eligibility at the time of retirement, Directors and Officers are entitled to receive, from Trust, the Company's shares in a number corresponding to an aggregate number of points earned during their services. The number is determined by the method stipulated in the above (4) by converting one point to one share. However, if Directors and Officers satisfy separate requirements in the "Stock Benefit Regulations for Executive" in addition to the above-mentioned beneficiary requirements, they will receive an amount of money equivalent to the market value of the Company's shares at that time, for a certain proportion of their points in lieu of the Company's shares. The Trust may sell the Company's shares to make such monetary payments.

(6) Trust term

The Trust term shall be from August 8, 2016 to the termination of the System.

※ An expiry date is not set for the Trust term, and the Trust will be maintained as long as the System is maintained. The System will be terminated in such events as delisting of the Company's shares and the termination of the "Stock Benefit Regulations for Executives".

(7) Voting rights of shares held in the Trust

In accordance with instructions of the trust administrator, the Trust shall not exercise its voting rights of the Company's shares held in the Trust. Through this arrangement, the Company aims at ensuring neutrality toward the Company's management with respect to voting rights of its shares in the Trust.

(8) Dividends

With respect to dividends from the Company's shares held in the Trust, the Trust shall receive such dividends, which are to be allocated to the capital for the acquisition of the Company's shares and/or payments of trust fees to the trustees associated with this Trust. In the event of the termination of the Trust, dividends remaining as residual assets of the Trust shall be donated to an organization in which the Company and its executives have no interest, or paid to Directors and Officers in office at the time of the termination.

(9) Termination of the Trust

With respect to the Company's shares remaining as residual assets of the Trust at the time of its termination, it is intended that all such shares shall be transferred to the Company free of charge and retired based on the resolution of the Board of Directors. With respect to money

*[Translation for Reference Purpose Only]*

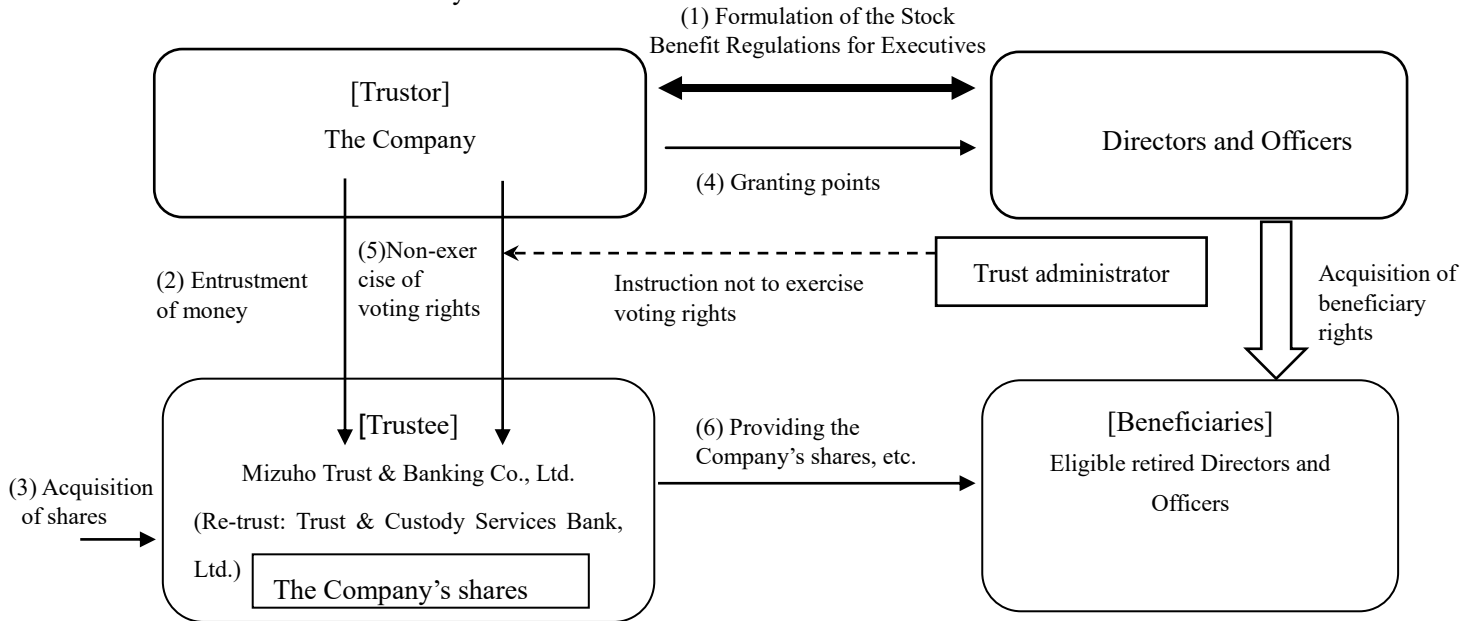
remaining as residual assets of the Trust at the time of its termination, the remaining balance after making the donation to the organization as stipulated in the above (8) or payments to Directors and Officers, shall belong to the Company.

(10) Other

Other matters associated with the System shall be determined by the Board of Directors in the following events: the establishment of the Trust, any change in the Trust Agreement, and additional contribution to the Trust.

[Translation for Reference Purpose Only]

<Reference: Structure of the System>



1. The Company established the “Stock Benefit Regulations for Executives” within the framework of the System approved at its 194<sup>th</sup> Annual Shareholders Meeting, and the “Stock Benefit Regulations for Executives” will be revised within the framework of the Revision to be approved at the Shareholders Meeting.
2. The Company entrusted money within the scope approved by resolution of its 194<sup>th</sup> Annual Shareholders Meeting, and will entrust additional money within the scope to be approved at the Shareholders Meeting.
3. The Trustee acquires the Company’s shares through the stock market or the disposal of treasury shares of the Company, using the monetary assets entrusted (including additional monetary contribution to be made by the Company as stated in the above 2, and remaining balance of money entrusted prior to the additional contribution).
4. The Company grants points to Directors and Officers in accordance with the “Stock Benefit Regulations for Executives”.
5. In the Trust, in accordance with instructions given by an independent trust administrator, voting rights on the Company’s shares held in the Trust are not to be exercised.
6. The Trust will provide the retired Directors and Officers who fulfill beneficiary requirements under the “Stock Benefit Regulations for Executives” (hereinafter “Beneficiaries”) with the Company’s shares in a number corresponding to the number of points granted to the Beneficiaries. However, if Directors and Officers satisfy separate requirements in the “Stock Benefit Regulations for Executive”, the Trust will provide them with an amount of money equivalent to the market value of the Company’s shares at the time of retirement, for a certain proportion of their points in lieu of the Company’s shares.

[Overview of the Trust]

1. Name: Board Benefit Trust (BBT)
2. Trustor: The Company
3. Trustee: Mizuho Trust & Banking Co., Ltd. (Re-trustee: Trust & Custody Services Bank Ltd.)
4. Beneficiaries: Retired Directors and Officers who fulfill beneficiary requirements under the “Stock Benefit Regulations for Executives”
5. Trust administrator: A third party with no conflicts of interest with the Company (lawyer)
6. Type of Trust: Trust of money other than money trust (third party benefit trust)
7. Date of conclusion of the Trust Agreement: August 8, 2016
8. Date on which money was entrusted (initial contribution): August 8, 2016

End.

## **Business Report**

### **(1) Overview of progress and results of our Group's business in the current fiscal year**

In the current fiscal year, we witnessed a steady growth of the global economy propelled by the strong U.S. economy, until the second half of the year when the global economy declined due to the impact of the U.S.-China trade friction and the slowing Chinese economy. The Japanese economy moderately expanded due to the upward trend of exports and an increase in capital investment backed by strong corporate earnings, but since the end of the year, the Japanese economy has become increasingly stagnant due to the influence of the increased uncertainty in the global economy.

In such a business environment, the Furukawa Electric Group continued to work on strengthening the infrastructure (communications/energy) and automotive segments, which are priority areas in our mid-term management plan "Furukawa G Plan 2020". As for the infrastructure segment, in the area of communications solutions, to cope with the increased competition over optical fiber cables, we strived to expand our customer base for high-density multicore optical cables, in which we have a competitive advantage, and also to increase our production capacity and reduce production costs. In the area of energy, we continued to actively take orders for submarine and underground power cables in the Japanese market and other Asian markets, and made necessary capital investments to accommodate new orders; and we have been improving an operating structure allowing for capturing steady mid- to long-term demand for replacement of electric power equipment in Japan. As for the automotive segment, in order to improve the production and supply systems for accommodating orders for wire harnesses mainly for global car models, we made efforts, including increasing our production capacity in the Philippines and Vietnam, for expanding the business globally and strengthening our competitiveness.

Furthermore, taking into account the revision of the Corporate Governance Code, we have continuously worked on strengthening our corporate governance. Such efforts include an improvement of the operation of the Board of Directors based on results of an evaluation of the board's effectiveness, and the revision of the Guidelines on Corporate Governance. Furthermore, we have been promoting the workstyle reform that contributes to the inclusion of diverse human resources, working practices and values. In February 2019, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange announced that we were selected as a brand of the 2019 Health & Productivity Stock Selection program. This program selects and discloses enterprises which consider employees' health maintenance from the managerial perspective and take strategic actions. Furukawa Electric is the only company selected from the non-ferrous metal industry. Furthermore, we were awarded the certification as an excellent company (the highest rank), in terms of the promotion of women's participation and advancement in the workplace, by the Minister of Health, Labor and Welfare for the third consecutive year in a row.

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With respect to the current year's financial results, Automotive Products business achieved strong sales of wire harnesses; and Copper & High Performance Material Products business and Copper Foil business optimized the product mix, and significantly improved the profitability. On the other hand, Communications Solutions business suffered a slowdown in sales due to a delay in the recovery of demand for optical fiber cables in North America as our main clients reduced investment. Power Cable business was under pressure on profit, because of the recognition of sales from an unprofitable project accepted in a prior year, and the recognition of provision for loss on construction contracts for a new energy project which was strategically accepted for the future.

As a result, the Company recorded consolidated net sales of 991.6 billion yen (up 2.5% year-on-year), and consolidated operating income of 40.8 billion yen (down 8.8% yoy). Consolidated ordinary income amounted to 39.1 billion yen (down 16.7% yoy). The profit of 9.9 billion yen, including gain from sale of investment securities, was recorded as extraordinary profit, while the loss of 13.2 billion yen, including provision for product defect compensation and impairment loss, was recorded as extraordinary loss. Accordingly, net income attributable to owners of the parent company amounted to 29.1 billion yen (up 2.0% yoy). Overseas sales amounted to 470.3 billion yen (up 3.0% yoy), and the overseas sales ratio was 47.4% (up 0.2 percentage points). On a non-consolidated basis, the Company recorded net sales of 473.6 billion yen (up 3.5% yoy), operating income of 5.1 billion yen (down 9.6% yoy), ordinary income of 22.6 billion yen (up 6.5% yoy), and net income of 21.5 billion yen (up 16.0% yoy).

**(2) Changes in business outcomes and assets**

(i) Changes in Group business outcomes and assets

Category	194 <sup>th</sup> term Fiscal 2015	195 <sup>th</sup> term Fiscal 2016	196 <sup>th</sup> term Fiscal 2017	197 <sup>th</sup> term (Current term) Fiscal 2018
Net sales (JPY millions)	874,879	843,344	967,333	991,590
Operating income / loss (JPY million)	27,116	38,623	44,804	40,842
Ordinary income / loss (JPY million)	18,710	36,024	46,908	39,078
Profit (loss) attributable to owners of parent (JPY million)	10,007	17,570	28,547	29,108
Net income / loss per share (JPY)	14.17	249.17	405.05	412.98
Total assets (JPY millions)	705,725	750,126	808,632	818,021
Net assets (JPY millions)	198,587	237,051	272,071	279,911

[Notes] 1. A reverse stock split was carried out on October 1, 2016, at the rate of 1 share per 10



[Translation for Reference Purpose Only]

common shares.

- The Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No. 28; February 16, 2018) to its financial statements effective from the beginning of the current consolidated accounting period. As for the amount of total assets for the previous consolidated accounting period, the above-mentioned standard was applied to the fiscal year ending March 2018 retroactively for reference.

(ii) Changes in Company business outcomes and assets

Category	194 <sup>th</sup> term Fiscal 2015	195 <sup>th</sup> term Fiscal 2016	196 <sup>th</sup> term Fiscal 2017	197 <sup>th</sup> term (Current term) Fiscal 2018
Net sales (JPY millions)	398,851	398,777	457,730	473,626
Operating income / loss (JPY million)	5,467	6,209	5,694	5,147
Ordinary income / loss (JPY millions)	12,192	21,191	21,247	22,619
Net income / loss (JPY million)	△5,527	10,909	18,542	21,510
Net income / loss per share (JPY)	△7.83	154.68	263.03	305.11
Total assets (JPY millions)	415,388	431,148	463,387	469,013
Net assets (JPY millions)	119,915	134,832	151,504	164,075

[Notes] 1. A reverse stock split was carried out on October 1, 2016, at the rate of 1 share per 10 common shares.

- The Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No. 28; February 16, 2018) to its financial statements effective from the beginning of the current consolidated accounting period. As for the amount of total assets for the previous consolidated accounting period, the above-mentioned standard was applied to the fiscal year ending March 2018 retroactively for reference.

**(3) Overview and results of business activities for the term (each segment)**

[Consolidated Net Sales and Operating Income by Segment] (Unit: JPY millions)

Segment	Net sales	Increase/ decrease from the previous year-end	Operating income / loss	Increase/ decrease from the previous year-end
Infrastructure	287,973	△5,422	7,430	△4,945
Electronics & Automotive Systems	562,671	28,880	19,706	1,346
Functional Products	149,300	△3,764	13,539	△493
Services and	47,565	△3,435	55	78

[Translation for Reference Purpose Only]

Developments etc.				
Elimination	△55,921	7,999	111	52
Total	991,590	24,257	40,842	△3,961

- [Notes]
1. While industrial Lasers use had been under the management of Service and Developments etc. segment until the previous fiscal year, they were transferred to Infrastructure segment due to commercial feasibility.
  2. Effective from the current fiscal year, the allocation method of head office expenses, etc. was changed in order to more appropriately reflect financial results by segment in the statements.
  3. Along with the above 1 and 2, the calculation method of consolidated net sales and consolidated operating income by segment was changed. Consolidated net sales and consolidated operating income for the previous fiscal year were also re-calculated according to the new calculation method for the comparison with consolidated net sales and consolidated operating income for the current fiscal year.
  4. Due to the sale of all shares held in FCM CO., LTD. which was our listed subsidiary, FCM CO., LTD. was excluded from our consolidated financial statements during the current fiscal year. Accordingly, as for FCM's net sales and operating income, the cumulative amounts for only 9 months from April 1, 2018 to December 31, 2018 are recorded as the results of Functional Products segment.

## Infrastructure

As for Communications Solutions business, products for network systems in Japan did well, backed by increased demand mainly due to the launch of 4K and 8K television broadcasting; and the sales of industrial lasers used for cutting and welding of metals also increased. However, the sales of optical fiber cables in North America slowed down due to a delay in the recovery of demand as our main clients reduced investment. As for Energy Infrastructure business, while we steadily captured robust demand for underground power cables in Japan, profits were squeezed by the recognition of provision for loss on construction contracts attributable to a strategic order intake for submarine power cables for new energy, as well as the recognition of sales from an unprofitable project accepted in a prior year.

As a result, the segment recorded consolidated net sales of 288 billion yen (down 1.8% yoy), and consolidated operating income of 7.4 billion yen (down 40.0% yoy). Its unconsolidated net sales amounted to 96.1 billion yen (up 9.3% yoy).

With respect to Communications Solutions business, we are steadily making capital investment for increasing our production capacity for optical fibers in North America and Japan and for reducing costs, and strengthening the production capability for the products for which an increase in global demand is expected over the mid- to long-term. Furthermore, as for digital coherent products, the market is recovering, and we will strive to develop next-generation products and expand sales.

With respect to Energy Infrastructure business, we will increase our order intake related to new energy in the Japanese and other Asian markets, by improving our production and construction

*[Translation for Reference Purpose Only]*

capabilities, including securing human resources, and strengthening the production capacity for long/large capacity cables to be used for submarine power cables; and also reinforce our cost competitiveness by utilizing our manufacturing base in China.

### **Electronics & Automotive Systems**

Electronics & Automotive Systems segment maintained strong performance due to the following factors: Automotive Products business achieved strong sales of wire harnesses; Copper & High Performance Material Products business improved the profitability by optimizing the product mix; and Magnet Wire business benefited from steady sales of automotive products.

As a result, the segment recorded consolidated net sales of 562.7 billion yen (up 5.4% yoy) and consolidated operating income of 19.7 billion yen (up 7.3% yoy). On an unconsolidated basis, net sales amounted to 312 billion yen (up 2.2% yoy).

With respect to Automotive Products business, in order to accommodate orders for wire harnesses mainly for global car models, we are improving our production capability in two regions, specifically by utilizing the Southeast Asian bases (the Philippines and Vietnam) in addition to the existing base in Mexico. Furthermore, we are striving to improve our cost competitiveness and quality of wire harnesses, including aluminum wire harness products in which we have a competitive advantage, thus further expanding the business.

Furthermore, in the current fiscal year, the Group increased its stake in Minda Furukawa Electric Private Ltd. to 75%, and made it a consolidated subsidiary. We aim at increasing the sales of steering roll connectors, in which we have a competitive advantage, through this subsidiary, taking the opportunity when airbags become compulsory in the Indian market. Upon becoming our consolidated subsidiary, its name was changed to Furukawa Minda Electric Private Ltd.

*[Translation for Reference Purpose Only]*

### **Functional Products**

Copper Foil business maintained strong performance by capturing strong demand until the end of the year as well as improving the product mix. Memory Disk business achieved strong sales of aluminum substrate used in hard disks for data centers toward the end of the year. AT & Functional Plastics business, however, recorded sluggish sales in the electronics market, and affected the segmental profitability.

As a result, the segment recorded consolidated net sales of 149.3 billion yen (down 2.5% yoy), and consolidated operating income of 13.5 billion yen (down 3.5% yoy). Its unconsolidated net sales amounted to 64.7 billion yen (up 1.7% yoy).

As for AT and Copper Foil businesses, we will actively develop new markets by introducing the new usage of tapes traditionally used for the production of semiconductors, and implement measures for securing earnings.

With regard to Thermal Management Solution & Products business, Memory Disk business, and Copper Foil business, despite a short-term decline in demand in the electronics market including data centers, we will propose and develop new products that meet customers' demand, and continue to strive for the growth in the market.

### **Services and Developments etc.**

This segment supports various other businesses within the Group through logistics, renting real estate, hydroelectric generation, R&D for new products, and subcontracting.

The segment recorded consolidated net sales of 47.6 billion yen (down 6.7% yoy), and consolidated operating income of 55 million yen (improved by 78 million yen from the last year). Its unconsolidated net sales amounted to 0.8 billion yen (up 2.0% yoy).

While this segment used to manage laser products for industrial use until the previous fiscal year, the management of the products was transferred to Infrastructure segment due to the prospect of feasibility.

**(4) Issues to be addressed**

**1. Implementing our mid-term management plan “Furukawa G Plan 2020”**

As identified as core measures in the mid-term management plan “Furukawa G Plan 2020” established in 2016, the Group will continue to strive for strengthening and reforming its business, especially strengthening such priority areas as the infrastructure (communications/energy) and automotive segments.

As for Infrastructure segment, in the area of communications solutions, we will steadily increase our production capacity of optical fibers, demand for which is expected to increase on a global level over the mid-to-long term; and also promote development and sales of product groups which support high-speed high-capacity communications, including next-generation products of optical sources for digital coherent communications, and aim at expanding the business on the background of the evolution of 5G (the 5<sup>th</sup> generation mobile communication systems). In the area of Energy, we will strive for enhancing our production and construction capabilities, including securing human resources, and capturing orders for supertension underground power cables for Japanese electric power companies, thus establishing a sound business foundation. Furthermore, we will implement measures for the growth of Power Cable business from the long-term perspectives, through making necessary investments in plant and equipment to strengthen our production capacity for long/high capacity cables for promising submarine power cables, as well as capturing orders for submarine power cables for offshore wind power generation in the Asian markets, including Japan, where demand is expected to grow.

In Automotive segment, we will continue to focus on increasing order intake for aluminum wire harnesses and aluminum corrosion-resistant terminals, which contribute to automotive lightening, and perimeter monitoring radars indispensable for advanced driver-assistance systems. We will also aim at our growth in the area called “CASE\*” with the prospect of significant market growth in the future: we will offer our unique value proposition by integrating various technologies which the Group developed in the wide-ranging business areas.

\*CASE: Connected, Autonomous, Shared & Services, and Electric

We implemented measures for establishing an optimal business portfolio by reallocating management resources, including the sale of all shares held in FCM CO., LTD. which was our listed subsidiary. Furthermore, we established Transformation Division in April 2019, and the entire Group has been conducting transformation activities toward improving earnings power and organizational ability of execution.

In addition, aiming at developing new businesses, we have been promoting open innovation and an industry-academia partnership. At an open lab named “Fun Lab”, which was established in Yokohama aiming at co-creation with other companies, increasing activities are carried out to the extent that we need to expand the facility. We are also offering a social partnership course with

*[Translation for Reference Purpose Only]*

Tokyo University which started two years ago, and implementing an accelerator program for reinforcing partnership with startups activities. In August 2018, we established our 4<sup>th</sup> overseas research center, Silicon Valley Innovation Laboratories, Furukawa Electric (SVIL), in Silicon Valley, California, the United States for generating new businesses on a global scale in the future.

In our mid-term management plan “Furukawa G Plan 2020”, we set the following financial goals: consolidated operating income of at least 55 billion yen; net income attributable to owners of the parent company of at least 30 billion yen; and ROE of at least 10%. Currently, the management environment around the Group is significantly changing, yet we promote business management with the awareness of return on operating assets, and make efforts on strengthening priority businesses/products and transforming unprofitable businesses/products, thus improving the business portfolio and increasing the earnings power.

In May 2019, we renewed our Group vision, and formulated “Furukawa Electric Group Vision 2030”, looking far into the year 2030. To “preserve the global environment” and “realize safe, secure and comfortable lives of people”, the Group will contribute to creating the social infrastructure by integrating information, energy, and mobility.

## **2. Strengthening corporate governance**

The Company strives to strengthen its corporate governance as a part of efforts for achieving sustainable growth and increasing corporate governance over the mid- to long-term.

In response to the revision to the Corporate Governance Code in June 2018, toward realizing effective corporate governance instead of superficial compliance with the principles, the Board of Directors examined the revised Code at several meetings, and our “Guidelines on Corporate Governance” was revised based on the discussion in December. The Board of Directors is committed to enhancing its discussion for further strengthening corporate governance.

As a “Company with the Audit & Supervisory Board”, the Company established an optional committee, the Nominating/Compensation Committee made up of a majority of outside directors and chaired by an outside director. The Committee deliberates such matters as nomination/removal and evaluation of directors and other officers, and executive remuneration. In the current fiscal year, the Nominating/Compensation Committee met 13 times. The Committee had a deliberation on the new executive management structure effective from April 2019, and reported the results to the Board of Directors, which, in turn, made a decision on the structure. Concerning executive remuneration, delegated by the Board of Directors, the Committee deliberated and made a decision on the revision of executive remuneration to increase percentages of performance-linked remuneration as an incentive for increasing corporate value over the mid- to long-term. The Nominating/Compensation Committee complements the supervisory function of the Board of Directors through an objective and transparent process related to nomination and remuneration.

[Translation for Reference Purpose Only]

We conducted an annual evaluation of the board's effectiveness, which was introduced in fiscal year 2015, in the current fiscal year as well, and effective analysis and evaluation were carried out from the perspective of improving the functions of the Board of Directors. We will strive for ensuring that the Board of Directors adequately discusses more quantitative analysis of the competitive environment and business challenges, and specific measures to address such challenges.

Furthermore, with regard to ESG management and SDGs which draw increasing global interest, we will ensure that the Board of Directors has intensive discussions that lead to actions contributing to increasing mid- to long-term corporate value.

The Group will steadily implement each measure in order to certainly achieve the goals set in the mid-term management plan, and strive for further strengthening corporate governance and increasing corporate value. We'd like our shareholders to understand our activities and provide continued support and advice.

#### (5) Capital investments

The status of capital investments executed by the Company Group for the current period is as follows:

Segment	Detail of key investments	Amount (JPY millions)	Increase/ decrease from the previous year-end (JPY millions)
Infrastructure	Expansion of optical fiber manufacturing equipment, etc.	23,986	6,117
Electronics & Automotive Systems	new establishment of winding wire manufacturing equipment for automobiles	16,133	4,063
Functional Products	Expansion of manufacturing equipment for Semiconductor manufacturing tape, etc.	5,247	1,601
Services and Developments etc.	Replacement of ERP systems, etc.	1,692	△349
Elimination	—	2,976	60
Total	—	50,036	11,493

[Note] While industrial lasers use had been under the management of Service and Developments etc. segment until the previous fiscal year, they were transferred to Infrastructure segment due to commercial feasibility. Along with the above, amount of Capital investment for the previous fiscal year were also re-calculated according to the new calculation method for the comparison

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with amount of Capital investment for the current fiscal year.

#### (6) Fund procurement

The Company and the Group companies raise required funds through long-term/short-term borrowing from banks, issuance of corporate bonds and commercial paper, securing of notes and accounts receivables, etc.

In Japan, China and Thailand, the Company Group installed cash management systems for subsidiaries/affiliates, respectively (including the Company in Japan), and we strive to efficiently use funds and reduce interest-bearing debts. Interest-bearing debts on a consolidated basis at the end of the current fiscal year amounted to 246 billion yen, up 12.5 billion yen from the end of the previous fiscal year.

#### (7) Main loan creditor (as of March 31, 2019)

Name of creditor	Amount of loan credit (JPY millions)
Mizuho Bank, Ltd.	54,004
The Bank of Mitsubishi UFJ, Ltd.	39,540
The Bank of Yokohama, Ltd.	14,613

#### (8) Main offices, plants, and Subsidiaries (as of March 31, 2019)

1) Furukawa Electric Co., Ltd.

Head office	2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo
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Type of facility	Name	Location
Branch offices	Hokkaido Branch	Sapporo
	Tohoku Branch	Sendai
	Chubu Branch	Nagoya
	Kansai Branch	Osaka
	Chugoku Branch	Hiroshima
	Kyusyu Branch	Fukuoka
Plant	Nikko Works	Nikko, Tochigi Pref.
	Chiba Works	Ichihara, Chiba Pref.
	Yokohama Works	Yokohama
	Hiratsuka Works	Hiratsuka, Kanagawa Pref.
	Mie Works	Kameyama, Mie Pref.
	Copper Tube Division	Amagasaki, Hyogo Pref.



*[Translation for Reference Purpose Only]*

	Copper foil Division	Nikko, Tochigi Pref.
R&D Laboratories	Laboratories for Fusion of Core Technologies R&D Laboratories Advanced Technologies R&D Laboratories Automotive Products & Electronics Laboratories Telecommunications & Energy Laboratories	Yokohama  Yokohama  Hiratsuka, Kanagawa Pref.  Ichihara, Chiba Pref.

[Translation for Reference Purpose Only]

**2) Manufacturing and sales subsidiaries in Japan**

Company name (Head office / Plant)	Capital	% of the FEC's share	Scope of business
TOTOKU ELECTRIC CO., LTD. (Minato-ku, Tokyo / Ueda, Nagano Pref.)	JPY 1,925 million	56.71%	Manufacture and sales of electric cables, device products
The Furukawa Battery Co., Ltd. (Yokohama /Nikko, Tochigi Pref, Iwaki, Fukushima Pref.)	JPY 1,640 million	58.04%	Manufacture and sales of batteries(for automotive and industry)
Furukawa Sangyo Kaisha, Ltd. (Minato-ku, Tokyo)	JPY 700 million	100%	Sales of electric cables and non-ferrous metal products
Okano Cable Co., Ltd. (Yamato, Kanagawa Pref. / Yamato, Kanagawa Pref.)	JPY 489 million	43.74%	Manufacture and sales of optical fiber cables and optical parts
Furukawa Electric Industrial Cable Co., Ltd.(Arakawa-ku, Tokyo / Hiratsuka, Kanagawa Pref.)	JPY 450 million	100%	Manufacture and sales of electric cables and other cables
FURUKAWA ELECTRIC POWER SYSTEMS CO., LTD. (Yokohama / Nagai, Yamagata Pref.)	JPY 450 million	100%	Manufacture and sales of equipment for transmission-transformation of electric energy and overhead /underground distribution equipment
OKUMURA METALS CO., LTD.(Amagasaki, Hyogo Pref. / Amagasaki, Hyogo Pref., Ritto, Shiga Pref.)	JPY 310 million	100%	Manufacture and sales of processed products of copper and aluminum
Furukawa Logistics Corp. (Chiyoda-ku, Tokyo)	JPY 292 million	100%	Logistics services
FURUKAWA AUTOMOTIVE SYSTEMS INC (Inugami, Mie Pref. /Inugami & Kameyama Mie Pref.)	JPY 100 million	100%	Manufacture and sales of automotive wire harnesses and automotive components
Furukawa Elecom Co., Ltd.(Chiyoda-ku, Tokyo)	JPY 98 million	100%	Sales of electric cables and other cables
Furukawa Magnet Wire Co., Ltd. (Chiyoda-ku, Tokyo / Kameyama, Mie Pref.)	JPY 96 million	100%	Manufacture and sales of magnet wire and various type of metal cables

[Translation for Reference Purpose Only]

### 3) Overseas Manufacturing and sales subsidiaries

Company name (Head office / Plant)	Capital	% of the FEC's share	Scope of business
OFS Fitel, LLC (USA)	USD 362 million	100%	Telecommunication solution business
American Furukawa, Inc. (USA)	USD 107 million	100%	Manufacture and sales of automotive components
Furukawa Electric LatAm S.A. (Brazil)	BRL 149 million	100%	Telecommunication solution business
SHENYANG FURUKAWA CABLE CO., LTD. (China)	CNY 643 million	100%	Manufacture and sales of electric wires and components
Furukawa Electric Copper Foil Taiwan Co., Ltd. (Taiwan)	NTD 1,555 million	100%	Manufacture and sale of copper foils for li-ion batteries
Furukawa Circuit Foil Taiwan Corporation (Taiwan)	NTD 1,475 million	81.85%	Manufacture and sale of electrodeposited copper foils
Furukawa Metal (Thailand) Public Co., Ltd.	THB 480 million	44.00%	Manufacture and sales of copper tubes
Thai Furukawa Unicomm Engineering Co., Ltd. (Thailand)	THB 104 million	91.75%	Engineering work in Telecommunication, CATV and Civil field.
Furukawa Automotive Parts (Vietnam) Inc.	USD 18 million	100%	Manufacture of automotive components.
PT Tembaga Mulia Semanan Tbk (Indonesia)	USD 12 million	42.42%	Manufacture and sales of metal rods and aluminium rods
Furukawa Electric Singapore Pte. Ltd. (Singapore)	USD 3 million	100%	Sales of electric cables, electric wires, coiled wires and metal products
Trocellen GmbH (Germany)	EUR 8,500 thousand	100%	Manufacture and sales of foam products

[Notes] 1. The figures in the bracket include the ratio of indirectly ownership.

2. In fiscal 2018, the Company had 109 consolidated subsidiaries and 12 equity-method affiliates.

[Translation for Reference Purpose Only]

**(9) Employee Data (as of March 31, 2019)**

Segment	Number of employees of the Group	Number of employees of Furukawa Electric Co., Ltd.
Infrastructure	9,359 (+400)	1,340 (+78)
Electronics & Automotive Systems	37,670 (+868)	708 (+1)
Functional Products	2,987 (-988)	658 (+16)
Services and Developments etc.	2,199 (+10)	1,110 (+17)
Total	52,215 (+290)	3,816 (+112)

[Notes]1. Temporary employees and loan employees assigned to companies outside the Group are not included.

2. Brackets ( ) in the above table show changes compared to the end of the previous period.
3. Number of employees in the segment of Services and Developments segment includes personnel engaged in country-wide operations such as the Head Office departments of the Company and Global Marketing Sales Division.
4. The average age of employees of the Company is 44.2 years old, and the average years of service is 19.6 years. (Temporary employees and loan employees are not included.)
5. While industrial lasers use had been under the management of Service and Developments etc. segment until the previous fiscal year, they were transferred to Infrastructure segment due to commercial feasibility. Along with the above, Number of employees for the previous fiscal year were also re-calculated according to the new calculation method for the comparison with Number of employees for the current fiscal year.

**(10) Other important matters concerning the current status of the Group**

Automobiles equipped with parts manufactured by a subsidiary of the Company are being recalled and a subsidiary of the Company in the U.S. is being sued for payment of a part of the expenses. The case is currently in litigation. An allowance was already provided for expenses that can be reasonably estimated in connection with the above.

In addition, the Company is being investigated by the Brazilian Antitrust Authority regarding the transaction of automobile parts. The Brazilian Antitrust Authority is investigating the VISCAS Corporation, which operates a power cable business. Some clients are claiming damages for the alleged violation of the Competition Law for the Company and a subsidiary of the Company. All of the above have arisen from conduct in the past and there is no such conduct at the present time.

[Translation for Reference Purpose Only]

## 2. Shares (as of March 31, 2019)

### (1) Shareholder' Equity

Class of share	Total number of shares to be issued by the company	Total number of outstanding shares	Number of shareholders
Common Stock	250,000,000	70,666,917	51,644

### (2) Major top 10 shareholders of the Company and the Company's capital contributions to such shareholders.

Name of major shareholders	Number of shares	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	6,893,200	9.76%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,178,300	7.33%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	2,413,500	3.42%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,269,500	3.21%
Asahi Mutual Life Insurance Company	1,365,050	1.93%
FURUKAWA CO., LTD.	1,329,045	1.88%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,120,800	1.59%
Fuji Electric Co., Ltd.	1,100,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1,091,900	1.55%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1,050,000	1.49%

[Notes] 1. Shareholding ratio is calculated with the number which deducted 48,957 shares of the Company's treasury stock.

2. In addition to the 2,413,500 shares in a retirement benefits trust mentioned above, Mizuho Bank, Ltd. has a further 173 shares in the Company.

## 3. Corporate Officers (as of March 31, 2019)

### (1) Directors and Audit & Supervisory Board Members

Name	Position/responsibilities	Other significant positions
Mitsuyoshi Shibata	Chairman and Director	Outside Director of Isuzu Motors Limited Outside Director of TOBU RAILWAY CO.,

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		LTD. Outside Statutory Auditor of Asahi Mutual Life Insurance Company
Keiichi Kobayashi	President and Representative Director	
Sumitaka Fujita	Outside Director (part-time)	Advisory Member of, ITOCHU Corporation Outside Director, Olympus Corporation
Nobuyoshi Soma	Outside Director (part-time)	Senior Advisor, FURUKAWA CO., LTD.
Osamu Tsukamoto	Outside Director (part-time)	Chairman, Japan Coal Energy Center
Tatsuo Teratani	Outside Director (part-time)	
Akira Nakamoto	Outside Director (part-time)	Representative Director & Chairman, SHIMADZU CORPORATION
Takamitsu Kozuka	Director and Corporate Executive Vice President (General manager Products Division)	
Takahide Kimura	Director and Corporate Executive Vice President (General Manager of )	
Hiroyuki Ogiwara	Director and Corporate Executive Vice President (General Manager of the Finance & Procurement Division and General Manager, Global Group Management Division)	
Osamu Kuroda	Director and Corporate Senior Vice President (General Manager of Global Marketing Sales Division)	
Ken Maki	Director and Corporate Vice President (General Manager of Strategy Division)	
Tetsuya Sato	Audit & Supervisory Board Member (full-time)	
Nozomu	Audit & Supervisory Board Member	Outside Director, AICHI ELECTRIC Co., Ltd.

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Amano	(full-time)	
Takahiro Kashiwagi	Audit & Supervisory Board Member (full-time)	Outside Audit & Supervisory Board Member, FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO.LTD.
Yuzuru Fujita	Audit & Supervisory Board Member (outside, part-time)	Senior Advisor, Asahi Mutual Life Insurance Company Chairman, United World Colleges Japan National Committee Outside Audit & Supervisory Board Member, Zeon Corporation Outside Audit & Supervisory Board Member, Nippon Light Metal Holdings Co., Ltd.
Takashi Tsukamoto	Audit & Supervisory Board Member (outside, part-time)	Honorary Advisor, Mizuho Financial Group Outside Director, Asahi Mutual Life Insurance Company Outside Director, Aeon Retail Co., Ltd. Outside Director, Internet Initiative Japan Inc.
Kunihiko Sakai	Audit & Supervisory Board Member (outside, part-time)	Advisor (Attorney), TMI Associates

[Notes]1. Three (3) Directors, namely Mr. Sumitaka Fujita, Mr. Osamu Tsukamoto, and Mr. Akira Nakamoto, as well as three (3) Audit & Supervisory Board Members, namely Mr. Yuzuru Fujita, Mr. Takashi Tsukamoto and Mr. Kunihiko Sakai are registered with the Tokyo Stock Exchange as independent officers.

2. Each Audit & Supervisory Board Member has the following expertise in finance and accounting:
  - Mr. Nozomu Amano, Audit & Supervisory Board Member, held managerial positions in the legal, human resources, and finance and accounting divisions of the Company, and has considerable expertise in finance and accounting.
  - Mr. Yuzuru Fujita, Audit & Supervisory Board Member, has experience as Representative Director of a financial institution and Director in charge of finance. Consequently, he has considerable expertise in finance and accounting.
  - Mr. Takashi Tsukamoto, Audit & Supervisory Board Member, has experience as Representative Director of a financial institution and Director in charge of finance. Consequently, he has considerable expertise in finance and accounting.
3. Mr. Ken Maki, Director as well as Mr. Nozomu Amano, Mr. Takahiro Kashiwagi and Mr. Kunihiko Sakai, Audit & Supervisory Board Members were newly elected as respective positions at the 196<sup>th</sup> Annual Shareholders Meeting held on June 22, 2018.
4. Mr. Nozomu Amano, Director as well as Mr. Hideo Sakura and Mr. Kenji Koroyasu, Audit & Supervisory Board Members retired from respective positions due to the expiry of their terms at the end of the 196<sup>th</sup> Annual Shareholders Meeting.
5. Mr. Yusei Shirasaka, Audit & Supervisory Board Member, resigned from his position at the end of the 196<sup>th</sup> Annual Shareholders Meeting.
6. The Company holds 2.17% of the outstanding shares of FURUKAWA CO., LTD. which

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in turn holds 3.43% (including shares placed by FURUKAWA CO., LTD. in a retirement benefit trust) of the Company's outstanding shares. The Company contributed to the amount equivalent to 2.20% of total funds to Asahi Mutual Life Insurance Company, which in turn holds 3.42% (including shares placed by Asahi Mutual in a retirement benefit trust) of the Company's outstanding shares. The Company holds 2.36% (including shares placed by the Company in a retirement benefits trust) of the outstanding shares of Zeon Corporation, which in turn holds 0.35% of the Company's outstanding shares.

The Company has a transactional relationship with SHIMADZU CORPORATION, where Mr. Akira Nakamoto serves as Chairman and Representative Director. The transactions include our sale of radiators to and our cable repair work for Shimazu.

**(2) Information related to Outside Directors and Outside Audit & Supervisory Board Members**

**1) Principal activities of outside directors**

**① Outside Directors**

Name	Attendance to Board of Directors Meeting (Attendance rate)	Comments and Remarks
Sumitaka Fujita	20 out of 20 (100%)	Based on his extensive knowledge/experience as a business manager of a trading firm, Mr. Fujita actively speaks mainly on corporate governance, business strategy, finance and accounting, the Group's business management and more from the Group's global management perspective. He serves as Chairman of the Outside Officer's Meeting <sup>(Note)</sup> as a lead outside director. Moreover, he is also active as Chairman of the Nomination/Compensation Committee.
Nobuyoshi Soma	19 out of 20 (95%)	Based on his extensive knowledge/experience as a business manager of a global non-ferrous metals manufacturer, Mr. Soma actively speaks mainly on business strategy, overseas business operations, and human resource development from the Group's global management perspective. Moreover, he is also active as a member of the Nomination/Compensation Committee.
Osamu Tsukamoto	20 out of 20 (100%)	Based on his extensive knowledge/experience in industrial policy at the Ministry of Economy, Trade and Industry, following economic policies and market trends, Mr. Tsukamoto actively speaks mainly on R&D, business strategy, and product quality. Moreover, he is also active as a member of the Nomination/Compensation Committee.



[Translation for Reference Purpose Only]

Tatsuo Teratani	20 out of 20 (100%)	Based on his extensive knowledge/experience in automobile parts through the design/development of automobiles, Mr. Teratani actively speaks mainly on business strategy, product quality and R&D, based on technology and market trends, particularly in the automobile parts business and electronics field.
Akira Nakamoto	20 out of 20 (100%)	Based on his extensive knowledge/experience as a business manager of a leading a precision equipment maker, Mr. Nakamoto actively speaks mainly on business strategy, investor relations, product quality, capital investment from the Group's global management perspective.  Moreover, he is also active as a member of the Nomination/Compensation Committee.

[Note] The Company holds regular Outside Officers' Meetings in order to give opportunities to Outside Officers to exchange opinions and establish a shared understanding of the Company from an objective viewpoint, and to enable the resulting opinions to be reported to the Board of Directors if necessary. The Company held three Outside Officers' Meetings during the year under review.

## ② Outside Audit & Supervisory Board Members

Name	Attendance		Comments and Remarks
	Board of Directors Meeting (Attendance rate)	Audit & Supervisory Board Meeting (Attendance rate)	
Yuzuru Fujita	19 out of 20 (95%)	10 out of 10 (100%)	Based on his extensive knowledge/experience as a business manager of a financial institution, Mr. Fujita actively speaks mainly on compliance, the Group's corporate management, and business investments from a risk management perspective at the Board of Directors Meeting and the Audit & Supervisory Board Meeting.  Additionally, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by the accounting auditor at the Audit & Supervisory Board.

[Translation for Reference Purpose Only]

Takashi Tsukamoto	20 out of 20 (100%)	10 out of 10 (100%)	Based on his extensive knowledge/experience as a business manager of a financial institution, Mr. Tsukamoto actively speaks mainly on the Group's corporate management, product quality, and disclosure from a risk management perspective at the Board of Directors Meeting and the Audit & Supervisory Board Meeting. Additionally, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by an accounting auditor at the Audit & Supervisory Board Meeting.
Kunihiko Sakai	15 out of 15 (100%) [Note]	8 out of 8 (100%) [Note]	Based on his extensive knowledge and expertise through long years of experience in the judicial field, Mr. Sakai has actively shared his views mainly on the quality of products, capital investment, and responses to possible lawsuits from the perspective of risk management at the Board of Directors meetings as well as the Audit & Supervisory Board meetings.  In addition to the above, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by an accounting auditor at the Audit & Supervisory Board.

[Note] As Mr. Kunihiko Sakai, outside Audit & Supervisory Board member, was newly elected at the 196<sup>th</sup> Annual Shareholders Meeting, the number of meetings of the Board of Directors and the Audit & Supervisory Board required to be attended is different from other outside Audit & Supervisory Board members.

**2) Action in response to improper or unlawful business conduct during the fiscal year under review**

There has been no specific fact of such conduct.

**3) Outline of the limited liability agreements**

The Company has agreements to limit liabilities under Paragraph 1, Article 423 of the Companies

*[Translation for Reference Purpose Only]*

Act with outside Directors and outside Audit & Supervisory Board Members. The upper limit of liabilities under this agreement is the statutory lower limit.

### **(3) Remuneration of the Company's officers**

#### **(i) Nominating/Compensation Committee**

A Nominating/Compensation Committee including two outside officers deliberates and makes decisions on policies, framework and other matters related to remuneration of officers and other issues under the authorization from the Company's Board of Directors. The Committee consists of 6 members, which of 4 members including committed chairman are outside directors. Deliberates and determines of the Committee is the followings:

- (1) Nominating/Compensation Committee deliberates the following matters in response to inquiries from the Board of Directors, and reports the results to the Board:
  - ① Proposal for shareholders' meeting concerning election/removal of Directors and Audit & Supervisory Board Members
  - ② Appointment/dismissal of Representative Director, Chairman of the Board, and President
  - ③ Appointment/removal of Corporate Vice Presidents
  - ④ Appointment/dismissal of senior Corporate Vice Presidents (Corporate Senior Executive Vice President, Corporate Executive Vice President, and Corporate Senior Vice President)
- (2) Nominating/Compensation Committee deliberates and determines the following matters delegated by the Board of Directors:
  - ① Evaluation of Directors and Corporate Vice Presidents
  - ② Policy/System concerning remuneration, etc. for Directors and Corporate Vice Presidents
  - ③ Remuneration, etc. for individual Directors and Corporate Vice Presidents
  - ④ Proposal for shareholders' meeting concerning remuneration, etc. for Directors and Audit & Supervisory Board Members
  - ⑤ Guidelines on remuneration, etc. for representatives of affiliated companies
  - ⑥ Policy on the term of office for Directors and Corporate Vice Presidents and the treatment after they leave office
  - ⑦ Content of draft proposal on appointment/removal of Special Advisers/Honorary Advisers and their remuneration
  - ⑧ Content of succession plans for the management
- (3) Nominating/Compensation Committee deliberates and determines program details and policies on training for Directors, Audit & Supervisory Board Members, and Corporate Vice Presidents, taking into account opinions of Audit & Supervisory Board.

#### **(ii) Policy For the Directors' and Officers' remuneration**

The Company has the following policy for the directors and officers remuneration, which is determined by the Nomination/Compensation Committee.

[Policy for the directors and officers remuneration]

The remuneration of directors and officers shall be determined in a way that encourages each officer to exert his/her abilities to the maximum level and proactively fulfill his/her duties, so that the Company Group will increase its corporate value and achieve sustainable growth while

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contributing to society through its business activities.

Based on the policy, the committee confirms validity, effectiveness and appropriateness of plan design and level of remuneration every year, by means of outside survey that is comparing the Company's remuneration level with those of other similar size 30 manufacturing companies.

**(iii) Outline of the Directors and Officers remuneration**

The remuneration of the Company's directors and officers is comprised of base salary, short-term performance-linked remuneration and mid-to-long-term performance-linked remuneration. The performance-linked remuneration is paid to directors except an outside director and non-director officers and senior fellows. The performance-linked remuneration will account for approximately 30% to 50% of total remuneration, while the percentage for each eligible person will vary depending on its position. A summary of each type of remuneration is shown below.

Remuneration plan	Summary
Base salary (Fixed amount)	Basic salary is paid in cash in the fixed amount every month to Directors, Audit & Supervisory Board Members as well as Executive Officers and Senior Fellows who are not Directors. A paid amount for each person differ depending on its roles i.e. management supervision role or business execution role, and each officers position.
Short-term performance-linked remuneration (Payment ratio: 0~200%)	Short-term performance-linked remuneration is paid to Directors excluding Outside Directors as well as Executive Officers and Senior Fellows who are not Directors. A paid amount is determined by the Nomination/Compensation Committee for each individual officer taking account of the achievement degree of each assigned performance target assigned under the company business plan in the previous fiscal year. This remuneration is paid in cash every month.  *Assessed using Key Performance Indicators formulated in accordance with the Mid-term Management Plan, or, in the case of the Chairman, President and Officers in charge of Head Office departments, assessed using indicators linked to corporate performance.
Mid-to-long-term performance-linked remuneration (Payment ratio: 0~100%)	Mid-to-long-term performance-linked remuneration is stock award for which directors except outside director, officers and senior fellows (collectively "Directors and Officers") are eligible.  Under this stock award, the Directors and Officers are compensated with the Company common stocks which are acquired by the Trust to be set for this purpose and to be funded by the Company for the acquisition of shares. The

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	<p>Company contributes maximum amount of JPY 350 thousands for each three-fiscal-year performance period which is rolled over for each consecutive three-fiscal year period (the first period shall be from April 1, 2016 to March 31 2019). Directors and Officers are granted points for their service of each fiscal term for the future stock payout, amount of which point to each eligible individual varies depending on its rank among the Directors and Officers. Upon the end of each performance period, points granted to the Directors and Officers, after downward only adjustment by the pre-set measures (the return rate comparison measure between TOPIX (Tokyo Stock Price Index) and the Company stock and the dividends accumulation scale measure during a performance period), become vested as a right to receive stock compensation. Upon its retirement, Directors and Officers are paid from the trust in the stocks in the amount corresponding to the vested points accumulated during their term of office.</p> <p>* Officers living overseas are not eligible for the stock compensation plan and instead officers living overseas are paid cash remuneration in an amount equal to the remuneration under the plan when they retire.</p> <p>* The total number of points granted to Directors, etc. each target period shall not exceed 175,000 points, and one point shall correspond to one share of the Company's common stock.</p>
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- [Notes]
1. Basic salary and Short-term performance-linked remuneration paid to Directors will not exceed an annual amount of JPY 600 million, which is the maximum amount of Directors' remuneration pursuant to a resolution of the 184<sup>th</sup> Annual Shareholders Meeting held on June 29, 2006. (excluding employees' salaries for Directors concurrently holding a position as employee) respectively.
  2. Basic salary paid to Audit & Supervisory Board members will not exceed an annual amount of JPY 130 million, which is the maximum amount of Audit & Supervisory Board Members' remuneration pursuant to a resolution of the 192<sup>nd</sup> Annual Shareholders Meeting held on June 25, 2014.
  3. Stock remuneration under the Mid-to-long-term performance-linked remuneration was introduced upon the approval of the 194<sup>th</sup> Annual Shareholders Meeting held in June 2016. In this term, the total number of eligible persons are 25 persons (7 Directors, 16 Corporate Vice Presidents and 2 Senior Fellows) .
  4. The payment ratios in the above table show the percentage by which the actual amount of remuneration fluctuates as a result of performance-linked assessment when the standard amount of remuneration prescribed for each plan is taken as 100%.

**(iv) Remuneration for Directors and Audit & Supervisory Board Members in the fiscal year under review**

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Officer classification	Total remuneration (JPY millions)	Total remuneration by type (JPY millions)			Number of subject officers (persons)
		Base salary	Short-term performance-linked remuneration	Mid-to-long-term performance-linked remuneration	
Directors (excluding outside directors)	433	272	92	68	8
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	93	93	-	-	5
Outside Officers	112	112	-	-	9
Outside directors	76	76	-	-	5
Outside Audit & Supervisory Board Members	36	36	-	-	4

[Notes]1. The amount and the number of subject officers in the above table include one (1) Director and three (3) Audit & Supervisory Board Members who retired in the fiscal year under review.

2. Amount of medium to Mid-to-long-term performance-linked remuneration is calculated by considering the number of stock shares equivalent to the points granted for the relevant fiscal year under the Stock remuneration system as remuneration for the current period.

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#### 4. Accounting Auditor

##### (1) Name of accounting auditors

###### **Deloitte Touche Tohmatsu LLC**

[Note] Ernst & Young ShinNihon LLC, the former Accounting Auditor for the Company, left office due to the expiry of its term at the end of the 196th Annual Shareholders Meeting, which was on June 22, 2018.

##### (2) Remuneration of accounting auditors to be paid

	Deloitte Touche Tohmatsu LLC	Ernst & Young ShinNihon LLC
(i) Total amount of monetary and other property benefits to be paid by Furukawa Electric and its subsidiaries	JPY 161million	JPY 3million
(ii) Of the amount stated in (i) above, remuneration for auditing services stipulated in Paragraph 1, Article 2 of the Certified Public Accountant Act	JPY 154 million	—
(iii) Of the amount stated in (ii) above, remuneration to be paid by Furukawa Electric to the accounting auditor	JPY 107 million	—

[Note] In the auditing agreement between the Company or the Company's subsidiaries and the accounting auditors, no distinctions are made between the amount of remuneration paid to accounting auditors for their auditing service under the Company Act and the amount of remuneration paid to accounting auditors for their auditing service under the Financial Instruments and Exchange Act. For this reason, the amounts of (ii) and (iii) above include the amount of remuneration to accounting auditors for their auditing service under the Financial Instruments and Exchange Act.

Among the key subsidiaries of the Company, TOTOKU ELECTRIC CO., LTD. and ten (10) others are subject to auditing (limited to that which is conducted under the Company Act, the Financial Instruments and Exchange Act or any overseas law or regulation equivalent to any of these Japanese laws) performed by certified public accountants or auditing companies other than the accounting auditor of Furukawa Electric (including those with an overseas qualification equivalent to any of these Japanese qualifications).

##### (3) Reason for Audit & Supervisory Board to have agreed to remuneration of the accounting auditors

The Audit & Supervisory Board received explanations from the Accounting Auditor and the accounting department concerning estimated audit time and audit fees, and checked the adequacy and appropriateness. As a result, the Board judged that sufficient audit time is secured for high-quality auditing services, and the unit price of audit fees is appropriate, and therefore, expressed agreement set forth in Article 399, Paragraph 1 of the Companies Act.

##### (4) Contents of non-audit services

*[Translation for Reference Purpose Only]*

The Company has engaged the accounting auditor to provide advisory services and other services related to accounting which do not fall under the scope of Article 2, Paragraph 1 of the Certified Public Accountants Act.

**(5) Policies on making decisions on dismissing or not reappointing accounting auditor**

The Audit & Supervisory Board has determined the following policies on making decisions on dismissing or not reappointing accounting auditors.

The Audit & Supervisory Board shall, based on the consent of all Audit & Supervisory Board Members, dismiss the Accounting Auditors after reviewing a case if it determines that the circumstance falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act. In this case, an Audit & Supervisory Board Member designated by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the reasoning at the first General Meeting of Shareholders convenes following the dismissal.

In the event that the Audit & Supervisory Board determines that the execution of duties by the Accounting Auditor has been disrupted due to incomplete independence, audit structure and quality control structure, etc., or it is appropriate to further enhance the reliability/appropriateness of an audit, the Board shall consider the dismissal or non-reappointment of the Accounting Auditor and determine proposals related to the dismissal and non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders if determined necessary.

**5. The Company's Systems and Policies**

(1) Systems for ensuring sound operations

The Company has set out the following basic policy on the *establishment of systems necessary to ensure soundness of operations of stock companies*, as stipulated in Item 6, Paragraph 4, Article 362 of the Companies Act and in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act.

<Basic Policy>

The Company and its Group will operate its businesses in a manner that flexibly responds to changes in the operating environment and in the market in pursuit of quicker decision making and greater management efficiency. The Group will also adopt the following policies and systems to maintain and improve the soundness of management and to increase corporate value.

(1) Systems for ensuring compliance of the execution of duties by directors and employees with laws, regulations and the Articles of Incorporation



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- ① Upholding the basic philosophy of compliance with ethics and prevailing laws as laid out in "Furukawa Electric Group Philosophy" and "Furukawa Electric Group CSR Code of Conduct", the Company, with the President assuming the highest responsibility, promotes compliance activities including in-house education and efforts to prevent and detect legal violations through the CSR and Risk Management Committee and the Administration & CSR Division.
  - ② To ensure ongoing compliance activities throughout the Group, General Manager of each division has overall responsibility for compliance for that division and in some main divisions, Compliance management officers will be appointed to effectively promote compliance activities.
  - ③ To prevent any future involvement in cartels, the Company will ensure thorough monitoring functions through ongoing educational and enlightening activities relating to the Antimonopoly Act of Japan and competition laws of various countries, strengthening of controls on contacts with industry peers and pricing processes, and advice from external professionals to be received on a regular basis.
  - ④ To enable early discovery of and correction to compliance infringements, active use shall be made of the whistle blowing system. In response to any notice of suspected violation, the Administration & CSR Division and related divisions shall promptly take the appropriate action consistent with the protection of the whistle blower and submit a report to the Board of Directors as appropriate.
  - ⑤ Serving as the section for internal auditing, the Auditing Division shall monitor the execution of duties in individual segments, verify whether the international control framework including the internal control system is operating properly and report the findings to the management team.
  - ⑥ With a basic philosophy of adopting a resolute approach and cutting out all relations with antisocial individuals or groups as stated in Item 7-4 of "Furukawa Electric Group CSR Code of Conduct", comprehensive compliance with the provisions is ensured under the supervision of Administration Department in the Administration & CSR Division.
- (2) Systems for storage and control of information on directors' execution of duties
- ① Records and documents relating to critical decisions made by the Board of Directors, management committee and under the *ringi* decision-making system shall be stored in accordance with "Regulations on Document Storage" and other internal regulations.
  - ② Information relating to directors' execution of duties shall be controlled in accordance with the Basic Regulations on Information Security and other internal regulations and appropriately treated from the perspective of its importance as information assets and necessity of protection.
- (3) Regulations and other systems relating to control of possibilities of making losses (hereinafter referred to as "risks")
- ① When any critical decision is made by the Board of Directors, management committee or under the *ringi* system, any risk that may be expected to be associated with the matter with which the

*[Translation for Reference Purpose Only]*

decision is concerned shall be stated in materials and the decision shall be made after developing awareness of the risk. If any risk is recognized that may have a serious impact on the Company, a system shall be established to ensure that its details and countermeasures against it are reported to the Board of Directors as needed.

- ② Risk control conducted by individual divisions that perform business operations shall be subject to internal audit performed by the Auditing Division. The findings thereof shall be periodically reported to the Board of Directors.
- ③ The Company's risk management system and management method will be established in "Basic Regulations on Risk Management and Internal Controls". In addition, to build more systematic and comprehensive risk management system, a CSR/Risk Management Committee chaired by the President, and consisting of the Advisors of business, General Manager of Sales and Marketing Division, General Managers of Corporate Divisions, and General Managers of some Business Divisions shall be established to grasp the Group's risks in general operations, and verify the appropriateness of its evaluation and management methods.
- ④ The CSR/Risk Management Committee shall establish special committees such as quality management, safety, environment, disaster prevention, business continuity management among the risks to strengthen the risk management system.

(4) The system for securing appropriateness of financial reporting

Based on the Basic Regulations on Risk Management and Internal Control, the Company's Group will establish a basic policy for the development and evaluation of an internal control system, to ensure the appropriateness of financial reporting (J-SOX Core Policies). At the same time, the system and responsibilities shall be clarified for the system's construction, development, operation, and monitoring.

(5) Systems for ensuring effectiveness of directors' execution of duties

- ① The mid-term management plan and the single-year budget shall set specific targets. General Managers of Business Divisions etc. shall execute their duties to attain the target and report the progress to the Board of Directors on a regular basis. The evaluation for remuneration and other purposes shall appropriately reflect the result.
- ② The standards for referring matters to the Board of Directors and the ringi system for making decisions shall be established in detail and specifically. The "Regulations on Duties, Powers and the Like of Operating Officers" shall ensure a clear allocation of duties and powers to General Managers of Business Divisions etc.
- ③ With respect to the division of duties for division heads, a system to constantly review the division with organizational changes will be established based on "Basic Regulations on Segregation of Duties and the Regulations Regarding Positional Responsibilities and Authority".

(6) Systems for ensuring the soundness of operations of the Group, consisting of the Company and

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its subsidiaries

- ① In accordance with "Regulations on Group Management Control", administrative managers of individual subsidiaries shall be appointed, and they shall require own subsidiaries reporting subsidiaries' business conditions on a regular basis, and offer management guidance to subsidiaries. Predetermined matters shall require approval of the Company.
- ② Concrete management goals that subsidiary companies should achieve shall be set out in mid-term management plans as well as budgets for single fiscal years, and administrative representatives shall report on the progress toward such goals at Board of Directors' meetings on a regular basis.
- ③ A risk management system and method shall be provided for in the "Rule of Risk Management and Basic Rule of Internal Control." In addition, the CSR and Risk Management Committee will assess the risk for the Group in operating businesses and verify the reasonableness of the management method.
- ④ According to "Furukawa Electric Group Philosophy" and "Furukawa Electric Group CSR Code of Conduct", the placement of representatives for administering compliance will be made obligatory for subsidiary companies in "Compliance Manual". In addition, under the leadership of the Administration & CSR Division, education, advice and guidance on risk management, internal control and compliance will be provided to subsidiary companies.
- ⑤ Part-time officers shall be dispatched to major subsidiaries to monitor their overall management status, including compliance and risk control. The Auditing Division shall perform an audit of subsidiaries from the standpoint of the auditing section of their parent company.
- (7) Provisions concerning assistant employees requested by the Audit & Supervisory Board Members for assistance in their duties  
At the request of a Audit & Supervisory Board Member for any assistant employee, appropriate personnel shall be appointed after consultation with the Audit & Supervisory Board Member.
- (8) Provisions concerning independence of the employees stipulated in the preceding item from Directors, and secureness of effective instructions for them
  - ① The assistant employee shall be appointed as assistant to the Audit & Supervisory Board Member by an order of appointment and shall assist the Audit & Supervisory Board Member in fulfilling his or her duties and in operating the Audit & Supervisory Board.
  - ② Pursuant to the Internal Regulations on Assistant Employees to Audit & Supervisory Board Members, assistant employees shall be guaranteed independence from Directors. Transfer, appraisal, disciplinary action and other matters involving assistant employees shall require the approval of the Audit & Supervisory Board Member.
- (9) Systems for reporting from directors and employees to Audit & Supervisory Board Members and other systems relating to notification to Audit & Supervisory Board Members

*[Translation for Reference Purpose Only]*

- ① It shall be ensured that Audit & Supervisory Board Members have constant access to any meeting or any material they deem necessary for auditing purposes.
- ② Directors or division managers shall report to Audit & Supervisory Board Members the Group's status of development and operation of internal control, compliance and risk control as appropriate.
- ③ Directors or division managers shall provide swift notification to Audit & Supervisory Board Members should they discover any fact with the potential to severely damage the Company or any critical fact that constitutes a breach of laws, regulations or the Articles of Incorporation committed by a director or a division manager among the Group, should they conduct an investigation into the notification under the whistle blowing system or should government authorities issue any caution or take disciplinary action against the Company.
- ④ Audit & Supervisory Board Members may request that the directors and employees of the Company, as well as its subsidiaries, report on matters concerning the execution of their duties.

(10) Systems for securing the person from treating unfavorably because of the reporting stipulated in the preceding item

"Furukawa Electric Group CSR Code of Conduct" and "the Compliance Manual" have a provision stating that officers or staff members of the Company or its subsidiaries shall not be treated unfavorably because they have undertaken reporting pursuant to the preceding item.

(11) Matters concerning the policy on procedures for prepayment and repayment for expenses arising in relation to the fulfillment of duties, as well as expenses arising in relation to the fulfillment of other relevant duties, by the Company's Audit & Supervisory Board Members or the handling of obligations thereof.

If Audit & Supervisory Board Members make a request to the Company such as the prepayment of expenses for the execution of their duties pursuant to Article 388 of the Corporation Act, the Company will deal with the relevant expenses or obligations promptly, except when expenses or obligations pertaining to such request are not deemed necessary for the relevant auditors to fulfill their duties.

(12) Other systems for ensuring effectiveness of auditing performed by Audit & Supervisory Board Members

① The Audit & Supervisory Board shall report its auditing policy and plan to the Board of Directors.

They shall be made known throughout the entire Company. The status of auditing shall also be reported to the president and the Board of Directors on a regular basis.

② The standards for audits performed by Audit & Supervisory Board Members shall be made known to Directors and employees to deepen internal awareness and understanding of the importance of auditing performed by Audit & Supervisory Board Members.

③ The division responsible for internal audits shall be strengthened and it shall have closer ties with

*[Translation for Reference Purpose Only]*

Audit & Supervisory Board Members.

- ④ When Audit & Supervisory Board Members make any request for ensuring effectiveness of their audit, Directors and employees shall respond sincerely.

(2) Overview of operation status related to the system to ensure appropriate business operations

**1) Matters concerning compliance and risk management**

- ① The CSR and Risk Management Committee, chaired by the President, met two (2) times in the fiscal year under review. The Committee assessed the status of risk management within the Group, including the provision of compliance training, accounting data processing, operation of the whistleblowing system, and progress on business continuity plans, and also deliberated and determined measures to deal with matters requiring improvement. The activities of the Committee were also reported to the Board of Directors.
- ② The Quality Control Committee of Furukawa Electric Group, a special committee for the CSR and Risk Management Committee, was held four (4) times for the fiscal year under review and investigated on product inspections. The special committee collects information on the occurrence of serious quality issues and claims from clients and provides guidance on improvement measures for a quality control system as necessary.
- ③ During the fiscal year under review, seminars on competition law and bribery regulations were held at Head Office, branch companies and other facilities. A publication outlining examples of compliance issues distributed to management and related admin divisions. Whistleblowing disclosures were dealt with appropriately upon consultation with outside experts where necessary.
- ④ The results of operational audits of operating departments by the Internal Audit Department were reported to the managers of the audited departments, and a summary of the results was also reported to the management, including the President, and Audit & Supervisory Board members.

**2) Matters concerning ensuring the efficient performance of duties by directors**

- ① During the fiscal year under review, the Board of Directors met 20 times. At the meetings, Directors made decisions on the execution of important operations and assessed the level of attainment of management targets, including the mid-term management plan and annual budget. The Board also deliberated on basic management matters such as corporate governance.
- ② A director remuneration system is in place and in operation so the ratio of performance-linked compensation to total remuneration, including the stock compensation system, will increase to more appropriately reflect the performance of the execution of duties compensated for executive directors and executive officers, based on the decisions of the Nomination/Compensation Committee, the majority of whose members are outside directors.

**3) Matters concerning the appropriateness of financial reporting**

The results of evaluation of the development of internal control conducted in accordance with the

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“Furukawa Electric Group Basic Policy for the Development and Evaluation of Internal Control Over Financial Reporting” (J-SOX Core Policies) were reported to the Board of Directors, and the Board’s approval was also obtained upon submission of the Internal Control Report.

**4) Matters concerning the soundness of operations of the Group**

- ① Budgets for single fiscal years were set out and managed for each subsidiary company, and matters specified in the Standards for referral/ reporting to the Company as important matters relating to the management of subsidiary companies were deliberated by the Board of Directors and the Management Committee. The Company also provided support to help overseas subsidiaries in particular to improve their management foundations in relation to personnel/labor, accounting and IT.
- ② The Group Compliance Committee met to share information on activities relating to important aspects of internal control in Japan. The Company distributed a publication outlining examples of compliance issues to Group companies in Japan and overseas, development knowledge on compliance for Group companies overseas by e-learning. Other initiatives aimed at strengthening internal control systems within the Group included organizing seminars on competition law and bribery regulations in Japan and Indonesia.
- ③ Installment and enhancement of an internal reporting system at the Company Group is advancing.
- ④ In light of the scale and importance of some subsidiaries, officers and employees of the Company were sent to such subsidiaries as Directors and Audit & Supervisory Board Members to supervise the execution of their operations.

**5) Matters concerning the effectiveness of auditing**

- ① Audit & Supervisory Board Members attended meetings of the Board of Directors as well as meetings of the Management Committee, the CSR and Risk Management Committee and other important meetings to assess the status of development and operation of internal control systems.
- ② Audit & Supervisory Board Members reported the audit policies and audit plans established by the Audit & Supervisory Board as well as their audit results to the Board of Directors. They also sought to improve the effectiveness and efficiency of audits through close cooperation with Audit & Supervisory Board Members from the Company’s audit departments and domestic affiliates, and with internal audit departments, and conducted visiting audits of overseas affiliates and others.
- ③ In the fiscal year under review, the Audit & Supervisory Board met ten (10) times and exchanged opinions and shared information.
- ④ The Audit & Supervisory Board received reports about the audit plan by the Accounting Auditor and discussed important audit items. In addition, the Audit & Supervisory Board exchanged opinions on the quarterly review results and audit results of the fiscal year under review as reported by the Accounting Auditor in accordance with the business results of each quarter and at the fiscal

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year-end, audit quality control structure, and progress status of the business improvement plan. The Board also receives reports on the status of an audit's progress as needed.

- ⑤ At the request of Audit & Supervisory Board members, two (2) employees were appointed as assistants to Audit & Supervisory Board Members.

End

[Translation for Reference Purpose Only]  
Consolidated Financial Statements for the 197<sup>th</sup> Fiscal Year

**Consolidated Balance Sheet**

(As of March 31, 2019)

(Unit: JPY millions)

Account title	Amount	Account title	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>420,513</b>	<b>Current liabilities</b>	<b>331,621</b>
Cash and deposits	44,628	Notes and accounts payable	131,422
Notes and accounts receivable - trade securities	219,347	Short-term loans payable	106,710
	2,371	Income taxes payable	3,893
Merchandise and finished goods	40,169	Provision for product defect compensation	28,400
Work in process	36,956	Other	61,193
Raw materials and supplies	45,764	<b>Long-term liabilities</b>	<b>206,488</b>
Other	32,365	Straight bonds	20,000
Allowance for doubtful accounts	(1,090)	Long-term debt	119,298
<b>Fixed assets</b>	<b>397,508</b>	Deferred tax liabilities	1,547
<b>Property, plant and equipment</b>	<b>229,360</b>	Provision for environmental measures	10,691
Buildings and structures	216,932	Net defined benefit liability	47,731
Machinery, equipment and delivery equipment	467,247	Asset retirement obligations	1,246
Tools, furniture and fixtures	71,977	Other	5,972
Land	36,777	<b>Total liabilities</b>	<b>538,109</b>
Lease assets	3,444	<b>(Net assets)</b>	
Construction in progress	36,444	<b>Shareholders' equity</b>	<b>243,074</b>
Accumulated depreciation	(603,463)	Capital stock	69,395
<b>Intangible assets</b>	<b>12,204</b>	Capital surplus	22,535
Goodwill	2,751	Retained earnings	151,744
Other	9,453	Treasury stock	(600)
<b>Investments and other assets</b>	<b>155,942</b>	<b>Valuation and translation adjustments</b>	<b>4,584</b>
Investment securities	119,188	Valuation difference on available-for-sale securities	21,788
Investments	6,199	Deferred gains or losses on hedges	124
Deferred tax assets	13,644	Foreign currency translation adjustment	(8,937)
Net defined benefit asset	5,633	Re-measurements of defined benefit plans	(8,391)
Others	12,448	<b>Minority interests</b>	<b>32,252</b>
Allowance for doubtful accounts	(1,172)	<b>Total net assets</b>	<b>279,911</b>
<b>Total assets</b>	<b>818,021</b>	<b>Total liabilities and net assets</b>	<b>818,021</b>

[Note] Figures above are rounded off to the nearest JPY millions.



[Translation for Reference Purpose Only]  
**Consolidated Statement of Operation**  
(From April 1, 2018 to March 31, 2019)

(Unit: JPY millions)

Account title	Amount
<b>Net sales</b>	<b>991,590</b>
<b>Cost of sales</b>	<b>824,481</b>
<b>Gross profit</b>	<b>167,108</b>
Selling, general and administrative expenses	126,266
<b>Operating profit</b>	<b>40,842</b>
<b>Non-operating income</b>	<b>6,855</b>
Interest and dividends income	3,373
Share of profit of entities accounted for using equity method	1,685
Other	1,796
<b>Non-operating expenses</b>	<b>8,619</b>
Interest expenses	4,075
Foreign Exchange loss	1,100
Other	3,443
<b>Ordinary income</b>	<b>39,078</b>
<b>Extraordinary income</b>	<b>9,887</b>
Gain on disposal of non-current assets	3,779
Gain on sales of investment securities	4,952
Other	1,154
<b>Extraordinary loss</b>	<b>13,208</b>
Loss on disposal of non-current assets	2,779
Impairment loss	2,627
Product warranty provisions	6,364
Other	1,436
<b>Profit before income taxes</b>	<b>35,757</b>
<b>Total income taxes</b>	<b>3,310</b>
Income taxes-current	8,811
Income taxes-deferred	(5,500)
<b>Profit before minority interests</b>	<b>32,446</b>
Minority interests	3,338
<b>Profit attributable to owners of parent</b>	<b>29,108</b>

[Note] Figures above are rounded off to the nearest JPY millions.

[Translation for Reference Purpose Only]  
Non-Consolidated Financial Statements for the 197<sup>th</sup> Fiscal Year

**Non-Consolidated Balance Sheet**

(As of March 31, 2019)

(Unit: JPY millions)

Account title	Amount	Account title	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>199,665</b>	<b>Current liabilities</b>	<b>158,997</b>
Cash and deposits	4,057	Notes payable-trade	728
Notes receivable-trade	3,718	Accounts payable-trade	88,697
Electronically recorded monetary claims	5,192	Short-term loans payable	41,837
Accounts receivable-trade	101,951	Accounts payable-other	8,167
Merchandise and finished goods	5,862	Accrued expenses	15,462
Work in process	17,119	income taxes payable	1,041
Raw materials and supplies	9,828	Advances received	495
Prepaid expenses	1,056	Provision for product warranties	387
Short-term loans receivable	25,283	Provision for environmental measures	11
Accounts receivable-other	24,676	Provision for loss on construction contract	1,407
Other	932	Other	758
Allowance for doubtful accounts	(15)	<b>Long-term liabilities</b>	<b>145,940</b>
<b>Fixed assets</b>	<b>269,347</b>	Straight bonds	20,000
<b>Property, plant and equipment</b>	<b>70,864</b>	Long-term loans payable	92,750
Buildings	26,689	Provision for retirement benefits	20,214
Structures	2,951	Provision for environmental measures	10,648
Machinery and equipment	13,415	Provision for loss on business of subsidiaries and affiliates	730
Vehicles and delivery equipment	75	Allowance for stock benefit for directors	284
Tools, furniture and fixtures	2,670	Asset retirement obligations	514
Land	13,482	Other	797
Lease assets	78	<b>Total liabilities</b>	<b>304,937</b>
Construction in progress	8,500		
<b>Intangible assets</b>	<b>4,100</b>	<b>(Net assets)</b>	
Software	3,741	<b>Shareholders' equity</b>	<b>146,225</b>
Other	358	Capital stock	69,395
<b>Investments and other assets</b>	<b>191,382</b>	Capital surplus	21,467
Investment securities	37,732	Other capital surplus	21,467
Stock of subsidiaries and affiliates	92,728	Retained earnings	55,925
Investments in capital of subsidiaries and affiliates	44,998	Legal retained earnings	1,871
Long-term loans receivable from Subsidiaries and affiliates	21,399	Other retained earnings	54,053
Prepaid pension cost	4,288	Retained earnings carried forward	54,053
Deferred tax assets	2,633	Treasury stock	(561)
other	5,141	<b>Valuation and translation adjustments</b>	<b>17,850</b>
Allowance for doubtful accounts	(14,539)	Unrealized gains on available-for-sales securities	17,587
		Deferred gains on derivatives under hedge accounting	262
		<b>Total net assets</b>	<b>164,075</b>
<b>Total assets</b>	<b>469,013</b>	<b>Total liabilities and net assets</b>	<b>469,013</b>

[Note] Figures above are rounded off to the nearest JPY millions.

[Translation for Reference Purpose Only]  
**Non-Consolidated Statement on Operation**  
(From April 1, 2018 to March 31, 2019)

(Unit: JPY millions)

Account title	Amount
<b>Net sales</b>	<b>473,626</b>
<b>Cost of sales</b>	<b>431,424</b>
<b>Gross profit</b>	<b>42,201</b>
Selling, general and administrative expenses	37,054
<b>Operating loss</b>	<b>5,147</b>
<b>Non-operating income</b>	<b>23,222</b>
Interest and dividends income	22,408
Other	814
<b>Non-operating expenses</b>	<b>5,750</b>
Interest expenses	1,314
Foreign Exchange loss	150
Reversal of allowance for doubtful accounts	2,871
Provision for loss on business of subsidiaries and affiliates	285
Foreign withholding tax	638
Other	490
<b>Ordinary income</b>	<b>22,619</b>
<b>Extraordinary income</b>	<b>4,001</b>
Gain on disposal of noncurrent assets	236
Gain on sales of subsidiaries and affiliates' stocks	2,225
Gain on sales of investment securities	1,109
Other	430
<b>Extraordinary loss</b>	<b>5,075</b>
Loss on disposal of noncurrent assets	2,172
Impairment loss	2,428
Provision of allowance for doubtful accounts	3
Loss on valuation of stocks of subsidiaries and affiliates	159
Other	312
<b>Net income before income taxes</b>	<b>21,546</b>
Income taxes and others	841
Adjustment to deferred income taxes	(805)
<b>Net income</b>	<b>21,510</b>

[Note] Figures above are rounded off to the nearest JPY millions.