



FOR IMMEDIATE RELEASE

December 6, 2012

Company name Furukawa Electric Co., Ltd.
Representative Mitsuyoshi Shibata, president
Code 5801 (First Section of TSE and OSE)
Inquiries Head of Investor and Public Relations Unit,
Management Planning Department
Osamu Suzuki
(TEL: 03-3286-3050)

Notice of Business Transfer to Consolidated Subsidiary (Furukawa Electric Power Systems Co., Ltd.) through Demerger (Simplified Absorption-Type Demerger)

Furukawa Electric Co., Ltd. announces that a meeting of its Board of Directors held on December 6, 2012 resolved to transfer the F-Co Products Department and Electric Feeders Department of the Energy Division to Furukawa Electric Power Systems Co., Ltd. (hereinafter “FEPS”), a wholly owned subsidiary, through a demerger (hereinafter the “Demerger”). The transfer becomes effective on April 1, 2013.

The Demerger involves the Company and its wholly owned subsidiary, and part of the disclosure is omitted. Details are as follows:

1. Purpose of the Demerger

In the domestic electricity business, electricity transmission and distribution networks, especially smart grids, are becoming sophisticated, and natural energy technologies, particularly solar energy and wind energy technologies, as well as power storage systems, including storage batteries, are being developed. The markets associated with those technologies are expected to grow. Meanwhile, demand for electricity infrastructure should expand, especially in China, other Asian countries, Brazil, and Russia, where economic growth is remarkable.

In response to these trends, Asahi Electric Works Co., Ltd., Inoue Manufacturing Co., Ltd., and Furukawa Power Components Inc., each of which has strong technological capabilities in the electric components business of the Furukawa Electric Group, were merged to become Furukawa Electric Power Systems Co., Ltd. on October 1, 2012, so that the Group can make more efficient investments in manufacturing and development and can quickly respond to the diversification of customers and the sophistication of needs. The Company has transferred its electric components business to Furukawa Electric Power Systems.

The Company will also transfer the business of the F-Co Products Department, which manufactures wire and cable terminals and electrically insulating materials for processing connections in the Company’s Energy Division, and the business of the Electric Feeders Department, which manufactures bus ducts, which are systems for supplying large currents to buildings and plants, to FEPS through the Demerger in April 2013 so that the Group will expand its electrical equipment business and will provide optimal solutions to meet the diversified needs of customers.

2. Outline of the Demerger

(1) Schedule

Date of resolution of Board of Directors	December 6, 2012
Date of Demerger agreement	December 6, 2012
Effective date	April 1, 2013 (plan)

(Note) Under Article 784, Paragraph 3 of the Companies Act, the Demerger (simplified demerger) will be carried out without the approval of the shareholders' meeting stipulated in Article 783, Paragraph 1 of the Companies Act.

(2) Type of demerger

An absorption-type demerger (*kyushu bunkatsu*) in which FEPS, a wholly owned subsidiary of the Company, will acquire part of the Company

(3) Allotment of shares associated with the Demerger

FEPS will issue one common share in association with the Demerger and will allot it to the Company.

(4) Subscription rights to shares and bonds with subscription rights to shares associated with the Demerger

Not applicable

(5) Increase or decrease in capital in association with the Demerger

No increase or decrease in the Company's capital in association with the Demerger

(6) Rights and obligations to be succeeded to by the succeeding company

(i) Assets and liabilities to be succeeded to

FEPS will succeed to the assets and liabilities, and the rights and obligations associated with them, of the Company's F-Co Products Department and Electric Feeders Department on the effective date (excluding those that the Demerger agreement stipulates that the succeeding company will not succeed to).

The obligations will be assumed jointly by the Company and FEPS.

(ii) Employment agreements

The employment agreements with employees in the businesses of the F-Co Products Department and Electric Feeders Department, which will be succeeded to by FEPS, will not be succeeded to by FEPS.

(7) Possibility of fulfillment of obligations after the effective date

The Company sees no problem in the possibility of FEPS's fulfillment of obligations associated with the Demerger.

3. Profiles of Parties of the Demerger

	Demerging company (As of March 31, 2012)	Succeeding company (As of October 1, 2012)
(1) Business name	Furukawa Electric Co., Ltd.	Furukawa Electric Power Systems Co., Ltd.*
(2) Business	Manufacture and sales of cables, communications equipment, and copper and copper alloy products, among other products	Designing, manufacture, and sales of electric transmission and transformation equipment, overhead and underground power transmission equipment,

		high-performance products for railways, measuring devices, products for welding equipment, and tools for power supply works, among other products
(3) Established	June 25, 1896	July 1, 1948
(4) Head office	2-2-3 Marunouchi, Chiyoda-ku, Tokyo	2-11-16 Azamino-minami, Aoba-ku, Yokohama, Kanagawa
(5) Representative	President, Mitsuyoshi Shibata	President, Michio Okuno*
(6) Capital	69,395 million yen	300 million yen
(7) Number of shares issued	706,669,179 shares	600,003 shares
(8) Net assets	197,569 million yen (consolidated)	Asahi Electric: ¥8,702 million Inoue Manufacturing: ¥771 million Furukawa PC: ¥3,240 million (As of March 31, 2012)
(9) Total assets	790,114 million yen (consolidated)	Asahi Electric: ¥10,287 million Inoue Manufacturing: ¥4,455 million Furukawa PC: ¥3,657 million (As of March 31, 2012)
(10) Fiscal year end	March 31	March 31
(11) Number of employees	4,192	Approximately 600
(12) Major customers	NTT companies JR companies Electric power companies Auto manufacturers Electronics manufacturers	Electric power companies Electric equipment sales companies Furukawa Electric Electronics manufacturers
(13) Major shareholders and their holding	The Master Trust Bank of Japan, Ltd. (Investment Trust Account) 3.87% Japan Trustee Services Bank, Ltd. (Investment Trust Account) 3.84% Japan Trustee Services Bank, Ltd. (trust account 9) 3.43% Japan Trustee Services Bank, Ltd. (trust account 4) 3.41% Mizuho Trust & Banking Co., Ltd., employee pension trust, Mizuho Bank account, retrusted to Trust & Custody Services Bank, Ltd. 3.24% Asahi Mutual Life Insurance Company 2.27%	Furukawa Electric 100%

*Furukawa Electric Power Systems (former Asahi Electric Works), the succeeding company, was merged with Inoue Manufacturing and Furukawa Power Components, wholly owned subsidiaries of Furukawa Electric, on October 1, 2012. The business name and representative of Furukawa Electric Power Systems changed on the same date.

4. Results of the Demerging Company in the Past Three Fiscal Years

Fiscal year end	Demerging company (consolidated)		
	March 2010	March 2011	March 2012
Net sales (million yen)	809,693	925,754	918,808
Operating income (million yen)	20,321	35,144	15,942
Recurring profit (million yen)	19,347	31,422	12,872
Net income (million yen)	9,704	12,213	-11,123
Net income per share (yen)	13.80	17.30	-15.75
Dividend per share (yen)	5.00	5.50	2.50
Net assets per share (yen)	231.39	235.05	204.93

5. Details of Businesses to Be Transferred

(1) Businesses of F-Co Products Department and Electric Feeders Department

The F-Co Products Department manufactures and sells wire and cable terminals and electrically insulating materials for processing connections. The Electric Feeders Department manufactures and sells bus ducts, which are systems for supplying large currents to buildings and plants.

(2) Operating results of F-Co Products Department and Electric Feeders Department in the fiscal year ended March 2012

	Departments to be transferred (a)	Furukawa Electric (consolidated) (b)	Ratio (a/b)
Net sales	¥2,432 million	¥918,808 million	0.26%

(3) Assets and liabilities to be succeeded to (as of March 31, 2012)

Assets		Liabilities	
Classification	Book value	Classification	Book value
Current assets	¥262 million	Current liabilities	¥1 million
Noncurrent assets	¥387 million	Noncurrent liabilities	¥1 million
Total	¥649 million	Total	¥2 million

6. Change in the Company after the Demerger

There will be no change other than the succession of the rights and obligations by FEPS described in 2. Above. The Company's business name, business, head office, representative, capital, and fiscal year end will not change.

7. Revision of Results after the Demerger

FEPS, the succeeding company, is the Company's wholly owned subsidiary, and the Demerger will have no impact on the consolidated results. The impact on the non-consolidated results is expected to be minor.