

FY2010 Management Plan Interim Review

November 2010
Masao Yoshida, President
Furukawa Electric

(yen in billions)

Operating Income

+20.4 ^{09H1 10H1}
(-2.7⇒17.7)

Net Income

X4.0 (1.8⇒7.0)

Demand for functional materials in electronics
and automotive markets recovered

Demand for transmission infrastructure in Brazil
and China is robust

PL in FY2010H1: Sales increased

FURUKAWA ELECTRIC

(yen in billions)

PL	a 09H1	b 10H1	b-a Change
Net Sales	365.4	456.9	+25.1%
Operating Income	-2.7	17.7	+20.4
FX	0.6	-0.2	-0.9
Equity Method	1.9	0.4	-1.4
Ordinary Profit	-1.7	16.1	+17.8
Net Profit	1.8	7.0	X4.0

BS at 30 Sept.10: ROA improved FURUKAWA ELECTRIC

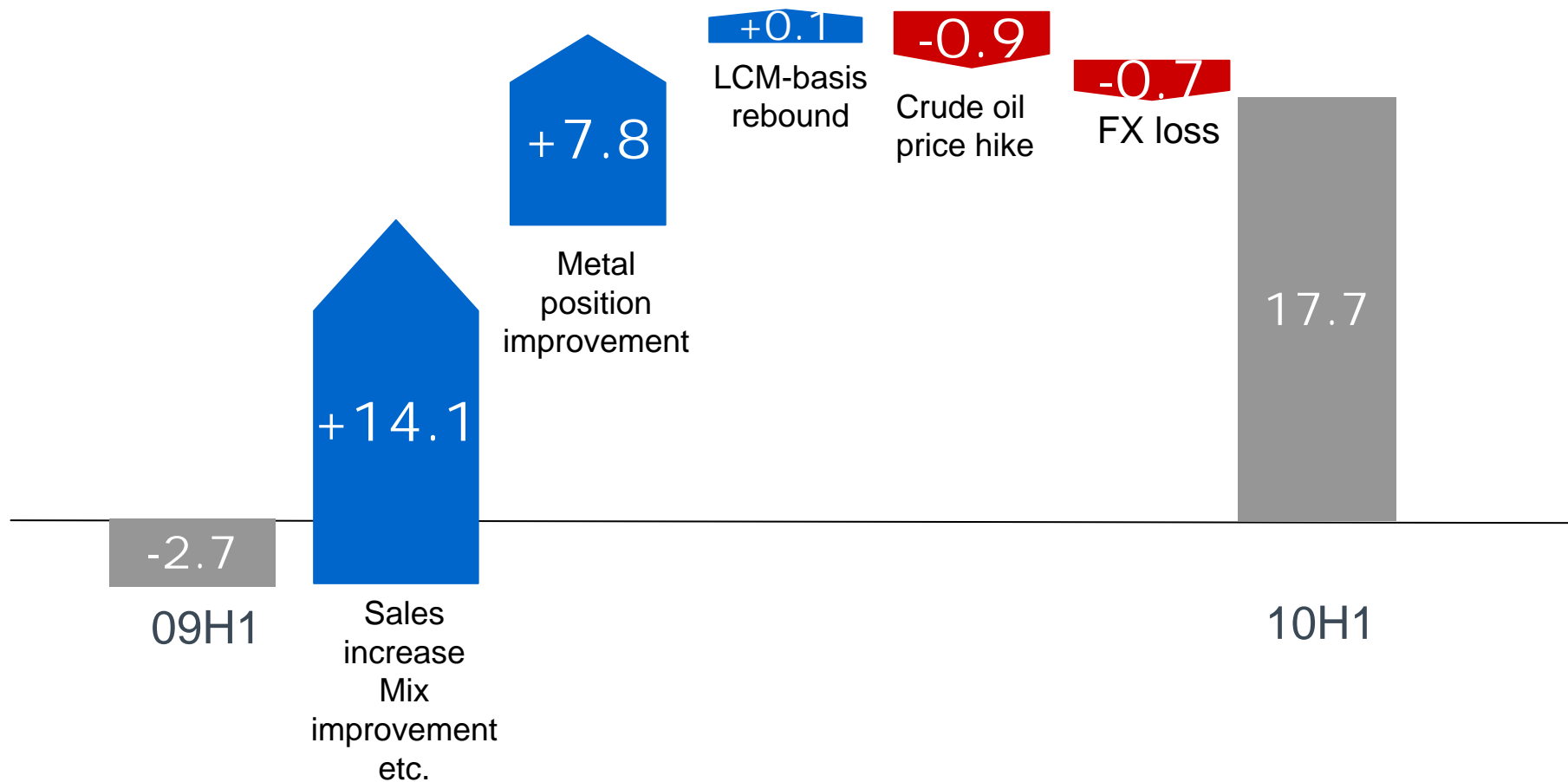
(yen in billions)

	a	b	b-a
BS	31 Mar.10	30 Sept.10	Change
Total assets	835.8	839.7	+3.9
Capital ratio	19.6%	19.5%	-0.1
Debt	362.1	371.3	+9.2
D/E ratio	2.22	2.26	+0.04
Turnover	0.97	*1.09	+0.12
ROA (OI basis)	2.4%	*4.2%	+1.8
		*at annual rate	

Operating Income Analysis

FURUKAWA ELECTRIC

(yen in billions)

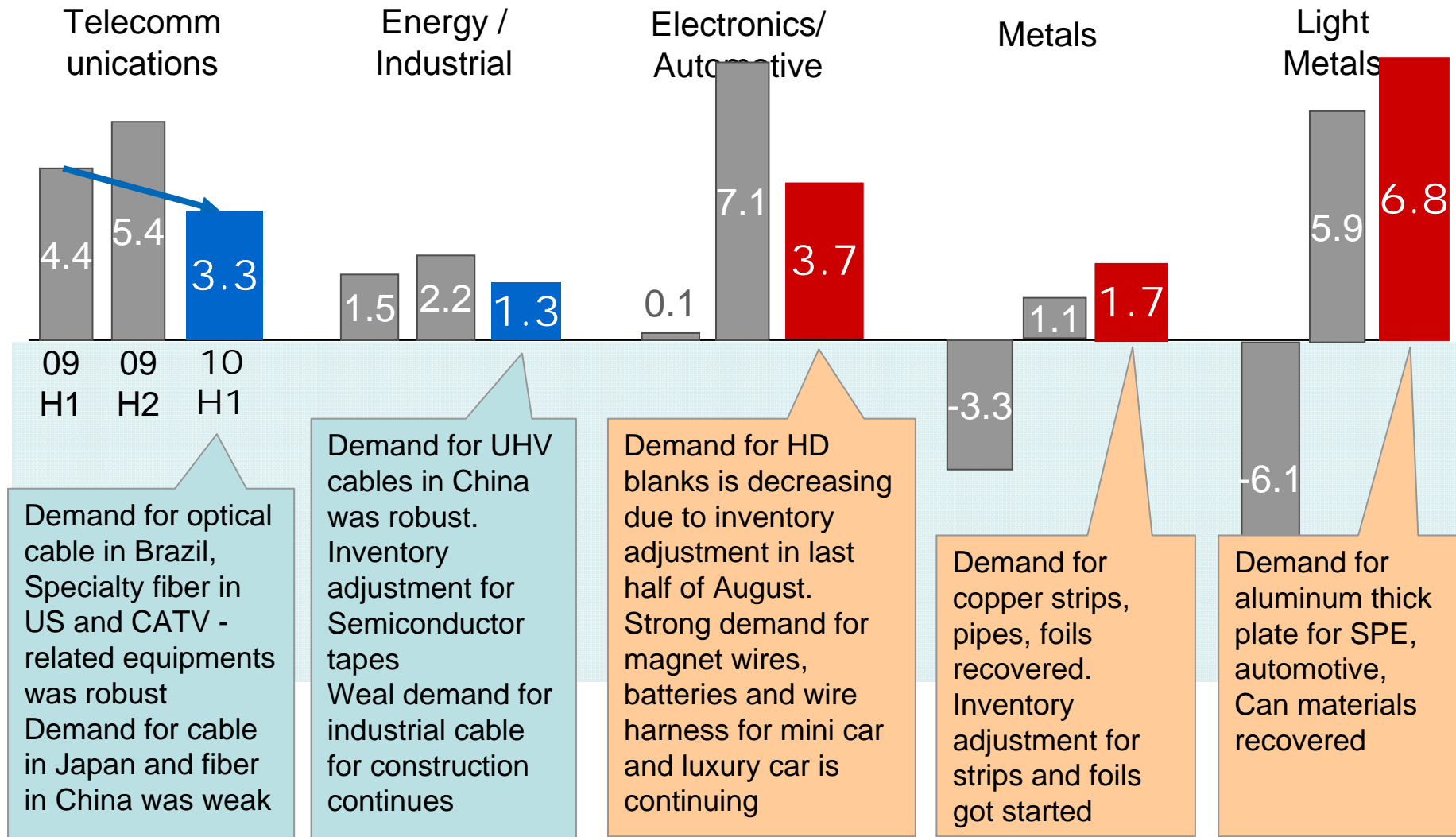


Half year OI results by Segment FURUKAWA ELECTRIC

Transmission Infrastructure

Functional Material

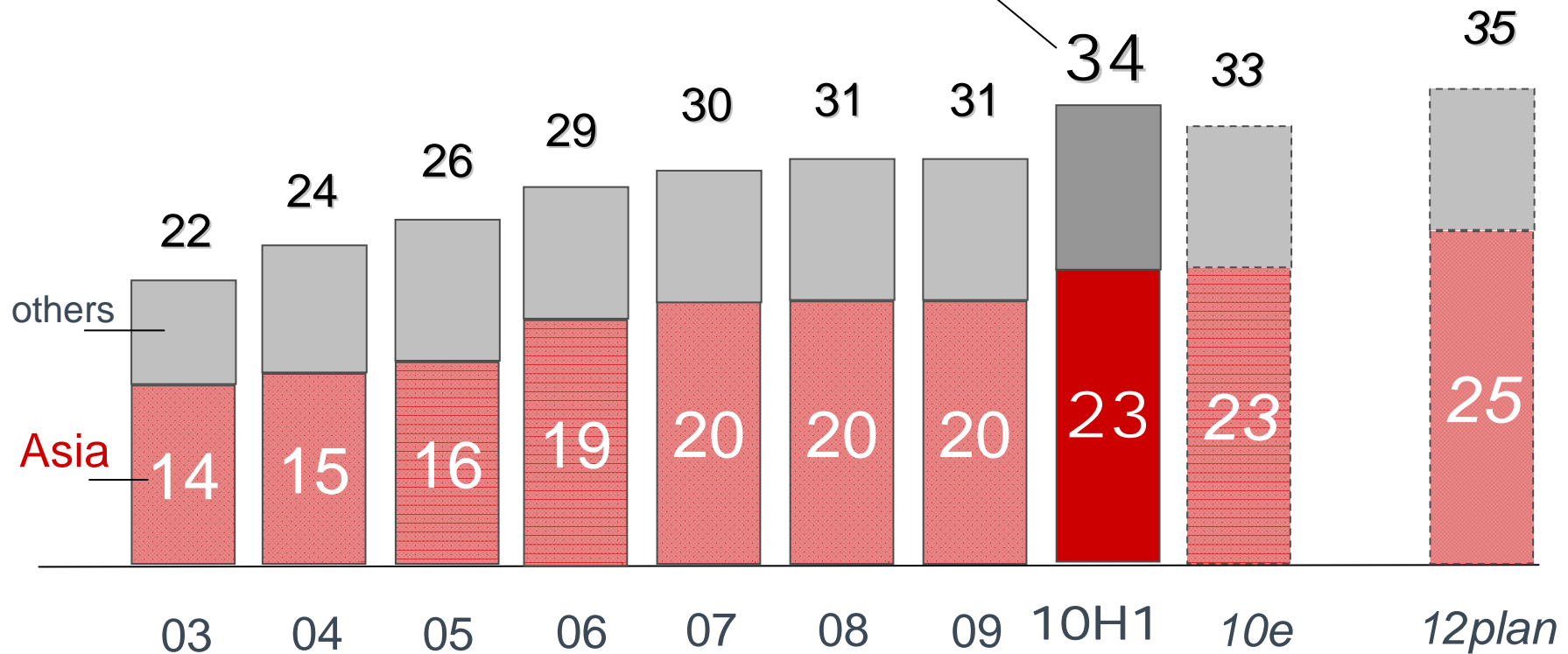
(yen in billions)



Overseas Sales Ratio

Ratio reached 34% driven by glowing sales for Asia

(%)



Business Environment and Measures for 2H 2010 ①

FURUKAWA ELECTRIC

● Business Environment

<Transmission Infrastructure>

Telecom	Weak demand continues for optical cables in Japan and for fiber export, while strong demand continues for LAN cables and optical cables in Brazil, as well as network-related business in Japan
Energy	Competitions get harder for UHV cable in China and Semiconductor processing tape, while demand for power cable for construction is improving

<Functional Materials>

Electronics / Automotive	Inventory adjustment for electronics materials may come to end within this year Demand for MCPET for LED TV surges in Q4 Demand for wire harness for mini cars and luxury cars is robust
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Business Environment and Measures for 2H 2010 ②

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● Short term measurement

Executing cost cut in domestic business

Optical fibers

Introducing energy-saving manufacturing process

Industrial cables

Withdrawing non-profitable products

Glass blanks

Shifting production to overseas

Improving productivity for full-scale demand

Magnet wires

Generating effect from integrated affiliates

Copper pipe

Downsizing domestic production

● Dividend

Staying in original prospect of 5.5 yen for full year

midterm 2.5 end-of-term 3.5

FY2010 Forecast

FURUKAWA ELECTRIC

(yen in billions)

	FY09	FY10e	change
Net Sales	809.7	920.0	+110.3
Operating Income	20.3	36.0	+15.7
Ordinary Profit	19.3	32.0	+12.7
Net Profit	9.7	12.5	+2.8

	(Apr.09~Mar.10)	10H1	10H2e
FX rate (JPY/USD)	92.9	88.9	82
Copper (JPY/kg)	610.3	678	670
Aluminum (JPY/kg)	190.2	245	225
Crude oil (USD/Bbl)	69.6	76.5	80

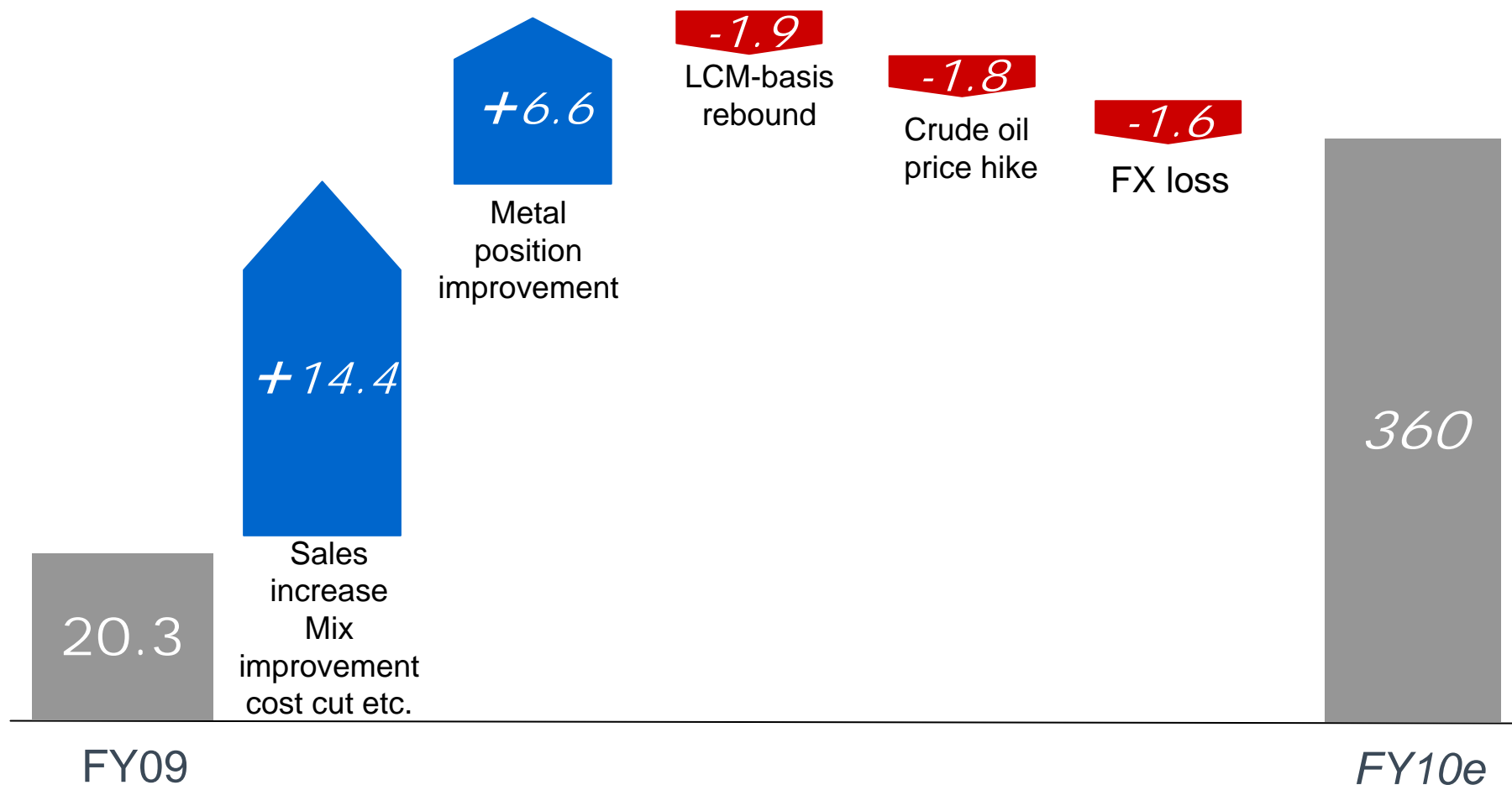
FY09→10e

Operating Income Analysis FURUKAWA ELECTRIC

Cost cut absorbs influences

(yen in billions)

by oil price hike and strong yen



FY2010 Operating Income Forecast by Segment

FURUKAWA ELECTRIC
(yen in billions)

Transmission Infrastructure

Functional Material

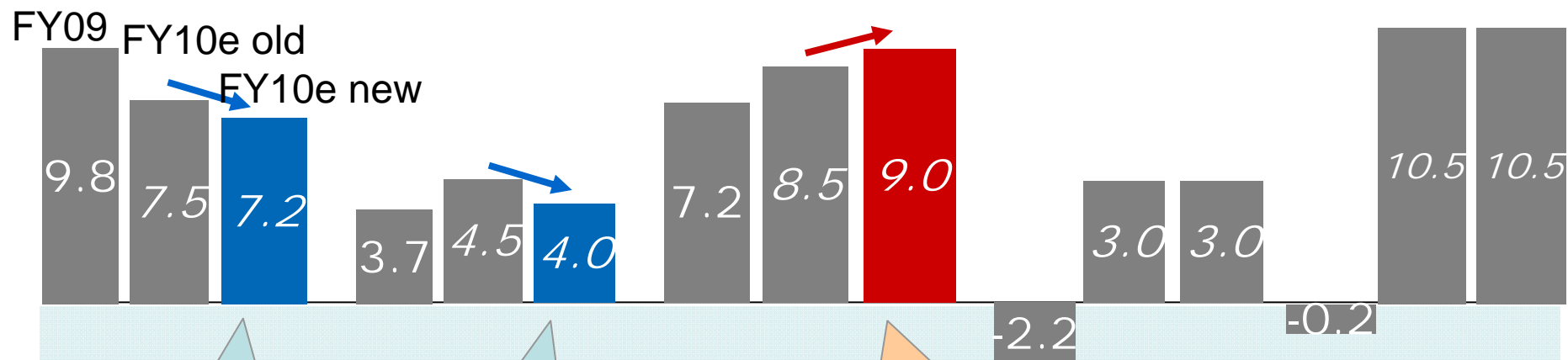
Telecomm
unications

Energy /
Industrial

Electronics/
Automotive

Metals

Light
Metals



While strong demand for optical cable in Brazil, CATV business in Japan continues, Cable in Japan and fiber for China is stagnant due to weak demand and strong yen

Competitions get harder for UHV cable in China and semiconductor processing tape, while demand for power cable for construction is improving

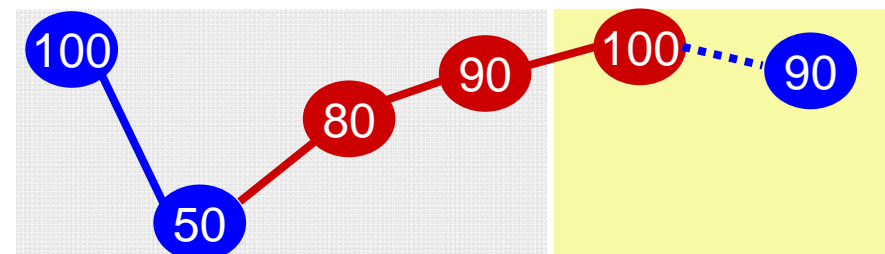
Inventory adjustment for electronics materials may come to end within this year
Strong demand for wire harness for mini cars and luxury cars continues

Unit sales basis
08H1 = 100

08H1 H2 09H1 H2 10H1e H2e

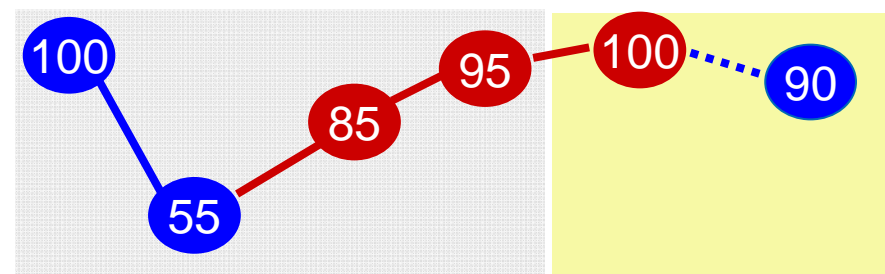
Copper foil

For Li batteries, printed circuit boards



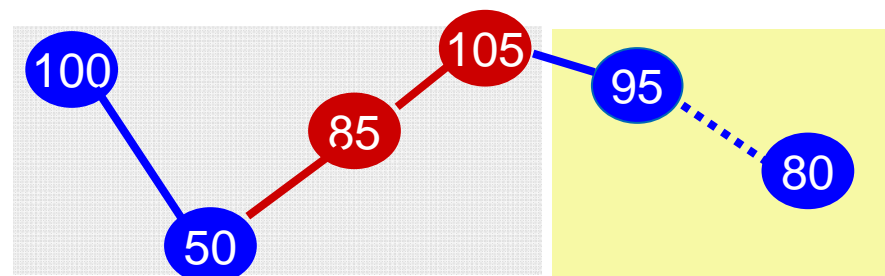
Semiconductor process tapes

For wafer dicing processes



Aluminum blank discs

For hard disk drives



Traditional Processing

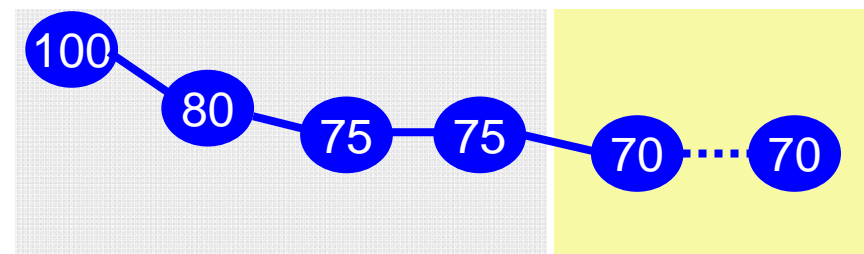
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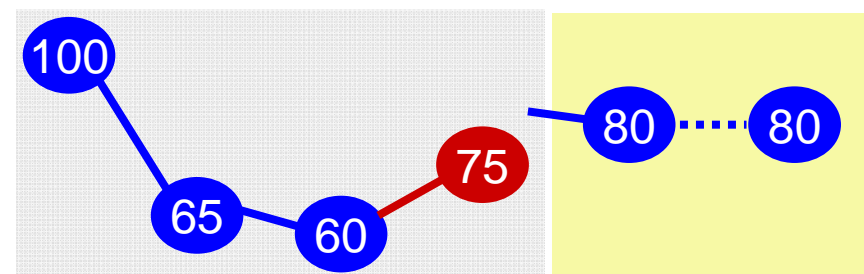
Copper wire

For power cables



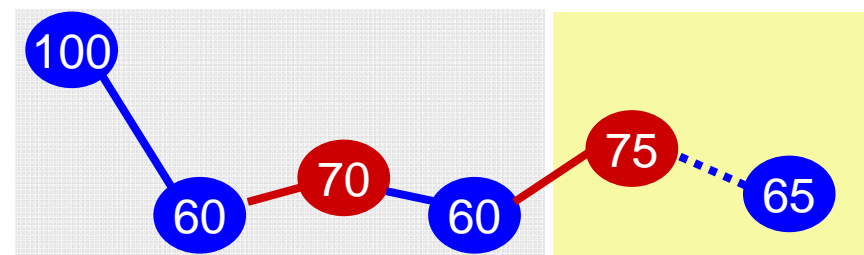
Copper strips

For leadframes, connectors



Copper pipes

For air conditioners



FY2010 Forecast of Capex, Depreciation, R&D

FURUKAWA ELECTRIC

(yen in billions)

	FY09	<i>FY10e</i>	<i>change</i>
Capex	25.4	36.0⇒ <i>39.0</i>	+13.6
Depreciation	42.5	43.5⇒ <i>42.0</i>	-0.5
R&D	17.3	<i>20.0</i>	+2.8

Measures for FY2012 Medium term plan

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● Global expansion of transmission infrastructure business

<Telecommunications>

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

<Energy>

Industrial Cable JV agreement with Huatong China (Starting in Nov.2010)

● Strengthening the position of functional material

<Industrial products> Starting mass production of MCPET for LED TV (FY2010 Q4-)

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

<Metals> Planning increase in production of copper foils for EV,HEV and print circuit board (FY2012-)

● Tightening in traditional business

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

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

<Metals> Starting copper strips JV in China (until the end of Dec.2010)

● Setting up cross functional organizations for driving new eco businesses

Smart Grid Business Development Department

will drive the integration of technologies for power cables and equipments, optical telecommunication system and network equipments, batteries and automotive parts

Furukawa also established ...

Next generation Vehicle Project Team,

Next Generation Battery Materials R&D Center and

Power & System Laboratories

Thank you for your attention.



Forward-Looking Statements

Projections of future sales and earnings in these materials are “forward-looking statements.” Management offers these projections in good faith and on the basis of information presently available. Information in these statements reflects assumptions about such variables as economic trends and currency exchange rates.

Forward-looking statements incorporate known and unknown risks as well as other uncertainties that include, but are not limited to, the following items.

- Economic trends in the U.S., Europe, Japan and elsewhere in Asia, particularly with regard to consumer spending and corporate capital expenditures.
- Changes in exchange rates of the U.S. dollar, euro, and Asian currencies.
- The Furukawa Electric Group’s ability to respond to rapid advances in technology.
- Changes in assumptions involving financial and managerial matters and the operating environment.
- Current and future trade restrictions and related matters at foreign countries.
- Changes in the market value of securities held by the Furukawa Electric Group.

Due to the above factors, actual sales, earnings, and other operating results may differ significantly from the figures in the plans contained in these materials. In addition, following the release of these materials, the Furukawa Electric Group assumes no obligation to publicly announce any revisions to forward-looking statements in these materials.

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