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Securities Code: 5803
June 5, 2017
Fujikura Ltd.
5-1, Kiba 1-chome
Koto-ku, Tokyo, Japan

Notice of Invitation to Fujikura's 169th Annual General Meeting of Shareholders

To our shareholders:

You are cordially invited to attend the 169th Annual General Meeting of Shareholders of Fujikura Ltd. (the "Company"), which will be held as indicated below.

If you cannot attend the meeting, please review the Reference Document for the General Meeting of Shareholders hereinafter and exercise your voting rights in writing or by using an electromagnetic mean (such as via the Internet) no later than June 28, 2017 (Wednesday) at 5:30 p.m. (JST) according to the "Instructions Concerning the Exercise of Voting Rights" on page 3:

- 1. Date and time:** June 29, 2017 (Thursday) at 10:00 a.m. (JST)
- 2. Place:** Assembly Hall, Fujikura head office
5-1, Kiba 1-chome, Koto-ku, Tokyo

3. Purpose of the meeting

Matters to be reported:

1. Details of the business report, the consolidated financial statements, and the reports by the independent accounting auditors and the Board of Statutory Auditors on the audit results of consolidated financial statements for the Company's 169th business year (from April 1, 2016 to March 31, 2017).
2. Details of non-consolidated financial statements for the Company's 169th business year (from April 1, 2016 to March 31, 2017).

Matters to be acted upon:

- | | |
|--------------------------------|---|
| 1st Proposal | Appropriation of surplus |
| 2nd Proposal | Partial amendment to the Articles of Incorporation |
| 3rd Proposal | Election of nine Directors not serving as Audit and Supervisory Committee Members |
| 4th Proposal | Election of five Directors serving as Audit and Supervisory Committee Members |
| 5th Proposal | Determination of the amount of compensation to Directors not serving as Audit and Supervisory Committee Members |
| 6th Proposal | Determination of the amount of compensation to Directors serving as Audit and Supervisory Committee Members |
| 7th Proposal | Determination of the amount and other details of the stock-based compensation plan |

Masahiko Ito
President & CEO & Representative Director

Pursuant to the laws and regulations and our Articles of Incorporation, the following items to be attached to Notice of Invitation to Annual General Meeting of Shareholders are posted on the Company's website. Therefore, those items are not included in the attachment hereto.

- (i) Outline of system to secure appropriate operation and operational status of the system
- (ii) Notes to consolidated financial statements
- (iii) Notes to non-consolidated financial statements
- If there arises any circumstance which gives rise to the need for alteration in Reference Document for the General Meeting of Shareholders, the business report, consolidated financial statements and non-consolidated financial statements, we will post the altered contents on the Company's website.

Website of the Company: <http://www.fujikura.co.jp/ir/statement/meeting/index.html>

Instructions Concerning the Exercise of Voting Rights

1. In case of attending the General Meeting of Shareholders:

Please submit the voting form to the receptionist. (Not required to place a seal.)

Date and time:

June 29, 2017 (Thursday) at 10:00 a.m. (JST)

Place:

Assembly Hall, Fujikura head office, 5-1, Kiba 1-chome, Koto-ku, Tokyo

2. In case of exercising the voting rights by post:

Please indicate your approval or disapproval on each of the proposals on the enclosed voting form and return the completed form to us without affixing a postage stamp.

Voting deadline:

It must be received by no later than June 28, 2017 (Wednesday) at 5:30 p.m. (JST)

3. In case of exercising the voting rights via the Internet:

Please use a PC or smartphone to access the website for exercise of voting rights (<http://www.web54.net>) and enter your approval or disapproval on each of the proposals in accordance with instructions on the screen using the “voting right exercise code” and the “password” indicated on the enclosed voting form.

Voting deadline:

No later than June 28, 2017 (Wednesday) at 5:30 p.m. (JST)

Electronic Voting Rights Execution Platform

Institutional investors may use the electronic voting rights execution platform operated by the Investor Communications Japan (ICJ), Inc.

Reference Document for the General Meeting of Shareholders

1st Proposal Appropriation of surplus

For the fiscal year under review, net sales came to ¥653.7 billion, operating profit was ¥34.2 billion, ordinary income was ¥32.5 billion and profit attributable to owners of parent was ¥12.9 billion.

The Company's basic policy is to make a return of profit in overall consideration of our business results, dividend and internal reserves for our future business development, targeting a dividend payout ratio of 20%.

We utilize our retained earnings to invest management resources in businesses with growth potential and streamline existing businesses.

In light of the above standpoints, we would like to propose that the year-end dividend be ¥5.0 per share as shown below. Together with the interim dividend paid of ¥5.0 per share, the annual dividend will be ¥10.0 per share, an increase of ¥2.0 per share from the previous fiscal year.

(i) Kind of dividend property:

Cash

(ii) Matters concerning allocation of dividend property to shareholders and the total amount thereof:

¥5.0 per share of common stock of the Company

Total amount: ¥1,426,791,795

(iii) Effective date for dividends from surplus:

June 30, 2017

2nd Proposal Partial amendment to the Articles of Incorporation

1. Background and reasons for the proposal

The main businesses of the Company are organized into three in-house companies (the Power & Telecommunication Systems Company, Electronics Business Company, and Automotive Products Company), and an executive director oversees each in-house company. There are major differences in the products, customers, and competitive environments of the lines of business of each in-house company, and in order to manage them efficiently, we believe that it is preferable to have a system enabling the overseeing executive director to swiftly make and carry out decisions. At the same time, we believe that important matters involving the growth of the Company as a whole, such as annual and mid-term business plans and large-scale M&As, must be decided after sufficient deliberation by the Board of Directors that can reflect the diverse knowledge and objective views of Outside Directors.

From the above viewpoint, we propose amendments to the Articles of Incorporation as follows, having determined that a company with audit and supervisory committee is the most appropriate institutional design for the Company's management system as stipulated in the Companies Act.

(1) Transition to a company with audit and supervisory committee

In order to transition to a company with audit and supervisory committee, provisions relating to the Audit and Supervisory Committee and Audit and Supervisory Committee Members will be established; provisions relating to statutory auditors and the board of statutory auditors will be deleted; and other amendments necessary for the transition to a company with audit and supervisory committee will be made. In addition, new provisions will be established to delegate authority to executive directors regarding decisions on important business execution to flexibly operate businesses.

(2) Establishment of the Nominating Advisory Committee and the Remuneration Advisory Committee

Provisions will be established relating to the Nominating Advisory Committee and the Remuneration Advisory Committee as advisory bodies to the Board of Directors in order to ensure objectivity and transparency of decisions relating to the nomination and remuneration of Directors.

(3) Others

Following the aforementioned establishment, amendment and deletion of Articles, the numbering of the Articles will be changed and supplementary provisions will be established.

This proposal shall become effective upon the conclusion of this General Meeting of Shareholders.

2. Details of the amendments

Details of the amendments are as follows.

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
Article 4. (Governing Bodies) The Company shall establish the following governing bodies along with the general meeting of shareholders and the directors: 1. Board of directors; 2. <u>Statutory auditors;</u> 3. <u>Board of statutory auditors; and</u> 4. Accounting auditors	Article 4. (Governing Bodies) The Company shall establish the following governing bodies along with the general meeting of shareholders and the directors: 1. Board of Directors; 2. <u>Audit and Supervisory Committee; and</u> (Deleted) 3. Accounting Auditors
CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS Article 20. (Number of Directors) The number of directors of the Company shall not be in excess of twelve. (New)	CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS Article 20. (Number of Directors) 1. The number of directors of the Company <u>other than those who are Audit and Supervisory Committee Members (hereinafter referred to as Directors not serving as Audit and Supervisory Committee Members)</u> shall not be in excess of twelve. 2. <u>The number of Directors serving as Audit and Supervisory Committee Members of the Company shall not be in excess of five.</u>
Article 21. (Election of Directors) 1. Directors shall be elected at a general meeting of shareholders. 2. to 3. (Omitted)	Article 21. (Election of Directors) 1. Directors shall be elected at a general meeting of shareholders. <u>However, Directors serving as Audit and Supervisory Committee Members shall be elected separately from other Directors.</u> (Unchanged)
Article 22. (Term of Office of Directors) The term of office of a director shall be until the closing of the annual general meeting of shareholders for the last business year ending within one year from the date of the election. (New) (New)	Article 22. (Term of Office of Directors) 1. The term of office of Director <u>not serving as Audit and Supervisory Committee Member</u> shall be until the closing of the annual general meeting of shareholders for the last business year ending within one year from the date of the election. 2. <u>The term of office of Director serving as Audit and Supervisory Committee Member shall be until the closing of the annual general meeting of shareholders for the last business year ending within two years from the date of the election.</u> 3. <u>The term of office of Director who has been elected as a substitute for Director serving as an Audit and Supervisory Committee Member who retired prior to the expiry of his or her term of office shall be until the expiry of the term of office of the retired Director.</u>
(New)	Article 23. (Nominating Advisory Committee) <u>The Company shall establish a Nominating Advisory Committee which considers candidates for Directors upon receiving an inquiry from the Board of Directors.</u>
Article <u>23</u>. (Convocation Notices for Meetings of the Board of Directors)	Article <u>24</u>. (Convocation Notices for Meetings of the Board of Directors)

Current Articles of Incorporation	Proposed Amendments
1. Convocation notices shall be given to each director <u>and statutory auditor</u> no later than five days prior to the date of a meeting of the board of directors. In cases of urgent need, however, this period of time may be shortened. 2. If all directors <u>and statutory auditors</u> agree, meetings of the board of directors may be held without taking procedures of convocation.	1. Convocation notices shall be given to each Director no later than five days prior to the date of a meeting of the Board of Directors. In cases of urgent need, however, this period of time may be shortened. 2. If all Directors agree, meetings of the Board of Directors may be held without taking procedures of convocation.
Article 24. (Resolutions of the Board of Directors) (Omitted)	Article 25. (Resolutions of the Board of Directors) (Unchanged)
(New)	Article 26. <u>(Delegation of Decision-making on Important Business Execution)</u> <u>The Company, pursuant to the provisions of Paragraph 6 of Article 399-13 of the Companies Act, may delegate in whole or in part the decision-making on important business execution (excluding matters set forth in each item of Paragraph 5 of the same Article) to the Director by a resolution of the Board of Directors.</u>
Article 25. (Omission of Resolutions of the Board of Directors) (Omitted)	Article 27. (Omission of Resolutions of the Board of Directors) (Unchanged)
Article 26. (Representative Directors and Directors with Special Titles)	Article 28. (Representative Directors and Directors with Special Titles)
1. The board of directors shall elect representative directors by its resolution. 2. The board of directors may elect one Chairman of the Board, one President and CEO & Representative Director, several Senior Executive Vice Presidents, several Executive Vice Presidents & Member of the Board and several Senior Vice Presidents & Member of the Board by its resolution.	1. The Board of Directors shall elect representative Directors <u>and non-representative executive Directors from among Directors not serving as Audit and Supervisory Committee Members</u> by its resolution. 2. The board of directors may elect one Chairman of the Board, one President and CEO & Representative Director, several Senior Executive Vice Presidents, several Executive Vice Presidents & Member of the Board and several Senior Vice Presidents & Member of the Board <u>from among directors not serving as Audit and Supervisory Committee Members</u> by its resolution.
Article 27. (Advisor) (Omitted)	Article 29. (Advisor) (Unchanged)
Article 28. (Remuneration, etc.) Remuneration, bonuses, and other proprietary benefits to be provided by the Company as consideration for the performance of duties of the directors (hereafter “remunerations, etc.” for the directors) shall be determined by a resolution of a general meeting of shareholders.	Article 30. (Remuneration, etc.) Remuneration, bonuses, and other proprietary benefits to be provided by the Company as consideration for the performance of duties of the Directors (hereafter “remunerations, etc.” for the directors) shall be determined by a resolution of a general meeting of shareholders. <u>However, distinction shall be made between Directors serving as Audit and Supervisory Committee Members and other Directors.</u>
(New)	Article 31. <u>(Remuneration Advisory Committee)</u> <u>The Company shall establish a Remuneration Advisory Committee which considers the remunerations, etc. of Directors upon receiving an</u>

Current Articles of Incorporation	Proposed Amendments
	<u>inquiry from the Board of Directors.</u>
Article 29. (Limited Liability Contract with Outside Director) (Omitted)	Article 32. (Limited Liability Contract with Outside Director) (Unchanged) (Deleted)
<u>CHAPTER V. STATUTORY AUDITORS AND BOARD OF STATUTORY AUDITORS</u> Article 30. (Number of Statutory Auditors) <u>The number of statutory auditors of the Company shall not be in excess of four.</u>	
Article 31. (Election of Statutory Auditors) 1. <u>Statutory auditors shall be elected at a general meeting of shareholders.</u> 2. <u>Resolutions of the election of statutory auditors shall be made by a majority vote of the shareholders present at the general meeting of shareholders where the shareholders owning more than one-third of the voting rights of the shareholders entitled to exercise their voting rights are present.</u>	(Deleted)
Article 32. (Term of Office of Statutory Auditors) 1. <u>The term of office of a statutory auditor shall be until the closing of the annual general meeting of shareholders for the last business year ending within four years from the date of the election.</u> 2. <u>The term of office of a statutory auditor who is elected to fill a vacancy of a statutory auditor retiring before the end of his/her term of office shall be until the end of the retired statutory auditor's term.</u>	(Deleted)
Article 33. (Full-time Statutory Auditor) <u>Full-time statutory auditor(s) shall be appointed by a resolution of the board of statutory auditors.</u>	(Deleted)
Article 34. (Convocation Notices for Meetings of the Board of Statutory Auditors) 1. <u>Convocation notices shall be given to each auditor no later than five days prior to the date of a meeting of the board of statutory auditors. In case of urgent need, however, this period of time may be shortened.</u> 2. <u>If all auditors agree, meetings of the board of statutory auditors may be held without taking procedures of convocation.</u>	(Deleted)
Article 35. (Resolutions of the Board of Statutory Auditors) <u>Resolutions of the board of statutory auditors shall be made by a majority vote of the statutory auditors, unless otherwise provided for in the relevant laws and regulations.</u>	(Deleted)
Article 36. (Remuneration, etc.) <u>Remuneration, etc. for the statutory auditors shall be determined by a resolution of a general meeting of shareholders.</u>	(Deleted)
Article 37. (Limited Liability Contract with Outside	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<u>Statutory Auditors)</u> <u>The Company may enter into a contract with an outside statutory auditor to limit his or her liability for damages that result from negligence of his or her duties pursuant to the provisions of Paragraph 1 of Article 427 of the Companies Act. However, the maximum amount of the liability under such contract shall be the amount stipulated in the laws and regulations.</u>	
(New)	<u>CHAPTER V. AUDIT AND SUPERVISORY COMMITTEE</u> <u>Article 33. (Full-time Audit and Supervisory Committee Members)</u> <u>The Audit and Supervisory Committee by its resolution may elect full-time Audit and Supervisory Committee Members from among its committee members.</u>
(New)	<u>Article 34. (Convocation Notices for Meetings of the Audit and Supervisory Committee)</u> <u>1. Convocation notices shall be given to each Audit and Supervisory Committee Member no later than five days prior to the date of a meeting of the Audit and Supervisory Committee. In cases of urgent need, however, this period of time may be shortened.</u> <u>2. If all Audit and Supervisory Committee Members agree, meetings of the Audit and Supervisory Committee may be held without taking procedures of convocation.</u>
(New)	<u>Article 35. (Resolutions of the Audit and Supervisory Committee)</u> <u>Resolutions of the Audit and Supervisory Committee shall be made by a majority vote of the Audit and Supervisory Committee Members present thereto who constitute a majority vote of the Audit and Supervisory Committee Members entitled to exercise their voting right.</u>
CHAPTER VI. ACCOUNTING Article 38. to Article 41. (Omitted)	CHAPTER VI. ACCOUNTING Article 36. to Article 39. (Unchanged)
(New)	<u>Supplementary Provisions</u> <u>Article 1 (Provision concerning Limited Liability Contract with Outside Statutory Auditors)</u> <u>Contracts to limit liability for damages as prescribed in Paragraph 1 of Article 423 of the Companies Act, with respect to acts of outside statutory auditors (including persons who were outside statutory auditors) prior to the conclusion of the 169th Annual General Meeting of Shareholders held in June 2017, shall remain in force.</u>

3rd Proposal Election of nine Directors not serving as Audit and Supervisory Committee Members

If the 2nd Proposal “Partial amendment to the Articles of Incorporation” is approved as proposed, the Company will make a transition to a company with audit and supervisory committee. The term of office of all the current ten Directors will expire as the amendments to the Articles of Incorporation take effect. Accordingly, the Company requests the election of nine Directors not serving as Audit and Supervisory Committee Members.

This proposal shall take effect subject to the 2nd Proposal taking effect.

No.	Name of Candidate	Age	Current Position and Responsibilities at the Company	Attendance at the Board of Directors Meetings during the Fiscal Year 2016	Term of Office
1	Yoichi Nagahama (Re-election)	67	Chairman of the Board & Representative Director	16 out of 16 meetings (100.0%)	14 years
2	Masahiko Ito (Re-election)	59	President & CEO & Representative Director	16 out of 16 meetings (100.0%)	2 years
3	Takashi Sato (Re-election)	66	Senior Executive Vice President & Representative Director Electronics Business Company	14 out of 16 meetings (87.5%)	14 years
4	Akira Wada (Re-election)	62	Senior Vice President & Member of the Board Corporate R&D Unit Corporate Production Unit	16 out of 16 meetings (100.0%)	3 years
5	Akira Sasagawa (Re-election)	59	Senior Vice President & Member of the Board Automotive Products Company	16 out of 16 meetings (100.0%)	2 years
6	Hideyuki Hosoya (Re-election)	58	Senior Vice President & Member of the Board Power & Telecommunication Systems Company	16 out of 16 meetings (100.0%)	2 years
7	Takeaki Kitajima (Re-election)	60	Senior Vice President & Member of the Board Corporate Sales & Marketing Unit	13 out of 13 meetings (100.0%)	1 year
8	Takashi Takizawa (Re-election)	58	Senior Vice President & Member of the Board Corporate Staff Unit (excluding Finance & Accounting Division and Audit Division)	13 out of 13 meetings (100.0%)	1 year
9	Tetsu Ito (Re-election)	56	Senior Vice President & Member of the Board Finance & Accounting Division, Audit Division and the Real Estate Business Company	13 out of 13 meetings (100.0%)	1 year

Notes:

1. Age indicates candidates' ages as of June 29, 2017.
2. Mr. Takeaki Kitajima, Mr. Takashi Takizawa and Mr. Tetsu Ito were appointed as Directors at the Annual General Meeting of Shareholders held on June 29, 2016, and assumed office on the same date. Therefore, their attendance at the Board of Directors meetings only includes meetings held after that date.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
1	Yoichi Nagahama (January 1, 1950, 67 years old) [Re-election] Ownership of the Company's Shares 57,955	April 1973	Joined the Company
		July 1999	General Manager of the Finance & Accounting Division
		June 2003	Member of the Board
		April 2005	Member of the Board and General Manager of the Management Planning Division
		April 2006	Senior Vice President & Member of the Board and General Manager of the Corporate Strategy Planning Division
		April 2008	Senior Vice President & Member of the Board Chief of the Staff Unit, General Manager of the Corporate Strategy Planning Division and General Manager of the Security Export Administrative Division
		April 2009	President & CEO & Representative Director
		April 2014	President & CEO & Representative Director Chief of the Power & Telecommunication Systems Company
	The number of years in office as Director 14 years The number of attendance at the Board of Directors Meetings 16/16 (100.0%)	April 2016	Chairman of the Board & Representative Director (to present)
		(Significant concurrent positions)	
		Not applicable.	
		Reason for the selection of candidate for Director Having served as Member of the Board from June 2003, and President & CEO & Representative Director from April 2009 until March 2016, Mr. Yoichi Nagahama has taken command of the formulation and execution of the "2015 Mid-Term Business Plan," responding to the tumultuous change in the power cable market in the aftermath of the Great East Japan Earthquake, and the restoration from the damage of the floods in the Kingdom of Thailand. Furthermore, in implementing the "selection and concentration of businesses," he introduced a new perspective to the Company's business management, including the establishment of new parameters and criteria by which the value of businesses should be assessed, and contributed significantly to changing the corporate culture and climate. The Company proposes him as a candidate for Director because it considers that his experience as a veteran of the Company who possesses intricate knowledge concerning its management will contribute to the Company's future management.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
2	Masahiko Ito (September 1, 1957, 59 years old) [Re-election] Ownership of the Company’s Shares 19,800 The number of years in office as Director 2 years The number of attendance at the Board of Directors Meetings 16/16 (100.0%)	April 1982	Joined the Company
		January 2005	General Manager of the Cable Manufacturing Dept., Power Cable Division of VISCAS Corporation.
		May 2011	General Manager of the Superconductor Business Development Division of the New Business Development Center
		April 2013	Executive Officer and General Manager of the Superconductor Business Development Division of the New Business Development Center
		April 2014	Managing Executive Officer, Deputy Chief of the Power & Telecommunication Systems Company, Responsible for the Infrastructure Business Segment, and General Manager of the Superconductor Business Development Division of the New Business Development Center
		April 2015	Managing Executive Officer, Deputy Chief of the Power & Telecommunication Systems Company
		June 2015	Senior Vice President & Member of the Board Deputy Chief of the Power & Telecommunication Systems Company
		April 2016	President & CEO & Representative Director (to present)
		(Significant concurrent positions)	
		Not applicable.	
		Reason for the selection of candidate for Director Mr. Masahiko Ito possesses mainly experience accumulated over many years in the Power Systems business segment. In April 2016, he was appointed President & CEO. He took part in senior management in the position of being in charge of a joint-venture company in the power cables business, VISCAS Corporation, and later he led initiatives to start up new businesses and played a leading role in business mergers with other companies and business reorganization in the fields of industrial electric wires and power cables that were forced to undergo stringent business restructuring and reform. In order for the management of the Company, which operates in various business fields, it is necessary to take a wide view of the entire company to accurately grasp issues, expeditiously carry out decisions in the aspects that require reforms, and execute business with strong leadership. The Company proposes him as a candidate for Director, as it considers the experience and insight, which he has cultivated to date, essential to achieving the 2020 Mid-term Business Plan in progress.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
3	Takashi Sato (May 2, 1951, 66 years old) [Re-election] Ownership of the Company’s Shares 48,300 The number of years in office as Director 14 years The number of attendance at the Board of Directors Meetings 14/16 (87.5%)	April 1974	Joined the Company
		March 1999	General Manager of the Electronics Marketing Division 1
		June 2003	Member of the Board and General Manager of the Electronics Marketing Division 1
		April 2006	Senior Vice President & Member of the Board
		April 2007	Senior Vice President & Member of the Board and Chief of the Electronics & Automotive Segment
		April 2010	Executive Vice President & Member of the Board and Chief of the Electronics & Automotive Segment
		April 2011	Executive Vice President & Member of the Board and Chief of the Marketing & Sales Segment
		April 2012	Representative Director, Executive Vice President & Member of the Board Chief of the Marketing & Sales Segment
		April 2013	Representative Director, Executive Vice President & Member of the Board Chief of the Power & Telecommunication Systems Company and Chief of the Corporate Sales & Marketing Unit
		April 2014	Senior Executive Vice President & Representative Director Chief of the Corporate Sales & Marketing Unit and Chief of the Electronics Business Company
		April 2017	Senior Executive Vice President & Representative Director Chief of the Electronics Business Company (to present)
	(Significant concurrent positions) Not applicable.	Reason for the selection of candidate for Director Mr. Takashi Sato was appointed as Member of the Board since June 2003 and as a Senior Executive Vice President & Representative Director in April 2014. He contributed significantly in handling the massive changes in the market caused by the Great East Japan Earthquake and recovery from the damage of floods in the Kingdom of Thailand. In addition, his many years of sales activities have led to top management sales development and technical exchanges with companies of other industries, contributing extensively to the Company’s concept of business reform. The Company proposes him as a candidate for Director because it considers that his gained experience will contribute to the Company’s future management.	
	Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.		

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
4	Akira Wada (February 26, 1955, 62 years old) [Re-election] Ownership of the Company's Shares 9,300 The number of years in office as Director 3 years The number of attendance at the Board of Directors Meetings 16/16 (100.0%)	April 1982	Joined the Company
		July 2003	General Manager of the Optics and Electronics Laboratory
		April 2006	Head of the Electronics & Automotive Products Development Center
		April 2009	Executive Officer and Head of the Electronics & Automotive Products Development Center
		April 2011	Managing Executive Officer and Head of the Electronic Component Development Center
		April 2013	Managing Executive Officer and Head of the Corporate R&D Planning Center
		April 2014	Managing Executive Officer, Chief of the Corporate R&D Unit and Chief of the Corporate Production Unit
		June 2014	Senior Vice President & Member of the Board, Chief of the Corporate R&D Unit and Chief of the Corporate Production Unit (to present)
		(Significant concurrent positions) Not applicable.	
		Reason for the selection of candidate for Director Mr. Akira Wada has been engaged in the R&D of the Company consistently and contributed to one of the Company's management goal of promoting the power of metabolism. The Company proposes him as a candidate for Director, because it considers that he has considerable experience and superior knowledge for deciding a future direction and investment of resources concerning research and development.	
Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions		
5	Akira Sasagawa (February 21, 1958, 59 years old) [Re-election] Ownership of the Company’s Shares 15,100	August 1982	Joined the Company	
		March 2008	President of Fujikura Automotive America LLC	
		November 2009	Deputy General Manager of the Automotive Products Division	
		April 2013	Executive Officer and Deputy Chief of the Automotive Products Company	
		April 2014	Managing Executive Officer and Deputy Chief of the Automotive Products Company	
		April 2015	Managing Executive Officer and Chief of the Automotive Products Company	
		June 2015	Senior Vice President & Member of the Board and Chief of the Automotive Products Company (to present)	
	The number of years in office as Director 2 years	(Significant concurrent positions)	Not applicable.	
	The number of attendance at the Board of Directors Meetings 16/16 (100.0%)	Reason for the selection of candidate for Director Appointed as manager of automotive products business in the U.S. in 2008, Mr. Akira Sasagawa has been in charge of Automotive Products Company since 2015. The Company proposes him as a candidate for Director, because it considers that, in addition to his wealth of experience in overseas operation, he has considerable experience and knowledge in running this business since its major markets are overseas in such regions as the U.S., China and Europe.		
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.		

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
6	Hideyuki Hosoya (February 10, 1959, 58 years old) [Re-election] Ownership of the Company's Shares 13,100	April 1983	Joined the Company
		April 2006	General Manager of the Optics and Electronics Laboratory
		April 2010	President of OPTOENERGY Inc.
		January 2013	General Manager of the Fiber Laser Business Development Division of the New Business Development Center
		April 2014	Managing Executive Officer and Deputy General Manager of the New Business Development Center
		April 2015	Managing Executive Officer, Deputy Chief of the Power & Telecommunication Systems Company and Responsible for the Optical Fiber Division
		June 2015	Senior Vice President & Member of the Board and Deputy Chief of the Power & Telecommunication Systems Company and Responsible for the Optical Fiber Division
		April 2016	Senior Vice President & Member of the Board and Chief of the Power & Telecommunication Systems Company (to present)
	The number of years in office as Director 2 years The number of attendance at the Board of Directors Meetings 16/16 (100.0%)	(Significant concurrent positions) Not applicable.	
		Reason for the selection of candidate for Director Mr. Hideyuki Hosoya has had many years of experience of engaging in the research and development of information and communication technology. Thereafter, he gained experience as a corporate manager of a company specializing in the development of semiconductor lasers that had been acquired by the Company, and he started working on the establishment of the fiber laser business as a new business in 2013 by utilizing the devices of semiconductor lasers. In 2015, he was appointed as Senior Vice President & Member of the Board, and has been responsible for the Optical Fiber Division. Since April 2016, he has been in charge of Power & Telecommunication Systems Company, which is the biggest in-house company of the Company. The Company proposes him as a candidate for Director, because it considers that, in addition to his sophisticated technical knowledge, he has experience as a general manager of a laboratory and as a corporate manager, and considerable experience and knowledge as a manager of the aforementioned in-house company.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
7	Takeaki Kitajima (June 28, 1957, 60 years old) [Re-election] Ownership of the Company's Shares 27,700	April 1981	Joined the Company
		June 2007	Senior Director of DDK Ltd.
		February 2009	President of Fujikura America Ltd.
		April 2013	Executive Officer, General Manager of the Electronic Information Marketing Division
		April 2014	Managing Executive Officer, General Manager of the Electronic Information Marketing Division
		April 2015	Managing Executive Officer and General Manager of Kansai Branch
		April 2016	Managing Executive Officer Deputy Chief of the Corporate Sales & Marketing Unit and Deputy Chief of the Electronics Business Company
		June 2016	Senior Vice President & Member of the Board Deputy Chief of the Corporate Sales & Marketing Unit and Deputy Chief of the Electronics Business Company
	The number of years in office as Director 1 year The number of attendance at the Board of Directors Meetings 13/13 (100.0%)	April 2017	Senior Vice President & Member of the Board, Chief of the Corporate Sales & Marketing Unit (to present)
		(Significant concurrent positions) Not applicable.	
		Reason for the selection of candidate for Director Mr. Takeaki Kitajima has been engaged in sales and marketing of electronics business for many years, and he also has been contributed to expand the business of a subsidiary for connectors business as a corporate manager of the subsidiary. Appointed as Senior Vice President & Member of the Board in 2016, he has led the connectors business. In addition, he has management experience in an overseas sales subsidiary and extensive sales experience from building relationships of mutual trust with major customers in the electronics business. Accordingly, the Company proposes him as a candidate for Director, because it considers that he is a necessary person in charge of Marketing & Sales Segment.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Note:

The number of attendance at the Board of Directors Meetings indicates attendance since his appointment as Member of the Board in June 2016.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
8	Takashi Takizawa (November 11, 1958, 58 years old) [Re-election] Ownership of the Company's Shares 24,000 The number of years in office as Director 1 year The number of attendance at the Board of Directors Meetings 13/13 (100.0%)	April 1982	Joined the Company
		April 2013	General Manager of the Printed Circuit Board Division
		April 2014	Managing Executive Officer and Deputy General Manager of the Printed Circuit Board Division
		January 2015	Managing Executive Officer, General Manager of the Corporate Strategy Planning Division
		April 2016	Managing Executive Officer, and Responsible for Corporate Strategy Planning Division, Legal Department, Personnel Department, and General Affairs & Public Relations Division, the Information Business System Engineering Division and Corporate Procurement Division
		June 2016	Senior Vice President & Member of the Board, Chief of the Corporate Staff Unit (excluding Finance & Accounting Division and Audit Division) (to present)
		(Significant concurrent positions) Not applicable.	
		Reason for the selection of candidate for Director Mr. Takashi Takizawa has a wide range of experience for engaging with several operations, such as technical engineering, research and development, and business management in electronics business of the Company, and he also has considerable knowledge in Company's businesses. As Managing Executive Officer and General Manager of the Corporate Strategy Planning Division since 2015, he has been involved in the formulation of 2020 Mid-Term Business Plan from the standpoint to supervise the Company as a whole. Appointed as Senior Vice President & Member of the Board in 2016, he has been contributing to the establishment of a new decision-making system as a project leader in the study of management reforms including changes to the Company's governance system. Accordingly, the Company proposes him as a candidate for Director, because it considers that he is a necessary person for the commencement of 2020 Mid-Term Business Plan to achieve further growth of the Company.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Note:

The number of attendance at the Board of Directors Meetings indicates attendance since his appointment as Member of the Board in June 2016.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
9	Tetsu Ito (August 22, 1960, 56 years old) [Re-election] Ownership of the Company's Shares 18,649 The number of years in office as Director 1 year The number of attendance at the Board of Directors Meetings 13/13 (100.0%)	April 1983	Joined the Company
		April 2009	General Manager of the Finance & Accounting Division
		April 2015	Executive Officer, General Manager of the Finance & Accounting Division
		April 2016	Managing Executive Officer, and Responsible for Finance & Accounting Division, Audit Division and the Real Estate Business Company
		June 2016	Senior Vice President & Member of the Board, and Responsible for Finance & Accounting Division, Audit Division and the Real Estate Business Company (to present)
		(Significant concurrent positions)	
		Not applicable.	
		Reason for the selection of candidate for Director Mr. Tetsu Ito has long-standing experience in the Finance & Accounting Division of the Company and he has a considerable knowledge of finance and accounting. In addition, his experience of being stationed overseas has given him extensive insight into the administrative processes of the Company from a global perspective. Appointed as Senior Vice President & Member of the Board in June 2016, he has been responsible for the Finance & Accounting Division and the Real Estate Business Company. Accordingly, the Company proposes him as a candidate for Director, because it considers that he is a necessary person for the growth of the Group, which is expanding on a global scale, and the construction of healthy financial conditions.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Note:

The number of attendance at the Board of Directors Meetings indicates attendance since his appointment as Member of the Board in June 2016.

4th Proposal Election of five Directors serving as Audit and Supervisory Committee Members

If the 2nd Proposal “Partial amendment to the Articles of Incorporation” is approved as proposed, the Company will make a transition to a company with audit and supervisory committee. Accordingly, the Company requests the election of five Directors serving as Audit and Supervisory Committee Members.

This proposal shall take effect subject to the 2nd Proposal taking effect.

No.	Name of Candidate	Age	Current Position and Responsibilities at the Company	Attendance at the Board of Directors Meetings during the Fiscal Year 2016	Attendance at the Board of Statutory Auditors Meetings during the Fiscal Year 2016	Term of Office
1	(New candidate) Yasuyuki Oda	59	Full-time Statutory Auditor	13 out of 13 meetings (100.0%)	13 out of 13 meetings (100.0%)	1 year
2	(New candidate, Outside Director, Independent Officer) Soichiro Sekiuchi	64	Outside Statutory Auditor	16 out of 16 meetings (100.0%)	17 out of 18 meetings (94.4%)	8 years
3	(New candidate, Outside Director, Independent Officer) Masaaki Shimojima	67	Outside Statutory Auditor	16 out of 16 meetings (100.0%)	18 out of 18 meetings (100.0%)	5 years
4	(New candidate, Outside Director, Independent Officer) Kenichiro Abe	65	Outside Director	16 out of 16 meetings (100.0%)	-	4 years
5	(New candidate, Outside Director, Independent Officer) Yoshio Shirai	69	-	-	-	-

Notes:

- Age indicates candidates' age as of June 29, 2017.
- Mr. Yasuyuki Oda was appointed as a Statutory Auditor at Annual General Meeting of Shareholders held on June 29, 2016, and assumed offices on the same date. Therefore, his attendance at the Board of Directors and Board of Statutory Auditors meetings only includes meetings held after that date.

Candidate No.	Name (Date of Birth)	Background and Position at the Company and Significant Concurrent Positions	
1	Yasuyuki Oda (September 5, 1957, 59 years old)	April 1980	Joined the Company
		May 2006	General Manager of the Finance & Accounting Division
		April 2009	General Manager of the Corporate Strategy Planning Division
	[New candidate]	April 2013	Executive Officer, General Manager of the Corporate Strategy Planning Division
	Ownership of the Company's Shares 83,035	January 2015	Executive Officer, Managing Director of Fujikura Europe Ltd.
		June 2016	Full-time Statutory Auditor of the Company (to present)
		(Significant concurrent positions) Not applicable.	
	The number of years in office as Statutory Auditor 1 year	Reason for the selection of candidate for Director Since Mr. Yasuyuki Oda has been engaged in Finance & Accounting Division for many years, he has a significantly high level of knowledge about finance and accounting. He also has experience in the Corporate Strategy Planning Division as well as directly engaged in management of an overseas group company. In addition to his specialist know-how in finance & accounting, he has wide range of experience for engaging with corporate management. He was appointed Full-time Statutory Auditor in 2016. Accordingly, the Company proposes him as a candidate for Director serving as an Audit and Supervisory Committee Member, because it considers that he is a necessary person to further enhance the audit and supervision systems of the Company.	
	The number of attendance at the Board of Directors Meetings 13/13 (100.0%)		
	The number of attendance at the Board of Statutory Auditors Meetings 13/13 (100.0%)	Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Note:

The number of attendance at the Board of Directors Meetings and the Board of Statutory Auditors Meetings indicates attendance since his appointment as Statutory Auditor in June 2016.

Candidate No.	Name (Date of Birth)	Background and Position at the Company and Significant Concurrent Positions
2	Soichiro Sekiuchi (November 7, 1952, 64 years old) [New candidate] [Outside Director] [Independent Officer] Ownership of the Company's Shares 0 The number of years in office as Statutory Auditor 8 years The number of attendance at the Board of Directors Meetings 16/16 (100.0%) The number of attendance at the Board of Statutory Auditors Meetings 17/18 (94.4%)	April 1980 Registered as an attorney at law (Tokyo Bar Association) April 2000 Conciliation commissioner of Tokyo Family Court (to present) January 2005 Established Tokyo Yurakucho Law Office (to present) June 2009 Statutory Auditor of the Company (to present) (Significant concurrent positions) Attorney at Law, Tokyo Yurakucho Law Office
		Reason for the selection of candidate for Outside Director Mr. Soichiro Sekiuchi has long been involved in corporate legal affairs as an attorney at law with highly specialist know-how and possesses ample knowledge in corporate management. Although the Company employs stricter criteria for the independence of directors than the Tokyo Stock Exchange, He meets all of them. The Company judges him to be qualified for the position of Outside Director, which requires an independent standpoint. He has participated in deliberation at meetings of the Board of Directors as Outside Statutory Auditor and has utilized his expertise and work experience to express his opinion from an adequacy standpoint, not limited to a legal standpoint. Accordingly, the Company proposes him as a candidate for Director serving as an Audit and Supervisory Committee Member, because it considers that he is a necessary person as Outside Director in the deliberation of important management matters at meetings of the Board of Directors of the Company and supervision of its management.
		Independence Mr. Soichiro Sekiuchi is an attorney at law belonging to the Tokyo Yurakucho Law Office. However, the Company has no dealings with said firm. The Company has registered him as Independent Officer with the Tokyo Stock Exchange as Statutory Auditor of the Company. If he is appointed as a Director serving as an Audit and Supervisory Committee Member, the Company intends to register him as Independent Officer with the Tokyo Stock Exchange.
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.
		Contracts for limitation of liability If Mr. Soichiro Sekiuchi is appointed as an Outside Director, the Company plans to enter into an agreement to limit liability for damages as prescribed in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same law, and the maximum amount of liability for damages based on this agreement shall be the amount prescribed in laws and regulations.

Candidate No.	Name (Date of Birth)	Background and Position at the Company and Significant Concurrent Positions
3	Masaaki Shimojima (April 13, 1950, 67 years old) [New candidate] [Outside Director] [Independent Officer] Ownership of the Company's Shares 0 The number of years in office as Statutory Auditor 5 years The number of attendance at the Board of Directors Meetings 16/16 (100.0%) The number of attendance at the Board of Statutory Auditors Meetings 18/18 (100.0%)	April 1974 Joined The Mitsui Bank, Limited (current Sumitomo Mitsui Banking Corporation) June 2002 Executive Officer and Head of Regional Cities Corporate Banking Division of Sumitomo Mitsui Banking Corporation June 2003 Resigned from Sumitomo Mitsui Banking Corporation June 2012 Statutory Auditor of the Company (to present) (Significant concurrent positions) Not applicable.
		Reason for the selection of candidate for Outside Director Mr. Masaaki Shimojima has considerable insight in the areas of finance and accounting from his service in important positions at a leading city bank over the course of many years, as well as sufficient experience in business management. Although the Company employs stricter criteria for the independence of directors than the Tokyo Stock Exchange, he meets all of them. Therefore, the Company judges the candidate to be qualified for the position of Outside Director, which requires an independent standpoint. He has participated in deliberation at meetings of the Board of Directors as Outside Statutory Auditor and has utilized his expertise and work experience to express his opinion from an adequacy standpoint, not limited to a legal standpoint. Accordingly, the Company proposes him as a candidate for Director serving as an Audit and Supervisory Committee Member, because it considers that he is a necessary person as Outside Director in the deliberation of important management matters at meetings of the Board of Directors of the Company and supervision of its management.
		Independence Mr. Masaaki Shimojima was a person who executes business for Sumitomo Mitsui Banking Corporation, a trading bank of the Company. He resigned from the bank in June 2003. The Company has registered him as Independent Officer with the Tokyo Stock Exchange as Statutory Auditor of the Company. If he is appointed as a Director serving as an Audit and Supervisory Committee Member, the Company intends to register him as Independent Officer with the Tokyo Stock Exchange.
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.
		Contracts for limitation of liability If Mr. Masaaki Shimojima is appointed as an Outside Director, the Company plans to enter into an agreement to limit liability for damages as prescribed in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same law, and the maximum amount of liability for damages based on this agreement shall be the amount prescribed in laws and regulations.

Candidate No.	Name (Date of Birth)	Background and Position at the Company and Significant Concurrent Positions
4	Kenichiro Abe (June 9, 1952, 65 years old) [New candidate] [Outside Director] [Independent Officer] Ownership of the Company's Shares 0 The number of years in office as Director 4 years The number of attendance at the Board of Directors Meetings 16/16 (100.0%)	March 1984 Registered as Certified Public Accountant September 2006 Representative partner of PricewaterhouseCoopers Aarata (current PricewaterhouseCoopers Aarata LLC) June 2012 Resigned from PricewaterhouseCoopers Aarata June 2013 Member of the Board of the Company (to present) (Significant concurrent positions) Not applicable.
		Reason for the selection of candidate for Outside Director Mr. Kenichiro Abe is a certified public accountant with highly specialist know-how and has been engaged in the corporate accounting and audits of many companies for a long time and possesses ample knowledge in corporate management. Although the Company employs stricter criteria for the independence of directors than the Tokyo Stock Exchange, he meets all of them. Therefore, the Company judges the candidate to be qualified for the position of Outside Director, which requires an independent standpoint. He has participated in deliberation and resolution at meetings of the Board of Directors as Outside Director and has utilized his expertise and work experience to express his opinion. Accordingly, the Company proposes him as a candidate for Director serving as an Audit and Supervisory Committee Member, because it considers that he is a necessary person as Outside Director in the deliberation of important management matters at meetings of the Board of Directors of the Company and supervision of its management.
		Independence Mr. Kenichiro Abe was a Representative partner of PricewaterhouseCoopers Aarata, the Company's Accounting Auditor. However, he was never engaged in the audit of the Company while serving at the said audit firm, and he retired from said audit firm in June 2012. The Company has registered him as Independent Officer with the Tokyo Stock Exchange.
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.
		Contracts for limitation of liability The Company has entered into an agreement with Mr. Kenichiro Abe to limit his liability for damages as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the same law, and the maximum amount of liability for damages based on this agreement shall be the amount prescribed in laws and regulations. In the event that his re-election is approved, the Company plans to continue the said agreement.

Candidate No.	Name (Date of Birth)	Background and Position at the Company and Significant Concurrent Positions
5	Yoshio Shirai (May 1, 1948, 69 years old) [New candidate] [Outside Director] [Independent Officer] Ownership of the Company's Shares 0	June 2001 Member of the Board of Directors of Toyota Motor Corporation June 2003 Managing Officer of Toyota Motor Corporation June 2005 Senior Managing Member of the Board of Directors of Toyota Motor Corporation June 2007 Executive Vice President, Member of the Board of Hino Motors, Ltd. June 2008 President, Member of the Board of Hino Motors, Ltd. June 2013 Adviser to Hino Motors, Ltd. (to present) Vice Chairman of the Board of Toyota Tsusho Corporation June 2015 Adviser to Toyota Tsusho Corporation (to present) June 2016 Director (outside director), Audit & Supervisory Committee Member of Seiko Epson Corporation (to present) (Significant concurrent positions) Adviser to Hino Motors, Ltd. Adviser to Toyota Tsusho Corporation Director (outside director), Audit & Supervisory Committee Member of Seiko Epson Corporation
		Reason for the selection of candidate for Outside Director Mr. Yoshio Shirai has abundant experience and knowledge as a corporate manager, having served as Senior Managing Member of the Board of Directors of Toyota Motor Corporation, President, Member of the Board of Hino Motors, Ltd. and Vice Chairman of the Board of Toyota Tsusho Corporation. He also has experience as Outside Director from having served as Director (outside director), Audit & Supervisory Committee Member of Seiko Epson Corporation since 2016. Although the Company employs stricter criteria for the independence of directors than the Tokyo Stock Exchange, he meets all of them. Therefore, the Company judges the candidate to be qualified for the position of Outside Director, which requires an independent standpoint. Accordingly, the Company proposes him as a candidate for Director serving as an Audit and Supervisory Committee Member, because it considers that he is a necessary person as Outside Director in the deliberation of important management matters at meetings of the Board of Directors of the Company and supervision of its management.
		Independence Mr. Yoshio Shirai had been a person who executes business for Toyota Tsusho Corporation in the past three years. However, sales and purchases between the Company and said company account for less than 1% of the consolidated net sales of the Company and said company, and thus said company does not qualify as a major business partner set forth in the Company's Independence Standards. The same applies to Toyota Motor Corporation and Hino Motors, Ltd., at which Mr. Yoshio Shirai has served as a person who executes business. If Mr. Yoshio Shirai is appointed as a Director serving as an Audit and Supervisory Committee Member, the Company intends to register him as Independent Officer with the Tokyo Stock Exchange.
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.
		Contracts for limitation of liability If Mr. Yoshio Shirai is appointed as an Outside Director, the Company plans to enter into an agreement to limit liability for damages as prescribed in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same law, and the maximum amount of liability for damages based on this agreement shall be the amount prescribed in laws and regulations.

Reference Standards for determining the independence of Outside Directors

An individual does not have independence if any of the following applies, has applied within the past three years, or applies to a spouse, or to a first or second-degree relative.

- A major business partner of the Group*1, or a person who executes business for said business partner*2
- A person for which the Group is a major business partner, or a person who executes business for said person
- A shareholder with 10% or more of total voting rights in the Company, or a person who executes business for said shareholder
- A person who receives substantial compensation*3 in money or other forms from the Company or its subsidiaries, other than compensation received as an outside officer, or a person who executes business for said person

*1 Major business partner: A person or company that accounts for 1% or more of the Company's consolidated net sales, or a person or company that earns 1% or more of its consolidated net sales from the Company

*2 Person who executes business: Executive director or an employee working under said director

*3 Substantial compensation: Annual amounts in excess of ¥10 million

With regard to the 5th Proposal through the 7th Proposal, please refer to the “Outline of the Policy on Determining Compensation to Directors” on page 30.

5th Proposal Determination of the amount of compensation to Directors not serving as Audit and Supervisory Committee Members

Since the resolution approved at the 167th Annual General Meeting of Shareholders held on June 26, 2015, the amount of compensation to Directors has been set to not more than ¥510 million per year (including not more than ¥30 million for Outside Directors). If the 2nd Proposal “Partial amendment to the Articles of Incorporation” is approved as proposed, the Company will transition to a company with audit and supervisory committee.

Accordingly, the Company proposes to abolish the current limit on compensation to Directors, and set the amount of compensation to Directors not serving as Audit and Supervisory Committee Members at ¥600 million per year. This does not include compensation as employees for Directors who are concurrently employees of the Company.

Currently, the number of Directors is ten (including one Outside Director). If the 2nd Proposal and 3rd Proposal are approved as proposed, the number of Directors not serving as Audit and Supervisory Committee Members will be nine (there will be no Outside Directors).

This proposal shall take effect subject to the 2nd Proposal taking effect.

6th Proposal Determination of the amount of compensation to Directors serving as Audit and Supervisory Committee Members

If the 2nd Proposal “Partial amendment to the Articles of Incorporation” is approved as proposed, the Company will transition to a company with audit and supervisory committee.

Accordingly, the Company proposes to set the amount of compensation to Directors serving as Audit and Supervisory Committee Members to not more than ¥100 million per year (including not more than ¥70 million per year for Outside Directors) in accordance with the provisions of the Companies Act and the Ordinance for Enforcement of the Companies Act.

If the 2nd Proposal and 4th Proposal are approved as proposed, the number of Directors serving as Audit and Supervisory Committee Members will be five (including four Outside Directors).

This proposal shall take effect subject to the 2nd Proposal taking effect.

7th Proposal Determination of the amount and other details of the stock-based compensation plan

1. The reason for the proposal and the reason why it is considered appropriate to distribute the Company’s shares

This proposal requests approval for the introduction of a stock-based compensation plan (the “Plan”) for Directors not serving as Audit and Supervisory Committee Members (excluding Outside Directors) as a new compensation plan for Directors. The Plan shall be established separately from the amount of compensation for Directors not serving as Audit and Supervisory Committee Members (not exceeding ¥600 million) subject to the approval of the 5th Proposal. It is intended to incentivize Directors to become seriously committed to increasing corporate value through providing compensation in the form of the Company’s common stock.

The Plan is considered to be adequate as compensation for Directors, because its introduction will place Directors in a position to enjoy the merit of a rising share price associated with an increase in corporate value, as well as to bear the downside risk of a falling share price, in the same boat with shareholders.

If the 3rd Proposal “Election of nine Directors not serving as Audit and Supervisory Committee Members” is approved as proposed, the number of Directors eligible under the Plan will be nine at the conclusion of this General Meeting of Shareholders.

2. The amount of compensation and other details of the Plan

Under the Plan, a Director shall be granted points in each fiscal year according to the Stock

Distribution Regulations established by the Board of Directors for the purpose of compensation for Directors, and later shall be delivered, at the time of retirement, shares of common stock of the Company based on the number of points accumulated meanwhile.

(1) Persons eligible for the Plan

Directors not serving as Audit and Supervisory Committee Members of the Company (excluding Outside Directors)

(2) The content and amount of compensation

The Company's common stock of ¥120 million or less and 285 thousand shares or less per fiscal year

(3) The number of the Company's common stock to be acquired by Directors

A number of points assigned on a by-grade basis is granted in each fiscal year to each Director who shall, at his/her retirement, be delivered the number of shares of common stock of the Company, calculated by multiplying the accumulated number of points up to the time of retirement by a factor of 1.0 (which, however, may be reasonably adjusted in certain circumstances).

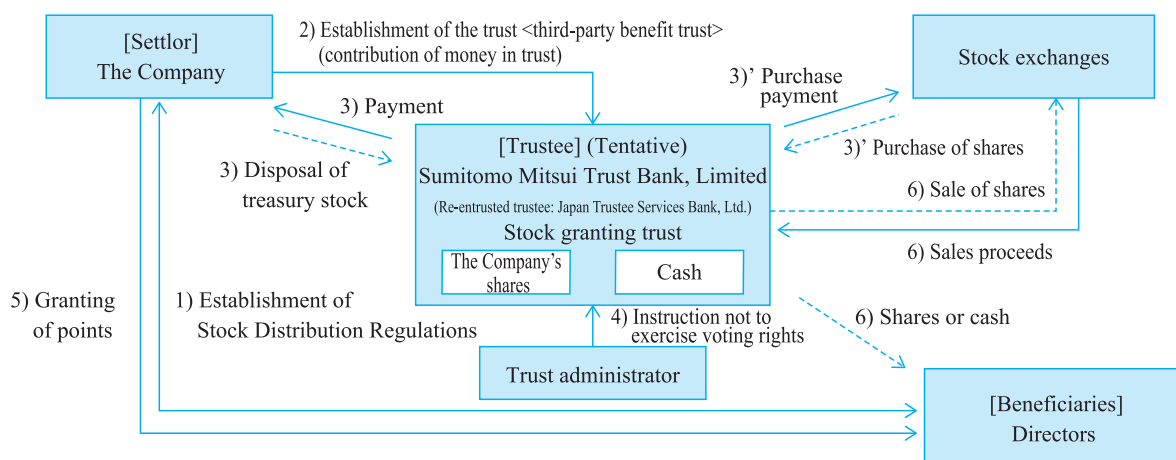
The number of points granted to each Director in each fiscal year shall be determined in detail, under the Stock Distribution Regulations set out by the Board of Directors.

(Reference) Outline of the Structure of the Trust

The Company shall deposit a fund in a trust created for the purpose of the Plan (hereinafter the "Trust"), which then shall acquire common stock of the Company, and compensation in the form of common stock of the Company shall be delivered to Directors (beneficiaries under the Trust) via the Trust.

Specifically, the Company will contribute a maximum of ¥600 million (equivalent to the amount of compensation per year for five years) during the period of the Trust (five years from August 2017). The Trust will use the funds to acquire the Company's common stock through stock exchanges or by underwriting the disposal of treasury stock of the Company. Beneficiaries of the Trust shall be Directors of the Company who will be in office during the five years from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2022 (the "Plan Period"), who meet certain requirements set forth in the Stock Distribution Regulations.

The Trust Period may, at its expiry, be extended for the purpose of continuing the Plan, subject to the resolution of the Board of Directors of the Company. In such cases, the Company will make additional contributions of up to ¥120 million multiplied by the number of years of the trust period extended, as funds necessary for the additional acquisition of the Company's shares to be distributed to Directors under the Plan. Accordingly, the applicable period shall be extended, whereby Directors in service during the extended trust period shall continuously be granted points and delivered common stock of the Company.



- 1) The Company will establish the Stock Distribution Regulations for its Directors.
- 2) The Company will establish a stock distribution trust (third-party benefit trust) for its Directors as beneficiaries. In doing so, the Company will entrust to the trustee such amount as to be equivalent to that for funds to acquire shares (provided, however, that such amount will be within the amount approved by the General Meeting of Shareholders).
- 3) The trustee will acquire, in one lump sum, a sufficient number of the Company's shares that are expected to be distributed in the future (either through the disposal of treasury stock or through stock exchanges (including after-hours trading)).
- 4) The Company will designate a trust administrator (limited to a party independent of the Company and its officers) who will be responsible for protecting the interests of the beneficiaries, who are the subject of the Stock Distribution Regulations, throughout the trust period and for supervising the trustee.

The voting rights with respect to the Company's shares held within the Trust will not be exercised throughout the trust period.

- 5) Points will be assigned to Directors of the Company in accordance with the Stock Distribution Regulations.
- 6) A Director who meets the requirements under the Stock Distribution Regulations as well as the trust agreement for the purpose of the Trust, shall, as a beneficiary under the Trust, be delivered the number of the Company's shares equivalent to the accumulated points at the time of his/her retirement.

In certain cases, as set forth in the Stock Distribution Regulations and the trust agreement, a portion of the Company's shares will be sold at stock exchanges and distributed in cash.

Under the Plan, the Company shall appoint Sumitomo Mitsui Trust Bank, Limited as trustee, and the trustee shall entrust the management of trust assets to Japan Trustee Services Bank, Ltd. (a process called re-trust).

Reference Outline of the Policy on Determining Compensation to Directors (Reference for the 5th Proposal through the 7th Proposal)

In addition to the diverse portfolio of products handled, the Company also conducts business operations globally and the operations conducted by its Directors are sophisticated and span a broad range. Consequently, compensation standards of Directors should be set at a level appropriate to recruit qualified people capable of fulfilling these duties, by referencing surveys conducted by a number of research agencies that target mainly listed companies. In particular, Directors' compensation shall comprise the following three categories. Furthermore, a new Remuneration Advisory Committee shall be established as an advisory organ of the Board of Directors, and the compensation amounts shall be established through the decisions of the Remuneration Advisory Committee.

A new compensation system has been established based on objective benchmarks and evaluations, and with a stronger link to performance.

1) Basic compensation

The portion corresponding to the monitoring and supervision functions of each Director, which is a fixed amount according to his/her rank

2) Short-term performance-based compensation

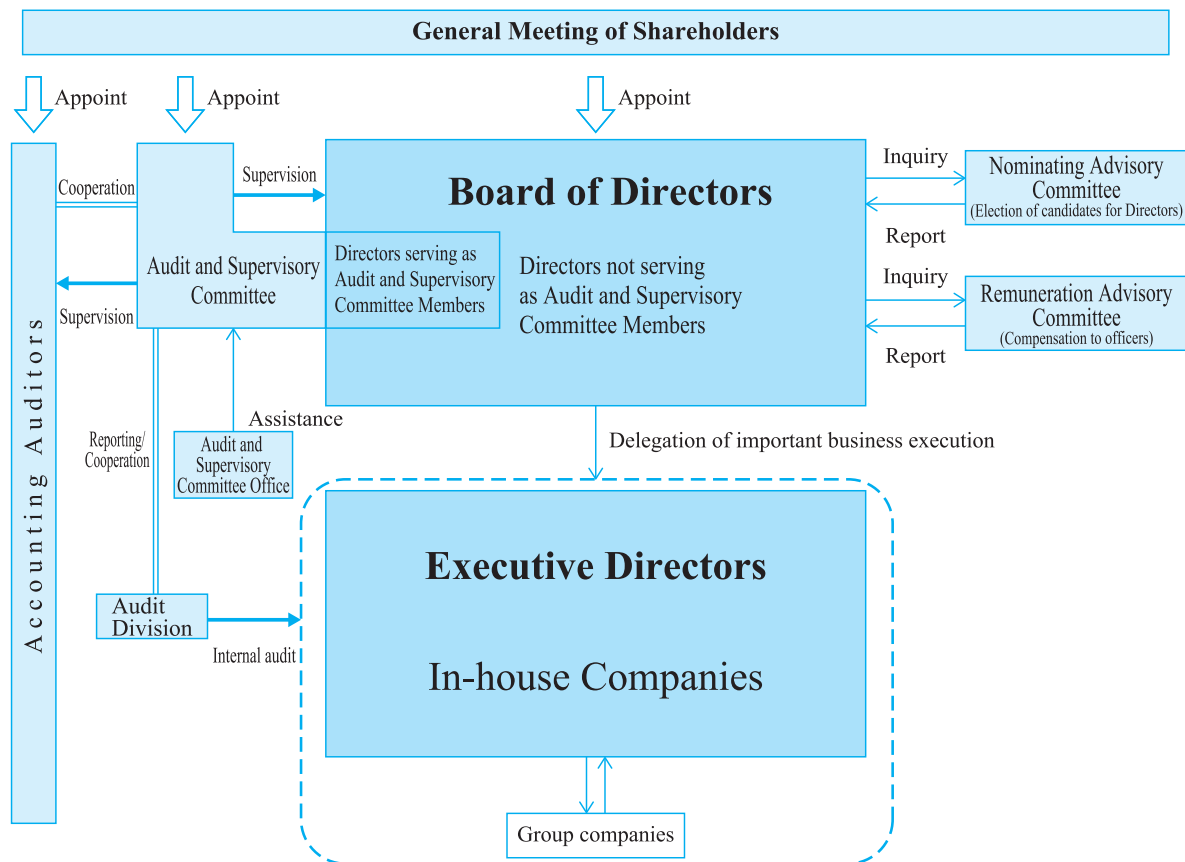
A base amount by grade shall be established reflecting the corporate performance or the performance of the divisions under each Director's command. The amount of compensation under this category shall vary within a range between 0% and 200% of the aforementioned base amount, depending on certain indicators (operating income ratio, return on equity (ROE), and return on invested capital (ROIC)).

3) Stock-based compensation

Apart from the monetary compensation in 1) and 2) above, a scheme that provides compensation in the form of common stock of the Company shall be established. This scheme is intended to enhance the motivation of Directors towards contribution to an increase in corporate value of the Company, by placing Directors in a position to enjoy the merit of a rising share price as well as to bear the risk of a falling share price, whereby Directors and shareholders share the merit and demerit of such fluctuations. This scheme shall be established subject to the approval of the 7th Proposal.

Roughly 40% or more of the entire compensation shall be represented by the portion subject to fluctuations, depending on performance and share price (short-term performance-based compensation and stock compensation).

The above compensation system represents a compensation system for executive Directors, and compensations for non-executive Directors, in light of their duties, will comprise exclusively a fixed amount as basic compensation, and will not include short-term performance-based compensation or stock-based compensation.



Business Report 169th period (from April 1, 2016 to March 31, 2017)

1. Current Status of the Fujikura Group

(1) Business Progress and Results

The Japanese economy during the fiscal year 2016 showed a mild recovery trend, mainly reflecting a recovery in consumer spending and capital investment as a result of the improvement of corporate earnings and employment and income conditions. With regard to overseas markets, the U.S. economy continued to recover thanks to factors such as an increase in consumer spending and a recovery in capital investment, while China showed signs of economic recovery due to the effects of various government policies.

As for the business performance of the Fujikura Group for the fiscal year 2016, net sales decreased by 3.6% year on year to ¥653.7 billion and operating profit increased by 4.9% year on year to ¥34.2 billion. The trend of a stronger yen compared to the previous fiscal year exerted a downward pressure on both sales and profit.

With regard to sales, although there was a significant increase in sales of optical fiber cables and optical connection components year on year in North America and China, sales of industrial electric wires decreased due to the effect of a drop in the price of copper, a raw material used in industrial electrical wiring. Sales of the electronics business, mainly FPCs (Flexible Printed Circuit Boards), and the automotive products business, mainly wire harnesses for automobiles, were almost flat year on year.

In terms of profit, optical fiber cables and optical connection components posted a significant increase in profit year on year thanks to an increase in sales. In addition, industrial electric wires posted a significant increase in profit because of a business that was succeeded as a result of business reorganization. Wire harnesses for automobiles posted an increase in profit due to the effects of structural reforms carried out in China during the previous fiscal year. Meanwhile, FPCs suffered a significant decrease in profit, mainly reflecting a rise in materials prices due to a stronger yen in addition to intensified price competition and changes in the product type mix. Optical fusion splicers posted a significant decrease in profit owing to intensified competition.

As for the ordinary income, as a result of recording of ¥4.0 billion in non-operating income and ¥5.7 billion in non-operating expenses, the Company achieved ordinary income of ¥32.5 billion, an increase of 32.2% year on year. Although a large amount of investment loss on equity-method was recorded in the previous fiscal year in association with the downturn of VISCAS Corporation, a joint-venture company with Furukawa Electric Co., Ltd., this loss has been reduced substantially mainly due to the dissolution of the joint venture during the fiscal year under review.

As for extraordinary gains, gain on sales of investment securities, etc. totaling ¥0.6 billion was recorded. Extraordinary losses of ¥4.8 billion were recorded consisting mainly of restructuring related expenditures associated with the dissolution of the joint venture with VISCAS Corporation and litigation settlement of a civil action concerning a cartel of wire harnesses for automobiles. In addition, tax expenses totaling ¥11.3 billion were recorded. This amount includes ¥2.7 billion in corporate income taxes for prior periods due to the views expressed by the Thai tax authorities that had not been finalized in connection with corporate income taxes of a manufacturing subsidiary located in the Kingdom of Thailand. As a result, profit attributable to owners of parent increased by ¥1.5 billion year on year to ¥12.9 billion.

With respect to civil lawsuits in connection with the cartel of wire harnesses for automobiles, we believe that the main part of claims have been concluded with the settlement of class action brought in the U.S. and Canada.

As a measure for returning profit to shareholders, the Company acquired treasury stock in April and October 2016, and acquired 14 million shares in total, for a total amount of ¥7.9 billion during the fiscal year under review.

Financial Position and Business Performance of the Group

(Millions of yen)

Title	166th period FY2013	167th period FY2014	168th period FY2015	169th period (current period) FY2016
Net Sales	590,980	661,510	678,528	653,795
Ordinary Income	13,839	21,082	24,629	32,555
Profit attributable to owners of parent	3,328	12,201	11,317	12,900
EPS (yen)	9.99	37.93	36.98	44.61
Net Assets	207,242	234,527	217,981	224,546
Total Assets	537,281	577,567	552,678	588,626

Power & Telecommunication Systems Company

Major Lines of Business:

This in-house company offers a variety of cables and equipment, including those for industrial use, and for power transmission, distribution and communication as well as optical fiber cables and various products for the construction of optical networks.

Industrial electric wires, telecommunications metal cables, overhead power transmission wires, power distribution lines, cable for power supply, magnet wires, cable connection components, OPGW (Optical Ground Wire), optical fibers and cables, connection components including optical connectors, optical devices, optical fusion splicers, optical line monitoring systems, optical transmitters, optical wiring systems and related installation work

The in-house company as a whole posted net sales of ¥349.6 billion, down 4.6% year on year and an operating profit of ¥20.3 billion, up 42.3% year on year.

In the Power Systems business segment, two major business reorganizations were carried out in the fiscal year 2016. The first is the expansion of business integration with Mitsubishi Cable Industries, Ltd. relating to the industrial electric wire business. This integration involved extending the preexisting scope of business of “Fujikura Dia Cable Ltd.,” a joint-venture company between the Company and Mitsubishi Cable Industries, Ltd., from being limited to only part of the market to encompassing manufacturing and sales of industrial electric wires overall as of April 1, 2016. The second is the dissolution of the electric power cable joint venture with Furukawa Electric Co., Ltd. As a result of the dissolution in October 2016, the Company succeeded the power transmission and distribution business from the joint-venture company VISCAS Corporation.

The Power Systems business segment posted net sales of ¥196.0 billion, down 7.9% year on year, owing to the effect of the lower price of copper, which is a raw material used for industrial electric wires, despite an increase in sales due to business reorganizations.

In terms of profit, coaxial cables for wireless base stations, etc. that the Company succeeded from Mitsubishi Cable Industries, Ltd. in the industrial electric wire business contributed to an increase in profit.

In the Telecommunication Systems business segment, optical connection components and optical cables recorded increases in revenue for hyperscale data centers and the telecommunication infrastructure upgrade particularly in North America, and the telecommunication engineering business also saw an increase in revenue for housing complexes in Canada. The optical fiber showed favorable performance mainly thanks to ongoing strong demand in China. Shipments of optical fusion splicers rose in North America and China. However, net sales for this segment remained at the same level as the previous fiscal year, amounting to ¥153.6 billion, down 0.1% year on year, significantly affected by a stronger yen compared to the previous fiscal year.

In terms of profit, although optical fusion splicers suffered a significant decrease in profit due to intensified competition in the dissemination model class and faced a headwind due to effects of foreign exchange, optical fiber cables and optical connection components recorded significant increases in profit due to expansion in sales. The telecommunication engineering business also recorded an increase in profit.

The Company acquired AFL IG, LLC (Washington, U.S.) in the previous fiscal year for the purpose of making a full-scale entry into the market for hyperscale data centers that handle massive data capacity compared with conventional data centers. AFL IG, LLC has steadily improved its performance with optical fiber cables and optical connection components mainly for leading U.S. data center operators.

Electronics Business Company

Major Lines of Business:

This in-house company provides various components of electronic equipment for digital home electronics and mobile devices, etc.

FPCs, connectors, electronic wires, HDD components, sensors, micro heat pipes and heat sinks

The in-house company posted net sales of ¥156.7 billion, down 2.7% year on year, and operating profit of ¥7.5 billion, down 38.4% year on year.

Although the FPC business faced challenging circumstances due to the effects of a stronger yen and weak demand for the smartphones, the increase in the proportion of products with embedded electronic components led to only a small decrease in revenue. In terms of profit, although competitors expanded production capacity in anticipation of an increase in demand in the FPC business, sluggish actual demand led to severe price competition. In addition, profit decreased substantially partly owing to a decline in the proportion of products with a high profit margin and a rise in material purchase prices due to the effects of foreign exchange.

As for connectors, profit was secured through leveling of operations mainly by acquiring new customers for the smartphones, despite a stagnant performance for major customers.

Automotive Products Company

Major Lines of Business:

This in-house company provides various electric components for automobiles.

Wire harnesses and automotive components

The in-house company posted net sales of ¥133.1 billion, down 2.0% year on year, and operating profit of ¥2.5 billion, up 7.7% year on year.

Net sales remained at the same level as the previous fiscal year overall due to the effects of foreign exchange, despite ongoing strong performance in North America and robust sales in the Chinese and European markets. The operating profit increased due to the successful reduction of fixed costs mainly through the closing of some sites in China in the previous fiscal year, and the lower costs of products manufactured overseas for customers in Japan resulting from a stronger yen.

Real Estate Business Company

Major Lines of Business:

This in-house company is engaged in the building rental business through the operation of “Fukagawa GATHARIA.”

With rent income from “Fukagawa GATHARIA,” which is the redevelopment business on the former site of Fukagawa Works, the in-house company recorded net sales of ¥10.1 billion, down 4.9% year on year, due to the renewal of rent, and operating profit of ¥4.6 billion, down 13.6% year on year, due to one-time expenses for acquiring buildings.

Issues facing the Group

In the consolidated business plan for the fiscal year of 2017, the second year of the 2020 Mid-Term Business Plan, we will pursue sales of ¥700 billion (up 7.1% year on year), operating profit of ¥38 billion (up 11.0% year on year), ordinary income of ¥36 billion (up 10.6% year on year), and profit attributable to owners of parent of ¥20 billion, an increase of ¥7.1 billion from the previous fiscal year.

For returning profit to shareholders, the Company has set a target of 20% for its dividend payout ratio. The annual dividend per share is scheduled to be increased from the previous year by ¥4 per share to ¥14 per share (aggregate of interim and year-end dividends of ¥7 each).

The following are priority issues for each company in fiscal year 2017.

Power & Telecommunication Systems Company

In the Power Systems business segment, the power transmission and distribution business and the industrial electric wire business in Japan, for which market expansion cannot be expected, the in-house company will push ahead with reforms involving the business cost structure in order to develop a system to secure the necessary revenue for continuing business. In addition, the EPC (Engineering, Purchase and Construction) business will be promoted to provide supply of electric wires and cables as well as design and execution of installation work in an integrated manner in electric power infrastructure markets in such as the ASEAN region including Myanmar, where rapid growth is expected.

In the Telecommunication Systems business segment, the in-house company will strive to strengthen supply capacity in order to meet strong demand for businesses for optical fiber network development and data centers all over the world. In addition, it will work to expand sales of strategic products such as Spider Web Ribbon[®] and Wrapping Tube Cable[™] that are optic fiber cables lighter and thinner than conventional products which enable lower installation costs.

Electronics Business Company

For FPCs and connectors, the in-house company will strive to strengthen relationship with strategic customers through speedy responses, while implementing effective capital investment. In FPC manufacturing, the in-house company will push ahead with improving yields through promotion of automation and cost reduction through labor-saving.

Automotive Products Company

The in-house company will proceed with the establishment of low-cost, high-efficiency production systems in the European, South American and Chinese markets in an effort to resolve issues such as rising personnel costs and securing of necessary personnel. It will also strengthen its business by enhancing its responsiveness to customers.

It will also develop businesses for electric vehicles and hybrid cars, for which the market is expected to expand rapidly.

(2) Group Capital Expenditure

The Group made capital expenditures of ¥45.6 billion in total for the 169th period.

Principal capital expenditure items are as follows.

Power & Telecommunication Systems Company

To respond to the increasing orders-received due to robust demand for optical fiber, the Company made capital investments to expand production capacity.

For the purpose of expanding sales of Spider Web Ribbon[®] and Wrapping Tube Cable[™], which are strategic products of optical fiber cables, the Company expanded facilities.

Electronics Business Company

In the Kingdom of Thailand and other countries, the Company made capital investments to respond to orders-received for new smartphone models with higher functionality and to improve productivity.

Automotive Products Company

To respond to new orders received from customers, the Company expanded its manufacturing bases for automotive wire harnesses.

(3) Group Fund Procurement

1) Fund procurement

No notable matters.

2) Principal lenders and loan amounts

(Millions of yen)

Lender	Balance of loan at the end of the 169th period
Sumitomo Mitsui Banking Corporation	40,030
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,427
Mizuho Bank, Ltd.	15,864
Sumitomo Mitsui Trust Bank, Limited	11,972
The Shizuoka Bank, Ltd.	10,869
Sumitomo Mitsui Banking Corporation (China) Limited	5,601
Syndicated loan	41,350

Note:

The syndicated loan is a loan from a syndicate, with Sumitomo Mitsui Banking Corporation as the arranger.

(4) Principal Business Locations of the Group (Names and locations)

* The Company

Head office: Koto-ku, Tokyo

Branches: Kansai Branch (Osaka Prefecture), Chubu Branch (Aichi Prefecture)

Plants: Sakura Works (Chiba Prefecture), Suzuka Works (Mie Prefecture) and Numazu Works (Shizuoka Prefecture)

Laboratories: Advanced Technology Laboratory (Chiba Prefecture)

* Subsidiaries

Fujikura Dia Cable Ltd. (Tokyo), Nishi Nippon Electric Wire & Cable Co., Ltd. (Oita Prefecture), Yonezawa Electric Wire Co., Ltd. (Fukushima Prefecture), America Fujikura Ltd. (U.S.), DDK Ltd. (Tochigi Prefecture), Tohoku Fujikura Ltd. (Akita Prefecture), Fujikura Electronics (Thailand) Ltd. (the Kingdom of Thailand), Fujikura Electronics Shanghai Ltd. (China), Fujikura Automotive Asia Ltd. (Yamagata Prefecture), and Fujikura Automotive Europe S.A.U. (Spain)

(5) Employees of the Group (as of March 31, 2017)

Segments, etc.	Number of employees (persons)	
Power & Telecommunication Systems Company	12,321	(1,569)
Electronics Business Company	14,664	(6,350)
Automotive Products Company	28,930	(4,643)
Real Estate Business Company	8	(26)
Head office and other	1,038	(191)
Total	56,961	(12,779)

Note:

Figures shown in parentheses above are annual average numbers of temporary employees, excluded from the total number of employees.

(6) Principal Subsidiaries

An outline of principal subsidiaries of the Company is as follows. Each subsidiary manufactures and markets the products listed in the right column.

The Company has 97 consolidated subsidiaries (a decrease by 2 from the previous year) and 10 subsidiaries under the equity method (same as the previous year).

Company name	Major lines of business
Fujikura Dia Cable Ltd. Capital: ¥5,400 million Ownership percentage: 70.0%	Electric wires and cables
Nishi Nippon Electric Wire & Cable Co., Ltd. Capital: ¥960 million Ownership percentage: 60.7%	Electric wires and cables and optical cables
Yonezawa Electric Wire Co., Ltd. Capital: ¥400 million Ownership percentage: 94.8%	Electric wires and cables
America Fujikura Ltd. Capital: 202 million U.S. dollars Ownership percentage: 100.0%	OPGW, optical cables, optical fusion splicers, optical connection parts and telecommunications related work
DDK Ltd. Capital: ¥100 million Ownership percentage: 99.8%	Connectors
Tohoku Fujikura Ltd. Capital: ¥1,000 million Ownership percentage: 100.0%	FPCs and sensors
Fujikura Electronics (Thailand) Ltd. Capital: 11,552 million Thai baht Ownership percentage: 100.0%	FPCs and electronic components
Fujikura Electronics Shanghai Ltd. Capital: 97 million renminbi Ownership percentage: 100.0%	FPCs
Fujikura Automotive Asia Ltd. Capital: ¥1,772 million Ownership percentage: 100.0%	Wire harnesses for automobiles
Fujikura Automotive Europe S.A.U. Capital: 10 million euros Ownership percentage: 100.0%	Wire harnesses for automobiles

2. Matters Concerning the Company's Stock (As of March 31, 2017)

(1) Number of Authorized Shares	1,190,000,000 shares
(2) Number of Shares Issued	295,863,421 shares (Including 10,505,062 shares of treasury stock)
(3) Number of Shareholders	20,558 (down 1,613 from the previous fiscal year end)
(4) Major Shareholders	

(Thousand shares; %)		
Name	Number of shares held	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,891	8.37
Japan Trustee Services Bank, Ltd. (Trust Account)	17,931	6.28
Mitsui Life Insurance Company Limited	10,192	3.57
Sumitomo Mitsui Banking Corporation	8,456	2.96
The Shizuoka Bank, Ltd.	7,713	2.70
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account)	6,777	2.37
Dowa Metals & Mining Co., Ltd.	6,563	2.30
Fujikura Employees Shareholding Association	5,246	1.84
THE BANK OF NEW YORK MELLON 140044	5,202	1.83
Japan Trustee Services Bank, Ltd. (Trust Account 5)	5,061	1.77

Notes:

1. The numbers presented in "Number of shares held" are based on the list of shareholders.
2. Although the Company owns 10,505,062 shares of treasury stock, this is excluded from the above table.
3. The percentage values presented in "Percentage of total shares issued" are calculated excluding treasury stock.

(5) Other Significant Matters Concerning the Company's Stock

1) Acquisition of treasury stock

The Company acquired the following treasury stock during the fiscal year under review.

- Date of resolution: February 22, 2016
Acquisition period: From February 23, 2016 to April 14, 2016
Number of acquired shares: 10,000 thousand shares
(Total number of shares repurchased during the fiscal year under review: 4,270 thousand shares)
Total acquisition price: ¥5,359,986,950
(Total amount of repurchasing during the fiscal year under review: ¥2,224,056,947)
- Date of resolution: July 28, 2016
Acquisition period: From July 29, 2016 to October 31, 2016
Number of acquired shares: 10,000 thousand shares
Total acquisition price: ¥5,680,269,853

2) Cancellation of treasury stock

The Company cancelled the following treasury stock during the fiscal year under review.

- Date of resolution: May 10, 2016
Date of cancellation: May 18, 2016
Number of cancelled shares: 65,000 thousand shares

3) Change in the number of shares per unit

Following the guideline issued by Japanese Stock Exchange in their Action Plan for Consolidating Trading Units which aims to unify the trading units of common shares at 100 shares, the number of shares per unit of the Company's stock was changed from 1,000 shares to 100 shares as of October 1, 2016.

3. Matters Concerning the Company's Officers (As of March 31, 2017)

(1) Directors and Statutory Auditors

Position	Name	Responsibilities
Chairman of the Board & Director*	Yoichi Nagahama	
President & CEO & Director*	Masahiko Ito	
Senior Executive Vice President & Director*	Takashi Sato	Corporate Sales & Marketing Unit, Electronics Business Company
Senior Vice President & Member of the Board	Akira Wada	Corporate R&D Unit, Corporate Production Unit
Senior Vice President & Member of the Board	Akira Sasagawa	Automotive Products Company
Senior Vice President & Member of the Board	Hideyuki Hosoya	Power & Telecommunication Systems Company
Senior Vice President & Member of the Board	Takeaki Kitajima	Responsible for Corporate Sales & Marketing Unit as deputy chief, Electronics Business Company as deputy chief
Senior Vice President & Member of the Board	Takashi Takizawa	Corporate Staff Unit (excluding Finance & Accounting Division and Audit Division)
Senior Vice President & Member of the Board	Tetsu Ito	Finance & Accounting Division, Audit Division, Real Estate Business Company
Member of the Board	Kenichiro Abe	
Full-time Statutory Auditor	Masato Koike	
Full-time Statutory Auditor	Yasuyuki Oda	
Statutory Auditor	Soichiro Sekiuchi	
Statutory Auditor	Masaaki Shimojima	

Notes:

1. The asterisk (*) indicates officers holding the position of Representative Director.
2. Member of the Board Mr. Kenichiro Abe serves as an Outside Director, as provided for in Article 2, Item 15 of the Companies Act.
3. Statutory Auditors Mr. Soichiro Sekiuchi and Mr. Masaaki Shimojima serve as Outside Statutory Auditors, as provided for in Article 2, Item 16 of the Companies Act.
4. Statutory Auditor Mr. Yasuyuki Oda has experience in the Finance & Accounting Division of the Company for many years and has a significantly high level of knowledge about finance and accounting.
Statutory Auditor Mr. Masaaki Shimojima has assumed key posts in a major city bank for many years and has a significantly high level of knowledge about finance and accounting.
5. Significant concurrent positions are as follows.
Mr. Soichiro Sekiuchi is an attorney at law at Tokyo Yurakucho Law Office.
6. Statutory Auditor Mr. Takashi Kunitomo retired from his office by resignation at the conclusion of the 168th Annual General Meeting of Shareholders held on June 29, 2016. As a substitute, Mr. Yasuyuki Oda was appointed as Statutory Auditor at said Annual General Meeting of Shareholders and assumed his office.
7. Mr. Kenichiro Abe, Mr. Soichiro Sekiuchi and Mr. Masaaki Shimojima are registered as Independent Officers with the Tokyo Stock Exchange.

8. On April 1, 2017, responsibilities were changed as follows.

Name	After Change	Before Change
Senior Executive Vice President & Director Takashi Sato	Electronics Business Company	Corporate Sales & Marketing Unit, Electronics Business Company
Senior Vice President & Member of the Board Takeaki Kitajima	Corporate Sales & Marketing Unit Responsible for Power & Telecommunication Systems Company as deputy chief	Responsible for Corporate Sales & Marketing Unit as deputy chief, Electronics Business Company as deputy chief

9. Executive Officers are as follows. (as of April 1, 2017)

Senior Managing Executive Officer	Hideo Naruse
Senior Managing Executive Officer	Hideo Shiwa
Managing Executive Officer	Jody E. Gallagher
Managing Executive Officer	Toru Aizawa
Managing Executive Officer	Masahiro Ikegami
Managing Executive Officer	Teiji Suzuki
Managing Executive Officer	Ikuo Kobayashi
Managing Executive Officer	Takeshi Sato
Managing Executive Officer	Yukihiro Nakayama
Executive Officer	Kiminori Sato
Executive Officer	Keisuke Okamura
Executive Officer	Kenji Nishide
Executive Officer	Ryoichi Hara
Executive Officer	Masaaki Kimpara
Executive Officer	Toru Nakazawa
Executive Officer	Kinya Takimura
Executive Officer	Hideo Goto
Executive Officer	Masataka Mito
Executive Officer	Toshiyuki Hayami

(2) Overview of provisions in contracts for limitation of liability

The Company and each Outside Director and Outside Statutory Auditor have entered into a contract to limit their liability to damages in Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said act. The maximum amount of liability for damages under this contract is defined as the amount as stipulated by laws and regulations.

(3) Matters Concerning Officers from Outside the Company

The Company's Officers from outside the Company are Member of the Board Mr. Kenichiro Abe, Statutory Auditors Mr. Soichiro Sekiuchi and Mr. Masaaki Shimojima.

Main activities during the 169th Period

	Attendance and Statements Contribution
Member of the Board Kenichiro Abe	He attended all 16 meetings of the Board of Directors, which were held during the current fiscal year. He took part in discussions and decisions at the meetings of the Board of Directors from a standpoint independent from management, asked questions in order to confirm the purposes and details of the agenda, and, utilizing his expertise and work experience as a certified public accountant, made appropriate remarks as required on matters requiring caution, etc.

	Attendance and Statements Contribution
Statutory Auditor Soichiro Sekiuchi	He attended all 16 meetings of the Board of Directors, which were held during the current fiscal year, and 17 out of 18 meetings of the Board of Statutory Auditors. He took part in discussions at the meetings of the Board of Directors from a standpoint independent from management, asked questions in order to confirm the purposes and details of the agenda, and, utilizing his expertise and work experience as an attorney at law, made appropriate remarks as required on matters requiring caution, etc.
Statutory Auditor Masaaki Shimojima	He attended all 16 meetings of the Board of Directors, which were held during the current fiscal year, and all 18 meetings of the Board of Statutory Auditors. He took part in discussions at the meetings of the Board of Directors from a standpoint independent from management, asked questions in order to confirm the purposes and details of the agenda, and, by utilizing his experience and knowledge acquired in important positions in a major city bank over the years, made appropriate remarks as required on matters requiring caution, etc.

There is nothing applicable to the disclosure items concerning outside officers, stipulated in Article 124 of the Ordinance for Enforcement of the Companies Act, except for the aforementioned and following in next (4).

(4) Total Amount of Compensation to Directors and Statutory Auditors

Office	Number of payees	Total amount of payments
Directors	12	¥ 363,000,000
(Outside Director)	(1)	(¥7,000,000)
Statutory Auditors	5	¥ 57,000,000
(Outside Statutory Auditors)	(2)	(¥10,000,000)

Notes:

1. The above numbers of payees include two Directors and one Statutory Auditor who left their offices at the conclusion of the 168th Annual General Meeting of Shareholders on June 29, 2016.
2. It was resolved that the amount of compensation to Directors should be under ¥510 million per year (including not more than ¥30 million for Outside Director) at the 167th Annual General Meeting of Shareholders.
3. It was resolved that the amount of compensation to Statutory Auditors should be under ¥6 million per month at the 158th Annual General Meeting of Shareholders.

(5) Outline of Policy Concerning Decision of Compensation to Officers

*** Level of Compensation to Officers**

The Company not only deals with a variety of products but also promotes a global business operation. Accordingly, the duties of officers are diverse and require expertise.

Therefore, the level of compensation to officers should be set at a level appropriate to recruit qualified people capable of fulfilling these duties, and this level is decided in reference to surveys conducted by a number of research agencies that target mainly listed companies.

*** Compensation to Directors**

Director compensation consists of a fixed portion which corresponds to the monitoring and supervisory functions of the Director (fixed compensation), and a flexible portion which corresponds to the execution responsibilities of the Director, which is linked to performance (performance-linked compensation).

Fixed compensation is a fixed amount based on rank with adjustments made for experience. Performance-linked compensation evaluates the performance of each executive director in each fiscal year by assessing their level of achievement against that year's business plan and other performance targets in the executive director's area of responsibility. Performance-linked compensation is set to within 30% of the fixed compensation amount.

*** Compensation to Statutory Auditors**

Compensation to Statutory Auditors is fixed based on the duties of the position.

4. Matters Concerning Accounting Auditor

(1) Accounting Auditor

PricewaterhouseCoopers Aarata LLC

Effective July 1, 2016, PricewaterhouseCoopers Aarata has changed its name to “PricewaterhouseCoopers Aarata LLC.”

(2) Content of Non-Audit Services

The Company commissions the Accounting Auditor to prepare comfort letters associated with the issuance of bonds, which is a non-auditing service other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pays compensation for such service.

(3) Compensation paid by the Total Group

	Amount
1. Compensations as Accounting Auditor of the Company for the 169th period	¥89 million
2. Sum of amount the Company and its subsidiaries owe to Accounting Auditor (including the amount set forth in 4.(3).1).	¥154 million

Notes:

1. Because there is no distinction in the audit contract concluded by the Company with the Accounting Auditor between the amounts of compensation for the audit based on the Companies Act and that based on the Financial Instruments and Exchange Act, and practically it is impossible to distinguish, the amount set forth in 4.(3).1 above is the sum of them.
2. The Company's principal subsidiary companies, America Fujikura Ltd., Fujikura Electronics (Thailand) Ltd., Fujikura Electronics Shanghai Ltd. and Fujikura Automotive Europe S.A.U. are subject to audits by audit corporations other than the Company's accounting auditor.
3. Taking into account the “Practical Guidelines for Cooperation with Accounting Auditors” released by Japan Audit & Supervisory Board Members Association, the Board of Statutory Auditors, by acquiring necessary documents and hearing reports from Accounting Auditor and relevant sections within the Company, compares the audit plan with the actual results of the previous fiscal year; confirms the time and contents of audit by auditing item for the fiscal year under review; and examines the appropriateness of the amount of compensation. After these examinations, the Board of Statutory Auditors gives its consent to the compensation etc. of Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) Policy on Decision Concerning Dismissal or Non-Reappointment of Accounting Auditor

It is the policy of the Company that the Accounting Auditor shall be dismissed with the consent of all Statutory Auditors in the case that the Accounting Auditor infringes on or violates laws and regulations such as the Companies Act and the Certified Public Accountant Law. Moreover, in the case that it determines that a serious impediment or possibility of a serious impediment arises in the Company's auditing in light of changes in the nature of the Company's business or the corporate scale including consolidated group, or smoothness of partnership with other audit organizations, the Board of Statutory Auditors shall propose to a General Meeting of Shareholders “Dismissal or Non-reappointment of Accounting Auditor.”

Note:

Monetary amounts and numbers of shares less than stated units in this Business Report are rounded down.

Consolidated Balance Sheets

(As of March 31, 2017)

(Millions of yen)

ASSETS		LIABILITIES	
Current Assets	296,526	Current Liabilities	203,226
Cash and deposits	31,785	Notes and accounts payable, trade	77,230
Notes and accounts receivable, trade	148,969	Short-term borrowings	74,637
Merchandise and finished goods	35,487	Current portion of bonds	10,000
Work in process	24,684	Tax payable	3,671
Raw materials and supplies	32,328	Other provision	24
Deferred income taxes	3,766	Other current liabilities	37,661
Other current assets	20,366	Long-term Liabilities	160,854
Less: Allowance for doubtful accounts	(864)	Bonds	40,000
		Long-term borrowings	101,296
Fixed Assets	292,100	Deferred taxes liabilities	126
Tangible Fixed Assets	195,283	Other provision	36
Buildings and structures	89,993	Net defined benefit liability	8,184
Machinery, equipment and vehicles	62,633	Other long-term liabilities	11,210
Land	15,652	Total Liabilities	364,080
Lease assets	2,479	NET ASSETS	
Construction in progress	14,736	Shareholders' Equity	196,013
Other tangible fixed assets	9,788	Common stock	53,075
Intangible Fixed Assets	17,085	Capital surplus	30,012
Goodwill	7,123	Retained earnings	118,867
Other intangible fixed assets	9,962	Treasury stock	(5,942)
Investments and Other Assets	79,731	Accumulated other comprehensive income	6,709
Investment securities	41,295	Unrealized gains on investment securities, net of taxes	7,284
Net defined benefit asset	3,231	Deferred hedge gains	465
Deferred income taxes	12,484	Foreign currency translation adjustment	4,459
Other investments and assets	25,023	Remeasurements of defined benefit plans	(5,500)
Less: Allowance for doubtful accounts	(2,266)	Non-controlling interests	21,823
Less: Allowance for investment loss	(37)	Total Net Assets	224,546
Total Assets	588,626	Total Liabilities and Net Assets	588,626

Consolidated Statements of Income

(From April 1, 2016 through March 31, 2017)

(Millions of yen)

Net Sales		653,795
Cost of sales		525,150
Gross Profit		128,644
Selling, general and administrative expenses		94,413
Operating Profit		34,230
Non-operating Income		
Interest income	267	
Dividend income	1,128	
Foreign exchange gains	746	
Equity in earnings of affiliates	1,046	
Other non-operating income	866	4,055
Non-operating Expenses		
Interest expense	2,623	
Loss on retirement of fixed assets	643	
Other non-operating expenses	2,463	5,730
Ordinary Income		32,555
Extraordinary Gains		
Gain on sales of investment securities	465	
Gains on the sale of fixed assets	180	646
Extraordinary Losses		
Restructuring related expenditures	3,187	
Litigation settlement	1,143	
Other extraordinary losses	539	4,870
Net Profit before Income Taxes		28,331
Corporate Income, Resident, and Business Taxes	10,868	
Corporate income taxes for prior periods	2,764	
Adjustment for corporate income taxes	(2,329)	11,303
Profit		17,027
Profit attributable to non-controlling interests		4,127
Profit attributable to owners of parent		12,900

Consolidated Statements of Shareholders' Equity

(From April 1, 2016 through March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance outstanding as of April 1, 2016	53,075	57,333	108,553	(25,353)	193,608
Changes during the fiscal year					
Dividends from retained earnings			(2,636)		(2,636)
Profit attributable to owners of parent			12,900		12,900
Acquisition of treasury stock				(7,910)	(7,910)
Cancellation of treasury stock		(27,320)		27,320	-
Change of scope of consolidation			51		51
Changes in other than shareholders' equity during the fiscal year, net					-
Total changes during the fiscal year	-	(27,320)	10,314	19,410	2,404
Balance outstanding as of March 31, 2017	53,075	30,012	118,867	(5,942)	196,013

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gains on investment securities, net of taxes	Deferred hedge gains	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance outstanding as of April 1, 2016	5,607	(8)	8,010	(8,644)	4,964	19,407	217,981
Changes during the fiscal year							
Dividends from retained earnings					-		(2,636)
Profit attributable to owners of parent					-		12,900
Acquisition of treasury stock					-		(7,910)
Cancellation of treasury stock					-		-
Change of scope of consolidation					-		51
Changes in other than shareholders' equity during the fiscal year, net	1,676	473	(3,550)	3,144	1,744	2,415	4,160
Total changes during the fiscal year	1,676	473	(3,550)	3,144	1,744	2,415	6,564
Balance outstanding as of March 31, 2017	7,284	465	4,459	(5,500)	6,709	21,823	224,546

Non-consolidated Balance Sheets

(As of March 31, 2017)

(Millions of yen)

ASSETS		LIABILITIES	
Current Assets	121,657	Current Liabilities	117,717
Cash and deposits	9,411	Notes payable	3,384
Notes receivable	1,429	Accounts payable, trade	40,944
Accounts receivable, trade	64,930	Short-term borrowings	30,718
Merchandise and finished goods	4,677	Current portion of bonds	10,000
Work in process	7,819	Accrued expenses	7,977
Raw materials and supplies	2,119	Deposit money	18,573
Accounts receivable	14,398	Other current liabilities	6,118
Short-term loans	14,184	Long-term Liabilities	138,817
Other current assets	2,686	Bonds	40,000
Fixed Assets	239,160	Long-term borrowings	89,321
Tangible Fixed Assets	81,485	Long-term lease and guarantee deposited	9,072
Buildings	58,014	Allowance for loss on guarantees	3
Structures	2,310	Other long-term liabilities	419
Machinery and equipment	6,607	Total Liabilities	256,535
Land	10,872		
Construction in progress	2,531		
Other tangible fixed assets	1,148	NET ASSETS	
Intangible Fixed Assets	2,627	Shareholders' Equity	97,394
Software	2,158	Capital stock	53,075
Other intangible fixed assets	468	Capital surplus	27,858
Investments and Other Assets	155,047	Capital reserve	13,268
Investment securities	25,634	Other capital surplus	14,590
Investments in subsidiaries and affiliates	88,276	Retained earnings	22,353
Contribution to subsidiaries' and affiliates' capital	24,309	Other retained earnings	22,353
Long-term loans receivable	9,898	Reserve for deferral of capital gain	954
Prepaid pension expenses	9,572	Retained earnings brought forward	21,398
Other investments	5,960	Treasury stock	(5,893)
Less: Allowance for doubtful accounts	(6,995)	Valuation and translation adjustments	6,888
Less: Allowance for investment losses	(1,609)	Unrealized gains on investment securities, net of taxes	6,753
		Deferred hedge gains	134
		Total Net Assets	104,282
Total Assets	360,817	Total Liabilities and Net Assets	360,817

Non-consolidated Statements of Income

(From April 1, 2016 through March 31, 2017)

(Millions of yen)

Net sales		313,733
Cost of sales		284,837
Gross profit		28,896
Selling, general and administrative expenses		29,489
Operating Loss		(593)
Non-operating Income		
Interest and dividend income	9,054	
Foreign exchange gains	1,325	
Other non-operating income	899	11,280
Non-operating Expenses		
Interest expenses	959	
Interest on bonds	405	
Provision of allowance for doubtful accounts	941	
Loss on retirement of fixed assets	640	
Other non-operating expenses	1,559	4,507
Ordinary Income		6,179
Extraordinary Gains		
Gain on sales of investment securities	183	
Gains on the sale of fixed assets	170	
Gain on extinguishment of tie-in shares	47	
Other extraordinary gains	1	402
Extraordinary Losses		
Restructuring related expenditures	1,642	
Litigation settlement	927	
Other extraordinary losses	213	2,783
Net Profit before Income Taxes		3,798
Corporate Income, Resident, and Business Taxes	780	
Corporate Income Taxes for Prior Periods	545	
Adjustment for Corporate Income Taxes	(1,934)	(608)
Net Profit		4,407

Non-Consolidated Statements of Shareholders' Equity

(From April 1, 2016 through March 31, 2017)

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		Total Retained earnings
		Capital reserve	Other capital surplus	Total capital reserve	Other retained earnings	Retained earnings brought forward	
					Reserve for deferral of capital gain		
Balance outstanding as of April 1, 2016	53,075	13,268	41,910	55,179	953	19,629	20,583
Changes during the fiscal year							
Dividends from retained earnings				-		(2,636)	(2,636)
Provision of reserve for advanced depreciation of fixed assets				-	1	(1)	-
Net profit				-		4,407	4,407
Acquisition of treasury stock				-			-
Cancellation of treasury stock			(27,320)	(27,320)			-
Changes in other than shareholders' equity during the fiscal year, net				-			-
Total changes during the fiscal year	-	-	(27,320)	(27,320)	1	1,768	1,770
Balance outstanding as of March 31, 2017	53,075	13,268	14,590	27,858	954	21,398	22,353

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on investment securities, net of taxes	Deferred hedge gains	Total valuation and translation adjustments	
Balance outstanding as of April 1, 2016	(25,304)	103,534	5,212	39	5,252	108,786
Changes during the fiscal year						
Dividends from retained earnings		(2,636)			-	(2,636)
Provision of reserve for advanced depreciation of fixed assets		-			-	-
Net profit		4,407			-	4,407
Acquisition of treasury stock	(7,909)	(7,909)			-	(7,909)
Cancellation of treasury stock	27,320	-			-	-
Changes in other than shareholders' equity during the fiscal year, net		-	1,541	94	1,635	1,635
Total changes during the fiscal year	19,411	(6,139)	1,541	94	1,635	(4,503)
Balance outstanding as of March 31, 2017	(5,893)	97,394	6,753	134	6,888	104,282

The Board of Statutory Auditors' Audit Report

Based on the audit report prepared by each of the Statutory Auditors regarding the execution of the duties of the directors of Fujikura Ltd. (hereafter, "the Company") for the 169th business year (April 1, 2016 to March 31, 2017), the Board of Statutory Auditors of the Company has prepared this report after deliberations and now reports as follows.

1. Conduct of audit by Statutory Auditors and the Board of Statutory Auditors, and details of audit
 - (1) The Board of Statutory Auditors established an audit policy, assigned duties to each Statutory Auditor and received reports from each Statutory Auditor on both the implementation and the results of audit. The Board of Statutory Auditors received reports from both the Directors and the Accounting Auditors regarding the execution of their duties and sought explanations as necessary.
 - (2) Each Statutory Auditor, according to the audit standards prescribed by the Board of Statutory Auditors, and in keeping with the audit policy and the assignment of duties established, maintained good communications with the Directors, the Internal Audit Division and other officers, strove to collect information and develop the audit environment, and conducted an audit by following the methods described below:
 - (i) We attended meetings of the Board of Directors and other important meetings, received reports from both Directors and officers on the execution of their duties, sought explanations as necessary, scrutinized important documents pertaining to decision-making, and examined the business and financial conditions at the head office and other principal offices. Regarding subsidiaries, we communicated and exchanged information with Directors and Statutory Auditors of subsidiaries, and received reports with respect to their business from subsidiaries as necessary, and examined the business and financial conditions of those subsidiaries.
 - (ii) We received regular reports from Directors and employees on the situation of the structure and the operation concerning the content of the resolution of the Board of Directors concerning the maintenance of the system for ensuring that the execution of duties by the Directors as described in the Business Report complies with laws and regulations and the Company's Articles of Incorporation, and other systems for ensuring the appropriateness of business operations of the corporate group comprised of a stock company and its subsidiaries stipulated in Paragraphs 1 and 3 of Article 100 of the Enforcement Regulations Regarding the Companies Act and the status of the system based on such resolution (Internal Control Systems), and on these matters, we sought additional explanations from Directors and employees as necessary and expressed our opinions. With respect to the internal control over financial reporting stipulated in the Financial Instruments and Exchange Act, we received reports on evaluations of the said internal control and the status of auditing from the Directors and PricewaterhouseCoopers Aarata LLC, and requested explanations from them as necessary.
 - (iii) We monitored and verified whether Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of its duties and sought explanations as necessary. Also, we received notice from the Accounting Auditors that "the System for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Corporate Accounting Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other

relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its annexed specifications, non-consolidated financial statements (“non-consolidated balance sheets,” “non-consolidated statements of income,” “non-consolidated statements of shareholders’ equity,” and “notes to non-consolidated financial statements”), their accompanying detailed statements, and consolidated financial statements (“consolidated balance sheets,” “consolidated statements of income,” “consolidated statements of shareholders’ equity,” and “notes to consolidated financial statements”) for this business year.

2. Audit results

(1) Results of audit of the Business Report

- (i) We confirm that the Business Report and its annexed specifications fairly represent the condition of the Company in accordance with the relevant laws and regulations and the Articles of Incorporation.
- (ii) We confirm that there were no improper acts or violations of any laws and regulations or the Articles of Incorporation of the Company committed by any of the Directors in connection with the execution of their duties.
- (iii) We confirm that the details of the resolution made by the Board of Directors concerning internal control systems are proper. Furthermore, we confirm that there are no matters on which to remark with regard to performance duties of the Directors and content of the Business Report concerning aforementioned internal control systems.

Furthermore, the Board of Statutory Auditors has received reports from the Directors and PricewaterhouseCoopers Aarata LLC stating that there are no important deficiencies that should be reported as of the time the reports were prepared regarding the internal control over financial reporting as per the Financial Instruments and Exchange Act.

(2) Results of audit of the non-consolidated financial statements and their annexed specifications

We found the method and the results of the audit by Accounting Auditor PricewaterhouseCoopers Aarata LLC to be appropriate.

(3) Results of audit of the consolidated financial statements

We found the method and the results of the audit by Accounting Auditor PricewaterhouseCoopers Aarata LLC to be appropriate.

May 18, 2017

Full-time Statutory Auditor: Masato Koike (seal)

Full-time Statutory Auditor: Yasuyuki Oda (seal)

Statutory Auditor (Outside Statutory Auditor): Soichiro Sekiuchi (seal)

Statutory Auditor (Outside Statutory Auditor): Masaaki Shimojima (seal)