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Securities Code: 5803
June 4, 2018
Fujikura Ltd.
5-1, Kiba 1-chome
Koto-ku, Tokyo, Japan

Notice of Invitation to Fujikura's 170th Annual General Meeting of Shareholders

To our shareholders:

You are cordially invited to attend the 170th 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 27, 2018 (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 28, 2018 (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 auditor and the Audit and Supervisory Committee on the audit results of consolidated financial statements for the Company's 170th business year (from April 1, 2017 to March 31, 2018).
2. Details of non-consolidated financial statements for the Company's 170th business year (from April 1, 2017 to March 31, 2018).

Matters to be acted upon:

- 1st Proposal** Appropriation of surplus
- 2nd Proposal** Election of nine Directors not serving as Audit and Supervisory Committee Members

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

The business report audited by the Audit and Supervisory Committee includes the outline of the system to secure appropriate operation and operational status of the system posted on the Company's website, and consolidated financial statements and non-consolidated financial statements audited by the independent accounting auditor and the Audit and Supervisory Committee include notes to consolidated financial statements and notes to non-consolidated financial statements posted on the Company's website.

- 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 28, 2018 (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 27, 2018 (Wednesday) at 5:30 p.m. (JST)

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

Please use a PC or a smartphone to access the website for exercise of voting rights (<https://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 27, 2018 (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 ¥740.0 billion, operating profit was ¥34.3 billion, ordinary income was ¥34.1 billion and profit attributable to owners of parent was ¥18.3 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 ¥7.0 per share as shown below. Together with the interim dividend paid of ¥7.0 per share, the annual dividend will be ¥14.0 per share, an increase of ¥4.0 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:

¥7.0 per share of common stock of the Company

Total amount: ¥2,004,883,237

- (iii) Effective date for dividends from surplus:

June 29, 2018

2nd Proposal Election of nine Directors not serving as Audit and Supervisory Committee Members

The term of office of all the current nine Directors not serving as Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests the election of nine Directors not serving as Audit and Supervisory Committee Members.

No.	Name of Candidate	Age	Current Position and Responsibilities at the Fujikura Group	Attendance at the Board of Directors Meetings during the Fiscal Year 2017	Term of Office
1	Masahiko Ito (Re-election)	60	President & CEO & Representative Director	18 out of 18 meetings (100.0%)	3 years
2	Akira Wada (Re-election)	63	Executive Vice President & Member of the Board, Representative Director Corporate R&D Unit Corporate Production Planning Division	18 out of 18 meetings (100.0%)	4 years
3	Akira Sasagawa (Re-election)	60	Senior Vice President & Member of the Board Automotive Products Company	17 out of 18 meetings (94.4%)	3 years
4	Hideyuki Hosoya (Re-election)	59	Senior Vice President & Member of the Board Power & Telecommunication Systems Company	17 out of 18 meetings (94.4%)	3 years
5	Takeaki Kitajima (Re-election)	61	Senior Vice President & Member of the Board Corporate Sales & Marketing Unit	18 out of 18 meetings (100.0%)	2 years
6	Takashi Takizawa (Re-election)	59	Senior Vice President & Member of the Board Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others) New Business Development Center	17 out of 18 meetings (94.4%)	2 years
7	Tetsu Ito (Re-election)	57	Senior Vice President & Member of the Board Corporate Staff Unit (Finance & Accounting Division, Audit Division and others) Real Estate Business Company	18 out of 18 meetings (100.0%)	2 years
8	Joseph E. Gallagher (New candidate)	60	Managing Executive Officer President & CEO, AFL Telecommunications LLC.	-	-
9	Ikuo Kobayashi (New candidate)	59	Managing Executive Officer Electronics Business Company	-	-

Note: Age indicates candidates' ages as of June 28, 2018.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
1	 Masahiko Ito (September 1, 1957, 60 years old) [Re-election] Ownership of the Company's Shares 26,300 The number of years in office as Director 3 years The number of attendance at the Board of Directors Meetings 18/18 (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 nomination 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 & Representative Director. 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 of the Company. He also 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. Furthermore, he has implemented reorganization within the Fujikura Group. 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 nominates him again 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	
2	 Akira Wada (February 26, 1955, 63 years old) [Re-election] Ownership of the Company's Shares 9,400 The number of years in office as Director 4 years The number of attendance at the Board of Directors Meetings 18/18 (100.0%)	April 1982	Joined the Company
		July 2003	General Manager of the Optics and Electronics Laboratory
		April 2006	General Manager of the Electronic Components R&D Center
		April 2009	Managing Executive Officer and General Manager of the Electronic Components R&D Center
		April 2011	Managing Executive Officer and General Manager of the Electronic Components R&D Center
		April 2013	Managing Executive Officer and General Manager 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
		April 2018	Executive Vice President & Member of the Board, Representative Director, Chief of the Corporate R&D Unit and Chief of the Corporate Production Unit (to present)
		(Significant concurrent positions) Not applicable.	
		Reason for the nomination 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 renewal of new technology and new products. In order to promote the development of automotive products and technologies such as high-voltage components and in-vehicle high-speed communications products utilizing the products and technologies of each company, we will augment the research and development structure in automotive products, which is rapidly progressing in the fields of new-energy vehicles and connected cars, in the fiscal year 2018. The Company nominates him as a candidate for Director, as it considers the wealth of experience and wide range of knowledge, which he has cultivated to date, are essential to the vigorous promotion of advanced research and development themes more than we have in the past.	
		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	 Akira Sasagawa (February 21, 1958, 60 years old) [Re-election] Ownership of the Company's Shares 18,300 The number of years in office as Director 3 years The number of attendance at the Board of Directors Meetings 17/18 (94.4%)	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 April 2017 Senior Vice President & Member of the Board and Chief of the Automotive Products Company (to present) (Significant concurrent positions) Not applicable. Reason for the nomination of candidate for Director Mr. Akira Sasagawa was appointed as a manager of automotive products business in the U.S. in 2008, he has been in charge of Automotive Products Company since 2015. The Company nominates him as a candidate for Director, because his overseas experience and wide range of knowledge are very helpful 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	
4	 Hideyuki Hosoya (February 10, 1959, 59 years old) [Re-election]	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
		April 2017	Senior Vice President & Member of the Board and Chief of the Power & Telecommunication Systems Company (to present)
		(Significant concurrent positions)	
		Not applicable.	
		Reason for the nomination 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 nominates 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	
5	 Takeaki Kitajima (June 28, 1957, 61 years old) [Re-election] Ownership of the Company's Shares 29,900 The number of years in office as Director 2 years The number of attendance at the Board of Directors Meetings 18/18 (100.0%)	April 1981 Joined the Company June 2007 Senior Vice President of DDK Ltd. February 2009 President of Fujikura America Ltd. April 2013 Executive Officer, General Manager of the Electronics & Telecommunication Global Strategy and Marketing Department April 2014 Managing Executive Officer, General Manager of the Electronics & Telecommunication Global Strategy and Marketing Department 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 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 nomination 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. , he has led the connectors business as a Senior Vice President & Member of the Board in 2016. 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 nominates 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.	

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
6	 Takashi Takizawa (November 11, 1958, 59 years old) [Re-election] Ownership of the Company's Shares 25,300 The number of years in office as Director 2 years The number of attendance at the Board of Directors Meetings 17/18 (94.4%)	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, Human Resource Division, 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)
		April 2018	Senior Vice President & Member of the Board, Responsible for Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others), and Responsible for New Business Development Center (to present)
		(Significant concurrent positions) Not applicable.	
		Reason for the nomination 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 nominates him as a candidate for Director, because it considers that he is a necessary person for the implementation of 2020 Mid-Term Business Plan and making further management reforms 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.	

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
7	 Tetsu Ito (August 22, 1960, 57 years old) [Re-election]	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
		April 2018	Senior Vice President & Member of the Board, Responsible for Corporate Staff Unit (Finance & Accounting Division, Audit Division and others), and Responsible for Real Estate Business Company (to present)
		(Significant concurrent positions)	
		Not applicable.	
	Ownership of the Company's Shares 23,749	Reason for the nomination of candidate for Director	
	The number of years in office as Director 2 years	Mr. Tetsu Ito has long-standing experience in the Finance & Accounting Division of the Company and he has a highly specialized 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, Audit Division and the Real Estate Business Company. Accordingly, the Company nominates him as a candidate for Director, because it considers that he is a necessary person for the growth of the Fujikura Group, which is expanding on a global scale, and the construction of healthy financial systems.	
	The number of attendance at the Board of Directors Meetings 18/18 (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.	

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions
8	 Joseph E. Gallagher (September 25, 1957, 60 years old) [New candidate] Ownership of the Company's Shares 0	July 1979 Joined Alcoa, Inc. January 1988 Joined Alcoa Fujikura, Ltd. (current America Fujikura Ltd.) (*1) September 1998 General Manager of Fiber Optical Cable Division of Alcoa Fujikura, Ltd. January 2003 President & CEO of Alcoa Fujikura, Ltd. April 2005 President & CEO of AFL Telecommunications LLC. (*2) (to present) April 2011 Executive Officer of the Company April 2013 Managing Executive Officer of the Company (to present) (Significant concurrent positions) Not applicable. Reason for the nomination of candidate for Director Mr. Joseph E. Gallagher, after working as a manager of the optical fiber system business of Alcoa Fujikura, Ltd., was appointed as President & CEO of Alcoa Fujikura, Ltd. in 2003. He has been serving as President & CEO of AFL Telecommunications LLC. (hereinafter "AFL-Tele") since 2005, and was appointed as a Managing Executive Officer of the Company in 2013. He demonstrated strong leadership at AFL-Tele, enabling it to grow into a company with sales surpassing ¥120.0 billion by promoting the selection and concentration of business. The Company nominates him as a candidate for Director, because it considers that, since he has practically been in charge of growth of the energy business and telecommunications business in North America, he is a necessary person for the promotion of the Fujikura Group's global growth strategy and he will lead efforts to enhance diversity of the Board of Directors, the Company's highest decision-making body. Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.

Notes:

*1 Alcoa Fujikura, Ltd. is a joint venture company (49% share owned by the Company) established between the Company and Alcoa, Inc. (USA) in 1984. In 2005, we canceled the joint venture and inherited the telecommunications business segment, making it a wholly owned subsidiary (America Fujikura Ltd.). Currently, it is a holding company that oversees the Fujikura Group's North American operations.

*2 AFL-Tele is a company that serves as the core of the energy business and telecommunications business, with a focus on North America, affiliated with America Fujikura Ltd.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
9	 Ikuo Kobayashi (January 5, 1959, 59 years old) [New candidate] Ownership of the Company's Shares 6,100	July 1988	Joined the Company
		April 2013	President & CEO of Fujikura Electronics (Thailand) Ltd.
		April 2015	Executive Officer, General Manager of Membrane Business Unit of the Company
		April 2016	Managing Executive Officer President & CEO of Fujikura Electronics (Thailand) Ltd.
		April 2017	Managing Executive Officer, Deputy Chief of the Electronics Business Company
		April 2018	Managing Executive Officer, Chief of the Electronics Business Company (to present)
		(Significant concurrent positions) Not applicable.	
Reason for the nomination of candidate for Director Since joining the Company, Mr. Ikuo Kobayashi has been engaged in the electronics business of the Company consistently and has served in positions such as president of a manufacturing subsidiary located in the Kingdom of Thailand since 2007. From 2017, he has been serving as manager of the electronics business as the Company's Managing Executive Officer. The Company nominates him as a candidate for Director, because it considers that he is a necessary person for the future growth of the Fujikura Group, taking into account his ability to take action in the major role in the restoration from the flood damage which occurred in 2011 in the Kingdom of Thailand, his ability to form a team that transcends nationality, race and generation, and his leadership.			
Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.			

Reference

[Report by Nominating Advisory Committee]

In nominating candidates for Directors not serving as Audit and Supervisory Committee Members to be proposed to the general meeting of shareholders, the Board of Directors shall ask the Nominating Advisory Committee (hereinafter referred to as “Committee”) to discuss and provide advices for the nomination. The Committee comprises the President & CEO & Representative Director, Director in charge of human resource (hereinafter collectively referred to as “President”) and three Outside Directors. The Committee is chaired by an Outside Director.

The Committee considered the proposal of the candidates of the 170th Annual General Meeting of Shareholders by the President. As a result, the Committee concluded that such proposal was fair and reasonable.

[Opinions of Audit and Supervisory Committee]

The Audit and Supervisory Committee received a report about the report by the Committee from the Audit and Supervisory Committee Member who attended the meeting of the Committee and discussed such report. As a result, the Audit and Supervisory Committee reached the conclusion that the decision process for the candidates above at the meeting of the Board of Directors is appropriate, and there are no special matters to be stated at the general meeting of shareholders pursuant to the provisions of the Companies Act.

Business Report 170th period (from April 1, 2017 to March 31, 2018)

1. Current Status of the Fujikura Group

(1) Business Progress and Results

The Japanese economy during the fiscal year 2017 showed a mild recovery trend, in part due to the effects of government policies amid continuing 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 increased consumer spending and capital investment, while China continued to show signs of economic recovery.

As for the business performance of the Fujikura Group for the fiscal year 2017, net sales increased by 13.2% year on year to ¥740.0 billion and operating profit increased by 0.3% year on year to ¥34.3 billion.

With regard to sales, the Power Systems business segment had strong sales, thanks to high prices of copper, which are the main raw material in wires and cables, as well as demand by electric power companies in North America to upgrade their power transmission equipment. In the Telecommunication Systems business segment, the optical telecommunication engineering business posted strong performance in Canada. Additionally, sales of the electronics business, mainly FPCs (Flexible Printed Circuit Boards) and connectors, and the automotive products business, mainly wire harnesses for automobiles, significantly increased year on year, respectively, driven by demand from major customers. In addition to these results, the effects of a weaker yen compared to the previous fiscal year contributed to an increase in sales.

In terms of profit, factors for increase in profit were power transmission construction and an increase in demand for FPCs and connectors in North America; factors for decrease in profit were sluggish demand for optical connection components, and a sharp decline in profitability of wire harnesses for automobiles in Eastern Europe.

As for ordinary income, as a result of recording of ¥6.2 billion in non-operating income and ¥6.4 billion in non-operating expenses, the Company achieved ordinary income of ¥34.1 billion, an increase of 4.8% year on year.

As for extraordinary gains, gain on sales of cross-shareholdings and other investment securities totaling ¥1.0 billion was recorded. Extraordinary losses of ¥6.5 billion were recorded consisting mainly of restructuring related expenditures regarding site consolidation in Japan and overseas, etc. and loss on valuation of investments in capital due to poor performance in the EPC business(*) in South America. As a result, profit attributable to owners of parent increased by ¥5.4 billion year on year to ¥18.3 billion.

(*) The EPC (Engineering, Procurement and Construction) business provides supply of electric wires and cables as well as design and execution of installation work in an integrated manner.

Consolidated Financial Summary

(Millions of yen)				
Title	167th period FY2014	168th period FY2015	169th period FY2016	170th period (current period) FY2017
Net Sales	661,510	678,528	653,795	740,052
Ordinary Income	21,082	24,629	32,555	34,122
Profit attributable to owners of parent	12,201	11,317	12,900	18,359
EPS (yen)	37.93	36.98	44.61	64.36
Net Assets	234,527	217,981	224,546	241,961
Total Assets	577,567	552,678	588,626	638,055

Power & Telecommunication Systems Company

Main Business:

This in-house company offers a variety of electric wires, 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 transmission wires, OPGW (Optical Ground Wires), power distribution lines, cables for power supply, connection components for electric wires and power supply cables, magnet wires, optical fibers, optical fiber 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 ¥371.7 billion, up 6.3% year on year, and operating profit of ¥22.4 billion, up 10.2% year on year.

The Power Systems business segment posted net sales of ¥212.8 billion, up 8.6% year on year, despite flagging demand for construction as well as electricity engineers and dealers in Japan, thanks to strong demand by electric power companies to upgrade their power transmission equipment in North America, as well as high copper prices. In terms of profit, the demand by electric power companies to upgrade their power transmission equipment in North America contributed to a substantial increase in profit.

In the Telecommunication Systems business segment, demand for optical connection components for data centers and telecommunication operators fell significantly due to inventory adjustment by customers, but net sales grew by 3.4% year on year to ¥158.9 billion, thanks mainly to continued strong global demand for optical fiber from the previous fiscal year, as well as increased demand for housing complexes in Canada by the optical telecommunication engineering business, and increased sales of high-performance optical fusion splicer products. In terms of profit, despite the decline of optical connection components for data centers due to a fall in demand, profit increased thanks to strong performance by Spider Web Ribbon®, Wrapping Tube Cable™(*), and other optical fiber cables, as well as optical telecommunication engineering, driven by increased demand, the successful growth in sales of high-performance optical fusion splicer products, and the effect of exchange rates.

(*) Spider Web Ribbon® and Wrapping Tube Cable™ are strategic products of the Company that are lighter and thinner than conventional optical fiber cables, and greatly improve construction efficiency.

Electronics Business Company

Main 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, heat pipes and membrane switches

The in-house company posted net sales of ¥195.9 billion, up 25.0% year on year, and operating profit of ¥10.4 billion, up 38.2% year on year.

Revenue from FPCs and connectors grew substantially thanks to increased demand for smartphones by major customers. In terms of profit, although demand fell in the fourth quarter of the fiscal year under review, demand for older models exceeded expectations in the first half of the fiscal year, and the labor savings gained by productivity improvements and automation implemented to date resulted in a substantial increase in profit.

Automotive Products Company

Main Business:

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

Wire harnesses and automotive components

The in-house company posted net sales of ¥157.0 billion, up 18.0% year on year, and operating loss of ¥3.1 billion.

With regard to sales, overall revenue increased substantially thanks to continued strong demand from North America from the previous fiscal year, and the start of mass productions for products aimed at new vehicle models in Europe. In terms of profit, the Company went from operating profit of ¥2.5 billion in the previous fiscal year to operating loss of ¥3.1 billion in the fiscal year. This was mainly due to a substantial decline in profitability in business for Europe.

Real Estate Business Company

Main 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 ¥10.9 billion, up 7.6% year on year, and operating profit of ¥5.5 billion, up 18.0% year on year.

Issues facing the Fujikura Group

In the consolidated business plan for the fiscal year of 2018, the midway point of the 2020 Mid-Term Business Plan, we will pursue sales of ¥750 billion (up 1.3% year on year), operating profit of ¥39 billion (up 13.6% year on year), ordinary income of ¥37 billion (up 8.4% year on year), and profit attributable to owners of parent of ¥23 billion, an increase of ¥4.6 billion from the previous fiscal year.

For returning profit to shareholders, the annual dividend per share is scheduled to be increased from the previous year by ¥2 per share to ¥16 per share (aggregate of interim and year-end dividends of ¥8 each), based on the policy of setting a target of 20% for its dividend payout ratio.

The following are priority issues for each company in fiscal year 2018.

Power & Telecommunication Systems Company

In the Power Systems business segment, the EPC business will be promoted, leveraging the engineering capabilities cultivated in Japan and worldwide, in electric power infrastructure markets in such as the ASEAN region including Myanmar, where rapid growth is expected. In the existing businesses related to electric wires and cables, the in-house company will continue to pursue reforms involving the business cost structure to develop a system to secure the necessary revenue for continuing business. The merging of the cable connection component business with a subsidiary was completed in the fiscal year 2017.

In the Telecommunication Systems business segment, the in-house company will strive to adequately capture demand by expediting the full-scale operation of enhanced equipment to meet the strong demand for optical fiber. It will also further promote the expanded sales of its strategic products Spider Web Ribbon® and Wrapping Tube Cable™. The Company will also work to develop and market ultra-multicore Wrapping Tube Cable™, with double the number of optical fiber cores to respond to dramatically increasing transmission capacity.

Electronics Business Company

For FPCs and connectors, the in-house company will strive to strengthen relationships with strategic customers through speedy response, while implementing effective capital investment. In order to boost our competitiveness, the Company will also work to further improve productivity by saving labor through automation of manufacturing and inspection processes and by improving yields, while maintaining quality assurance, the key prerequisite for customer trust, as the foundation of its business operations. Another key challenge for the Company is to build a cost structure and production system that are less susceptible to fluctuation in demand for FPCs and connectors used mainly for smartphones, because they are subject to sharp fluctuations due to seasonal factors. The Company is pushing ahead with the conversion of fixed costs into variable costs, and the creation of a flexible production system and employee training system that are also capable of responding instantly to busy seasons.

Automotive Products Company

Five years ago, the automotive products business had net sales of ¥87.8 billion, while at the end of the fiscal year under review, it had net sales of ¥157.0 billion. Similarly, the business grew rapidly from 28 manufacturing locations to 38 locations as of the end of the fiscal year. In Europe in particular, the number of manufacturing locations grew over the past five years from 6 to 13. It is the Company's analysis that our buildout of management infrastructure was unable to keep pace with the rapid growth of business scale. As a result, we were unable to secure sufficient labor to meet the sharp increase in demand upon the start of mass production of products for new vehicle models, and consequently, production levels and quality declined, and large costs were paid for alternative production at other locations, and these factors led to a major drop in profitability. These factors of unprofitability are slowly recovering at present, since the Company has concentrated on taking measures such as improving productivity and stabilizing quality by securing labor through improved working conditions and enhancing the technical skills of employees, as well as shifting production to other locations. In Europe, the Company will also work to invest in personnel and strengthen management, and swiftly restore the European business through reorganization with consideration of appropriateness for the

location, scale, and other attributes of its manufacturing locations. The Company will take this opportunity to spot-check not only Europe, but also its Automotive Products business as a whole, including Asia and North and South America, and work to improve the soundness of the business.

Research and Development

The Company will mainly focus on the following fields to develop products and technologies that hold the key to the next generation.

The Company will grow its personnel to strengthen its automotive parts development system, which is growing rapidly in the new-energy vehicle and connected car fields. Through this effort, the Company will promote the development of automotive parts and technologies such as high-voltage parts and in-vehicle high-speed communications products using the products and technologies of each in-house company.

The Company is pushing ahead with the development of higher-output fiber lasers (an application of optical fiber) used in metalwork. We are focused on increasing the output of single-mode fiber lasers with high light-harvesting performance, and in the fiscal year 2017 we achieved the world's highest output(*) of five kilowatts. This enabled fast, high-quality processing of carbon fiber-reinforced plastics, which until now was not feasible using lasers. Moving forward, we will work to further increase the output of fiber lasers in order to further expand their applications.

(*) Using the single-stage method (not boosting the laser with an amplifier)

Strengthen Corporate Governance

The Annual General Meeting of Shareholders of last year approved a change of the Company's structure from a company with board of Corporate Auditors to a company with audit and supervisory committee. Consequently, our organization is now structured as follows.

The Company remains committed to further strengthening its corporate governance in order to achieve the Fujikura Group's growth strategy.

- **Board of Directors**

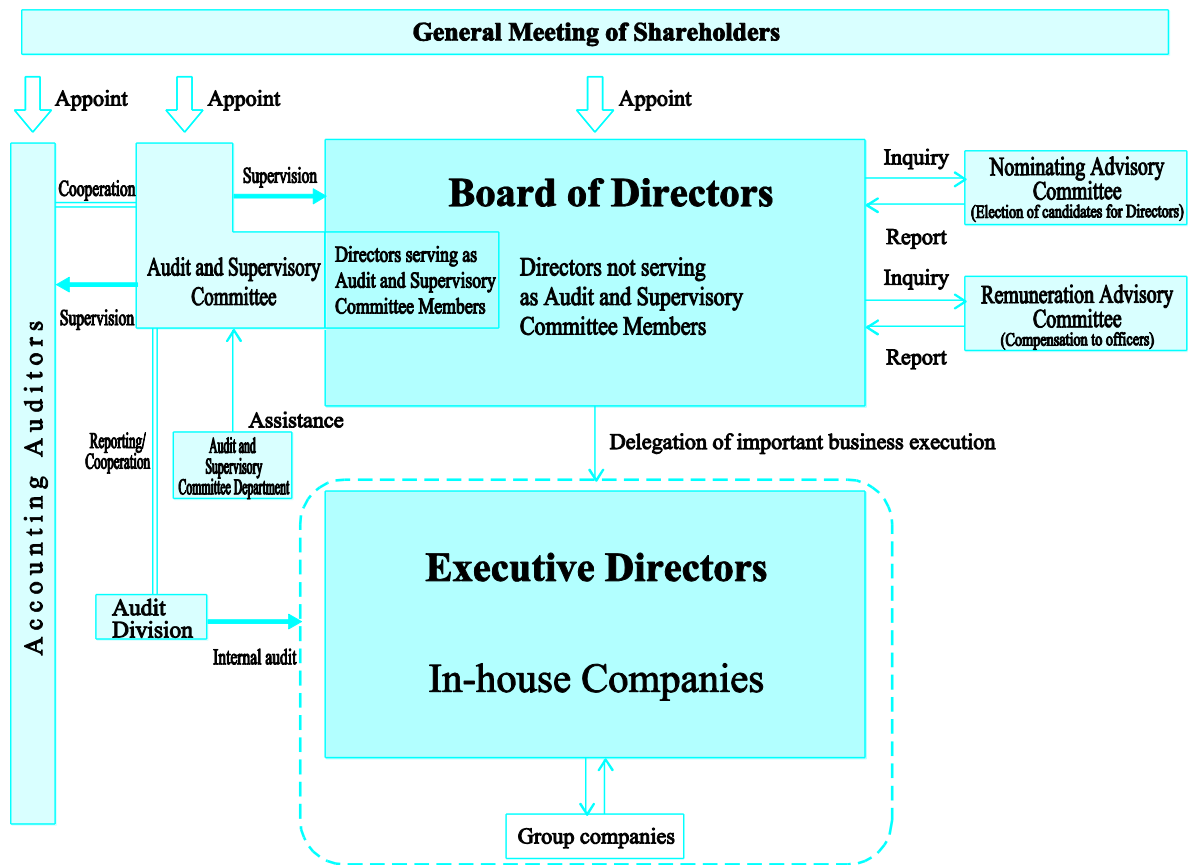
The Board of Directors has narrowed the scope of its deliberations to major items that form the core of the Company's growth strategy, such as annual and mid-term business plans and large-scale M&As. Additionally, the makeup of the Board of Directors consists not only of internal executive directors, but also will include four Outside Directors (individuals with experience in corporate management (finance or manufacturing), attorneys, and certified public accountants) with diverse knowledge who will not be swayed by internal conditions, thereby enabling sufficient deliberations by the Board of Directors.

- **Delegation of authority to executive directors**

On the other hand, the Board of Directors has delegated authority to executive directors pertaining to such matters as the in-house company they oversee and investments below a certain scale, and has given clear responsibilities to them. This has allowed them to flexibly and swiftly make and carry out decisions.

- **Advisory Committees**

The Company has newly created the Nominating Advisory Committee and Remuneration Advisory Committee, and reports by the Committees ensure the transparency and objectivity of the nomination and remuneration of executive directors. This has enabled more appropriate reflection of the results of their business execution on nomination and remuneration.



(2) Fujikura Group Capital Investment

The total amount of capital investments was ¥42.5 billion for the 170th period.

Principal capital investments 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 production 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, China and other countries, the Company made capital investments to respond to preparation of an ordering system for new smartphone models with higher functionality and to improve productivity.

(3) Fujikura Group Fund Procurement

1) Fund procurement

No notable matters.

2) Principal lenders and loan amounts

(Millions of yen)	
Lender	Loan balance
Sumitomo Mitsui Banking Corporation	40,490
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	22,153
Mizuho Bank, Ltd.	17,118
Sumitomo Mitsui Trust Bank, Limited	16,217
The Shizuoka Bank, Ltd.	12,993
Sumitomo Mitsui Banking Corporation (China) Limited	7,079
Syndicated loan	41,350

Notes:

1. As of April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. was renamed to MUFG Bank, Ltd.
2. The syndicated loan is a loan from a syndicate, with Sumitomo Mitsui Banking Corporation as the arranger.

(4) Principal Business Locations of the Fujikura 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), Shinshiro Cable CO, Ltd. (Aichi Prefecture), AFL Telecommunications LLC. (U.S.), DDK Ltd. (Tochigi Prefecture), Fujikura Electronics (Thailand) Ltd. (the Kingdom of Thailand), Fujikura Electronics Shanghai Ltd. (China), Fujikura Automotive Asia Ltd. (Yamagata Prefecture), Fujikura Automotive Europe S.A.U. (Spain), and Fujikura Automotive America LLC. (U.S.)

(5) Employees of the Fujikura Group (as of March 31, 2018)

Segments, etc.	Number of employees (persons)	
Power & Telecommunication Systems Company	11,139	(1,427)
Electronics Business Company	14,691	(9,093)
Automotive Products Company	31,481	(7,890)
Real Estate Business Company	8	(27)
Head office and other	1,103	(209)
Total	58,422	(18,646)

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 sells the products listed in the right column.

The Company has 98 consolidated subsidiaries (an increase by 1 from the previous year) and 9 subsidiaries under the equity method (a decrease by 1 from 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
Shinshiro Cable CO, Ltd. Capital: ¥333 million Ownership percentage: 70.0%	Electric wires and cables
AFL Telecommunications LLC. Capital: 3 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
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
Fujikura Automotive America LLC. Capital: 3 million U.S. dollars Ownership percentage: 100.0%	Wire harnesses for automobiles

2. Company's Stock (As of March 31, 2018)

(1) Number of Authorized Shares	1,190,000,000 shares
(2) Number of Shares Issued	295,863,421 shares (Including 9,451,530 shares of treasury stock)
(3) Number of Shareholders	28,997 (up 8,439 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)	26,769	9.35
Japan Trustee Services Bank, Ltd. (Trust Account)	26,363	9.20
Mitsui Life Insurance Company Limited	10,192	3.56
Sumitomo Mitsui Banking Corporation	8,456	2.95
The Shizuoka Bank, Ltd.	7,713	2.69
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	2.29
JP MORGAN CHASE BANK 385632	6,530	2.28
Fujikura Employees Shareholding Association	4,656	1.63
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,563	1.59

Notes:

1. The numbers presented in "Number of shares held" are based on the list of shareholders.
2. Although the Company owns 9,451,530 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

The Company introduced the stock-based compensation plan for Directors not serving as Audit and Supervisory Committee Members at the 169th Annual General Meeting of Shareholders held on June 29, 2017. The Company entrusted treasury stocks to Sumitomo Mitui Trust Bank as follows subject to the stock-based compensation plan for Directors not serving as Audit and Supervisory Committee Members and Executive Officers.

- Date of resolution of the Board of Directors:	July 28, 2017
Date of trust:	August 15, 2017
Number of shares:	1,056 thousand shares
Total acquisition price:	¥1,035,999,765

3. Company's Officers

(1) Directors (As of March 31, 2018)

Position	Name	Responsibilities
Chairman of the Board & Representative Director*	Yoichi Nagahama	
President & CEO & Representative Director*	Masahiko Ito	
Senior Executive Vice President & Representative Director*	Takashi Sato	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	Corporate Sales & Marketing Unit
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
Director serving as full-time Audit and Supervisory Committee Member	Yasuyuki Oda	
Director serving as Audit and Supervisory Committee Member (Outside)	Soichiro Sekiuchi	
Director serving as Audit and Supervisory Committee Member (Outside)	Masaaki Shimojima	
Director serving as Audit and Supervisory Committee Member (Outside)	Kenichiro Abe	
Director serving as Audit and Supervisory Committee Member (Outside)	Yoshio Shirai	

Notes:

1. The asterisk (*) indicates the Representative Director.
2. Full-time Audit and Supervisory Committee Member is selected to ensure the effectiveness of the activities of the Audit and Supervisory Committee.
3. Directors serving as Audit and Supervisory Committee Member Mr. Soichiro Sekiuchi, Mr. Masaaki Shimojima, Mr. Kenichiro Abe and Mr. Yoshio Shirai serve as Outside Directors, as provided for in Article 2, Item 15 of the Companies Act.
4. Director serving as Audit and Supervisory Committee Member 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.
Director serving as Audit and Supervisory Committee Member 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.

Director serving as Audit and Supervisory Committee Member Mr. Kenichiro Abe is a certified public Accountant and has a significantly high level of knowledge about finance and accounting.

5. Significant concurrent positions are as follows.

Director serving as Audit and Supervisory Committee Member Mr. Soichiro Sekiuchi is an attorney at law at Tokyo Yurakucho Law Office.

Director serving as Audit and Supervisory Committee Member Mr. Yoshio Shirai is Adviser to Hino Motors, Ltd., Adviser to Toyota Tsusho Corporation and Director (outside director), Audit & Supervisory Committee Member of Seiko Epson Corporation.

The Company and Seiko Epson Corporation have dealings relating to sales of FPCs, electronic wires, and pressure sensors.

6. Corporate Auditor Mr. Masato Koike retired from his office due to the expiration of his term of office at the conclusion of the 169th Annual General Meeting of Shareholders held on June 29, 2017.

7. Directors serving as Audit and Supervisory Committee Members Mr. Soichiro Sekiuchi, Mr. Masaaki Shimojima, Mr. Kenichiro Abe and Mr. Yoshio Shirai are registered as Independent Officers with the Tokyo Stock Exchange.

8. On April 1, 2018, responsibilities of Directors were changed as follows.

Name	After Change	Before Change
Akira Wada	Representative Director, Executive Vice President & Member of the Board	Senior Vice President & Member of the Board
Yoichi Nagahama	Director, Advisor	Chairman of the Board & Representative Director
Takashi Sato	Director	Senior Executive Vice President & Representative Director

9. Executive Officers (as of April 1, 2018)

Managing Executive Officer	Joseph E. Gallagher
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
Managing Executive Officer	Masato Inaba
Managing Executive Officer	Kenji Nishide
Managing Executive Officer	Ryoichi Hara
Managing Executive Officer	Kinya Takimura
Executive Officer	Kiminori Sato
Executive Officer	Hideo Goto
Executive Officer	Masataka Mito
Executive Officer	Akira Saita
Executive Officer	Tomoharu Morimoto
Executive Officer	Daiichiro Tanaka
Executive Officer	Shigeo Ueki
Executive Officer	Koji Ueda
Executive Officer	Shigeo Sekikawa
Executive Officer	Junji Fukuhara

(2) Overview of provisions in contracts for liability limitation

The Company and each Outside Director 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) Outside Directors

The Company's Outside Directors are Mr. Soichiro Sekiuchi, Mr. Masaaki Shimojima, Mr. Kenichiro Abe and Mr. Yoshio Shirai.

Main activities during the 170th Period

	Attendance and Statements Contribution
Director serving as Audit and Supervisory Committee Member Soichiro Sekiuchi	He attended 18 meetings of the Board of Directors, which were held during the current fiscal year, 3 as Corporate Auditor and 15 as Audit and Supervisory Committee Member. He also attended all 6 meetings of the Board of Corporate Auditors, and all 13 meetings of the Audit and Supervisory Committee during the same period. 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.
Director serving as Audit and Supervisory Committee Member Masaaki Shimojima	He attended 18 meetings of the Board of Directors, which were held during the current fiscal year, 3 as Corporate Auditor and 15 as Audit and Supervisory Committee Member. He also attended all 6 meetings of the Board of Corporate Auditors, and all 13 meetings of the Audit and Supervisory Committee during the same period. 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.
Director serving as Audit and Supervisory Committee Member Kenichiro Abe	He attended all 18 meetings of the Board of Directors, which were held during the current fiscal year, and all 13 meetings of the Audit and Supervisory Committee. 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.
Director serving as Audit and Supervisory Committee Member Yoshio Shirai	He attended all 15 meetings of the Board of Directors held since the 169th Annual General Meeting of Shareholders held on June 29, 2017, and all 13 meetings of the Audit and Supervisory Committee. He took part in discussions at the meetings of the Board of Directors from a standpoint independent from management, and made appropriate and adequate remarks relating to decision-making of the Board of Directors, mainly utilizing his abundant experience and knowledge from many years in corporate management.

Notes:

1. Directors serving as Audit and Supervisory Committee Members Mr. Soichiro Sekiuchi and Mr. Masaaki Shimojima were Corporate Auditors as of April 1, 2017, but were elected as Directors (Outside Directors) serving as Audit and Supervisory Committee Members at the 169th Annual General Meeting of Shareholders held on June 29, 2017.
2. Director serving as Audit and Supervisory Committee Member Mr. Yoshio Shirai was elected as Director (Outside Director) serving as Audit and Supervisory Committee Member at the 169th Annual General Meeting of Shareholders held on June 29, 2017.

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 Corporate Auditors

Category	Number of people	Amount of compensation		Total
		Stock-based compensation	Monetary compensation	
Directors not serving as Audit and Supervisory Committee Members (Outside Director)	10 (1)	¥422,000,000 (¥1,000,000)	¥80,000,000 (-)	¥502,000,000 (¥1,000,000)
Directors serving as Audit and Supervisory Committee Members (Outside Directors)	5 (4)	¥60,000,000 (¥41,000,000)	- (-)	¥60,000,000 (¥41,000,000)
Corporate Auditors (Outside Corporate Auditors)	4 (2)	¥14,000,000 (¥2,000,000)	- (-)	¥14,000,000 (¥2,000,000)
Total	19 (7)	¥496,000,000 (¥45,000,000)	¥80,000,000 (-)	¥576,000,000 (¥45,000,000)

Notes:

1. The Company transitioned from a company with board of Corporate Auditors to a company with audit and supervisory committee at the conclusion of the 169th Annual General Meeting of Shareholders held on June 29, 2017. Accordingly, the compensation of Directors not serving as Audit and Supervisory Committee Members includes their compensation as Directors up to the 169th Annual General Meeting of Shareholders. The compensation of Corporate Auditors includes their compensation as Corporate Auditors up to the 169th Annual General Meeting of Shareholders.
2. It was resolved that the amount of compensation of Directors not serving as Audit and Supervisory Committee Members should be under ¥600 million per year at the 169th Annual General Meeting of Shareholders.
3. It was resolved that a stock-based compensation plan should be established for Directors not serving as Audit and Supervisory Committee Members separately from the amount of monetary compensation, in the form of the Company's common stock distributed when leaving from their offices, at the 169th Annual General Meeting of Shareholders.
At the Meeting, it was also resolved that the compensation should be under ¥120 million and under 285,000 shares per fiscal year.
4. It was resolved that the amount of compensation to Directors serving as Audit and Supervisory Committee Members should be under ¥100 million per year (of which under ¥70 million for Outside Director) at the 169th Annual General Meeting of Shareholders.
5. It was resolved that the amount of compensation to Corporate Auditors should be under ¥6 million per month at the 158th Annual General Meeting of Shareholders.
6. It was resolved to stop paying retirement benefits, following abolishment of the retirement benefits system at the 157th Annual General Meeting of Shareholders. The retirement benefits for the two Directors leaving at the conclusion of the 170th Annual General Meeting of Shareholders will be ¥16 million.

(5) Outline of the Policy on Determining Compensation to Directors

The Company not only deals with a variety of products but also promotes a global business operation. Accordingly, the duties of Directors are diverse and require expertise. Therefore, compensation to Directors should be set at a level appropriate to recruit qualified people capable of fulfilling these duties, and also refer to surveys conducted by a number of research agencies that target mainly listed companies. Directors' compensation shall comprise the following three categories, based on objective benchmarks and evaluations as a whole, 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 rank shall be established reflecting the corporate performance or the performance of the divisions under each Director's responsibility. 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.

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).

Compensations for non-executive Directors, in light of their duties, will be exclusively a fixed amount as basic compensation, not including short-term performance-based compensation and stock-based compensation.

Reference

[Report by Remuneration Advisory Committee]

In determining the compensation of Directors, the Board of Directors shall ask the Remuneration Advisory Committee, an advisory organ of the Board of Directors, to discuss and provide advices of compensations. The Remuneration Advisory Committee comprises the Director in charge of human resource and three Outside Directors. The Remuneration Advisory Committee is chaired by an Outside Director.

The Remuneration Advisory Committee was formally established in June 2017. Before that date, a preparatory committee was formed comprising outside officers as its key members, and it confirmed that the above-mentioned remuneration policy, and the process for determining the individual compensation of Directors for the fiscal year 2017 in consideration of business performance, etc. in accordance with this plan, are fair and appropriate.

[Opinion of Audit and Supervisory Committee]

In light of the above-mentioned confirmation by the preparatory committee, the Audit and Supervisory Committee reached the conclusion that this process for determining the compensation of Directors not serving as Audit and Supervisory Committee Members is appropriate, and there are no special matters to be stated at the general meeting of shareholders pursuant to the provisions of the Companies Act.

4. Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Content of Non-Audit Services

Not applicable.

(3) Compensation paid by the Total Fujikura Group

	Amount
1. Compensations as Accounting Auditor of the Company for the 170th period	¥94 million
2. Sum of amount the Company and its subsidiaries owe to Accounting Auditor (including the amount set forth in 4.(3).1).	¥163 million

Notes:

1. In the audit contract between the Company and Accounting Auditor, it is not practically possible to distinguish between the compensation for the audit based on the Companies Act and that based on the Financial Instruments and Exchange Act. Therefore, 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., Fujikura Automotive Europe S.A.U. and Fujikura Automotive America LLC. 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 Audit and Supervisory Committee, 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 discussions, the Audit and Supervisory Committee gives its consent to the compensation etc. of Accounting Auditor in accordance with Article 399, Paragraphs 1 and 3 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 Audit and Supervisory Committee Members 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 Audit and Supervisory Committee 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, 2018)

(Millions of yen)

ASSETS		LIABILITIES	
Current Assets	328,244	Current Liabilities	233,215
Cash and deposits	34,285	Notes and accounts payable, trade	77,166
Notes and accounts receivable, trade	151,237	Short-term borrowings	76,778
Finished goods	44,820	Current portion of bonds	20,000
Goods in process	29,244	Income taxes payable	2,612
Raw materials and supplies	39,810	Provision for loss on guarantees	1,593
Deferred tax assets	4,066	Other provision	35
Other	25,476	Other	55,029
Allowance for doubtful Accounts	(697)	Non-current liabilities	162,878
Non-current assets	309,810	Bonds	20,000
Property, plant and equipment	211,288	Long-term borrowings	120,591
Buildings and structures, net	92,019	Deferred tax liabilities	115
Machinery, equipment, vehicles, net	76,197	Other provision	200
Land	15,635	Net defined benefit liability	8,479
Leased assets, net	219	Other	13,492
Construction in progress	16,014	Total Liabilities	396,094
Other, net	11,202	NET ASSETS	
Intangible assets	14,094	Shareholders' Equity	210,452
Goodwill	4,236	Common stock	53,075
Other	9,857	Capital surplus	29,989
Investments and Other Assets	84,427	Retained earnings	133,775
Investment securities	38,435	Treasury stock	(6,388)
Net defined benefit asset	2,419	Accumulated other comprehensive income	8,856
Deferred tax assets	12,490	Valuation difference on available-for-sale securities	8,380
Other	33,264	Deferred gains (losses) of hedges	170
Allowance for doubtful accounts	(2,145)	Foreign currency translation adjustments	5,519
Allowance for investment loss	(37)	Remeasurements of defined benefit plans	(5,213)
		Non-controlling interests	22,651
		Total Net Assets	241,961
Total Assets	638,055	Total Liabilities and Net Assets	638,055

Consolidated Statements of Income

(From April 1, 2017 through March 31, 2018)

(Millions of yen)

Net Sales		740,052
Cost of sales		606,544
Gross Profit		133,508
Selling, general and administrative expenses		99,164
Operating Income		34,343
Non-operating Income		
Interest income	317	
Dividend income	1,660	
Foreign exchange gains	1,307	
Share of profit of entities accounted for using equity method	1,504	
Other	1,454	6,242
Non-operating Expenses		
Interest expenses	3,019	
Loss on retirement of non-current assets	897	
Product repair costs due to customers' claims	676	
Other	1,870	6,464
Ordinary Income		34,122
Extraordinary Gains		
Gain on sales of investment securities	1,073	
Other	15	1,089
Extraordinary Losses		
Business structure improvement expenses	2,450	
Provision for loss on guarantees	1,593	
Loss on valuation of investments in capital of subsidiaries and associates	1,496	
Impairment loss	775	
Other	219	6,535
Income before Income taxes		28,676
Corporate Income, Resident, and Business Taxes	8,621	
Adjustment for corporate income taxes	(1,078)	7,542
Profit		21,134
Profit attributable to non-controlling interests		2,774
Profit attributable to owners of parent		18,359

Consolidated Statements of Shareholders' Equity

(From April 1, 2017 through March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance outstanding as of April 1, 2017	53,075	30,012	118,867	(5,942)	196,013
Changes during the fiscal year					
Dividends paid			(3,431)		(3,431)
Profit attributable to owners of parent			18,359		18,359
Purchase of treasury stock				(1,038)	(1,038)
Disposal of treasury stock		443		592	1,036
Change in ownership interest of parent due to transactions with non-controlling interests		(465)			(465)
Change of scope of equity method			(19)		(19)
Net changes of items other than shareholders' equity					-
Total changes during the fiscal year	-	(22)	14,907	(445)	14,439
Balance outstanding as of March 31, 2018	53,075	29,989	133,775	(6,388)	210,452

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance outstanding as of April 1, 2017	7,284	465	4,459	(5,500)	6,709	21,823	224,546
Changes during the fiscal year							
Dividends paid					-		(3,431)
Profit attributable to owners of parent					-		18,359
Purchase of treasury stock					-		(1,038)
Disposal of treasury stock					-		1,036
Change in ownership interest of parent due to transactions with non-controlling interests					-		(465)
Change of scope of equity method					-		(19)
Net changes of items other than shareholders' equity	1,096	(295)	1,059	286	2,147	828	2,975
Total changes during the fiscal year	1,096	(295)	1,059	286	2,147	828	17,415
Balance outstanding as of March 31, 2018	8,380	170	5,519	(5,213)	8,856	22,651	241,961

Non-consolidated Balance Sheets

(As of March 31, 2018)

(Millions of yen)

ASSETS		LIABILITIES	
Current Assets	131,177	Current Liabilities	125,903
Cash and deposits	3,972	Notes payable	865
Notes receivable	1,972	Accounts payable, trade	36,030
Accounts receivable, trade	71,447	Short-term borrowings	20,697
Finished goods	4,986	Current portion of bonds	20,000
Goods in process	9,218	Accrued expenses	8,060
Raw materials and supplies	2,909	Deposit money	22,942
Accounts receivable	14,406	Provision for loss on guarantees	1,593
Short-term loans	18,814	Other	15,712
Other	3,449	Non-current liabilities	139,355
Non-current assets	241,949	Bonds	20,000
Property, plant and equipment	92,512	Long-term borrowings	110,423
Buildings, net	60,515	Long-term lease and guarantee deposited	8,424
Structures, net	2,255	Other provision	159
Machinery and equipment, net	11,628	Other	347
Land	10,426	Total Liabilities	265,258
Construction in progress	6,108	NET ASSETS	
Other, net	1,579	Shareholders' Equity	99,705
Intangible assets	2,844	Common stock	53,075
Software	2,237	Capital surplus	28,302
Other	607	Capital reserve	13,268
Investments and Other Assets	146,591	Other capital surplus	15,033
Investment securities	22,817	Retained earnings	24,666
Investments in subsidiaries and affiliates	87,790	Other retained earnings	24,666
Contribution to subsidiaries' and affiliates' capital	22,813	Reserve for deferral of capital gain	954
Long-term loans receivable	8,480	Retained earnings brought forward	23,712
Prepaid pension expenses	8,340	Treasury stock	(6,339)
Other	4,974	Valuation and translation adjustments	8,163
Allowance for doubtful accounts	(7,310)	Valuation difference on available-for-sale securities	7,928
Allowance for investment loss	(1,315)	Deferred gains (losses) of hedges	235
Total Assets	373,127	Total Net Assets	107,868
		Total Liabilities and Net Assets	373,127

Non-consolidated Statements of Income

(From April 1, 2017 through March 31, 2018)

(Millions of yen)

Net sales		373,000
Cost of sales		337,744
Gross profit		35,255
Selling, general and administrative expenses		29,750
Operating Income		5,504
Non-operating Income		
Interest and dividend income	6,080	
Foreign exchange gains	746	
Other	837	7,663
Non-operating Expenses		
Interest expenses	1,346	
Interest on bonds	344	
Provision of allowance for doubtful accounts	405	
Loss on retirement of non-current assets	337	
Other	1,444	3,879
Ordinary Income		9,288
Extraordinary Gains		
Gain on sales of investment securities	837	
Gain on sales of shares of subsidiaries and associates	592	
Other	0	1,430
Extraordinary Losses		
Provision for loss on guarantees	1,593	
Loss on valuation of investments in capital of subsidiaries and associates	1,496	
Impairment loss	927	
Other	110	4,126
Income before Income taxes		6,592
Corporate Income, Resident, and Business Taxes	435	
Adjustment for Corporate Income Taxes	412	847
Net Profit		5,745

Non-Consolidated Statements of Shareholders' Equity

(From April 1, 2017 through March 31, 2018)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total Retained earnings	
					Reserve for deferral of capital gain	Retained earnings brought forward	
Balance outstanding as of April 1, 2017	53,075	13,268	14,590	27,858	954	21,398	22,353
Changes during the fiscal year							
Dividends paid				-		(3,431)	(3,431)
Reversal of reserve for advanced depreciation of non-current assets				-	(0)	0	-
Net profit				-		5,745	5,745
Purchase of treasury stock				-			-
Disposal of treasury stock			443	443			-
Net changes of items other than shareholders' equity				-			-
Total changes during the fiscal year	-	-	443	443	(0)	2,313	2,313
Balance outstanding as of March 31, 2018	53,075	13,268	15,033	28,302	954	23,712	24,666

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) of hedges	Total valuation and translation adjustments	
Balance outstanding as of April 1, 2017	(5,893)	97,394	6,753	134	6,888	104,282
Changes during the fiscal year						
Dividends paid		(3,431)			-	(3,431)
Reversal of reserve for advanced depreciation of non-current assets		-			-	-
Net profit		5,745			-	5,745
Purchase of treasury stock	(1,038)	(1,038)			-	(1,038)
Disposal of treasury stock	592	1,036			-	1,036
Net changes of items other than shareholders' equity		-	1,174	100	1,275	1,275
Total changes during the fiscal year	(445)	2,310	1,174	100	1,275	3,586
Balance outstanding as of March 31, 2018	(6,339)	99,705	7,928	235	8,163	107,868

The Audit and Supervisory Committee's Audit Report

The Audit and Supervisory Committee of Fujikura Ltd. (hereafter, "the Company") conducted an audit regarding the execution of the duties of the directors for the 170th business year (April 1, 2017 to March 31, 2018). Methods and results of the audit are as follows.

1. Methods of the audit

With regard to the contents of the resolution of the Board of Directors regarding matters defined in Article 399-13, Paragraph 1, Items 1-b and c of the Companies Act and the structure established based on such resolution (internal control system), the Audit and Supervisory Committee received reports on the establishment and status of operation of the internal control system from the Directors and officers on a regular basis, sought explanations as necessary, expressed their opinions and conducted an audit according to the methods described below.

Meanwhile, with regard to internal control over financial reporting as required by the Financial Instruments and Exchange Act, the Audit and Supervisory Committee received reports from the Directors and Accounting Auditor PricewaterhouseCoopers Aarata LLC, regarding their evaluation of internal control and the results of the audit, and sought explanations as necessary.

- (i) Audit and Supervisory Committee Members followed the audit policy, assignment of duties and other relevant matters specified by the Audit and Supervisory Committee. In collaboration with the Internal Audit Division, Audit and Supervisory Committee Members attended 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 Corporate Auditors of subsidiaries, and received reports with respect to their business from subsidiaries as necessary.
- (ii) 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 of the Company.
- (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 the internal control system is 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 system.
- (2) Results of audit of the non-consolidated financial statements and their accompanying detailed statements
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 17, 2018

Full-time Audit and Supervisory Committee Member: Yasuyuki Oda (*seal*)

Audit and Supervisory Committee Member: Soichiro Sekiuchi (*seal*)

Audit and Supervisory Committee Member: Masaaki Shimojima (*seal*)

Audit and Supervisory Committee Member: Kenichiro Abe (*seal*)

Audit and Supervisory Committee Member: Yoshio Shirai (*seal*)

(Note) Audit and Supervisory Committee Member Soichiro Sekiuchi, Masaaki Shimojima, Kenichiro Abe and Yoshio Shirai are Outside Directors as defined under Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.