

Fuji Electric Report **2013**

*Innovating
Energy Technology*

Brand Statement

Innovating Energy Technology

Through our pursuit of innovation in electric and thermal energy technology, we develop products that maximize energy efficiency and lead to a responsible and sustainable society.





Corporate Philosophy

Corporate Mission

We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners. Our mission is to:

- Contribute to prosperity
- Encourage creativity
- Seek harmony with the environment

Management Policies

1. Through our innovation in energy technology, we contribute to the creation of responsible and sustainable societies.
2. Achieve further growth through our global business expansion.
3. Maximize our strengths as a team, respecting employees' diverse ambition.

Fuji Electric's Energy-Related Businesses

Fuji Electric is contributing to the creation of responsible and sustainable societies through its five business segments, namely Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, Electronic Devices, and Food and Beverage Distribution, which are based on its core electric and thermal energy technology.

Power and Social Infrastructure

By integrating environmentally friendly electric power plants and energy management, Fuji Electric will contribute to the realization of smart communities.



Steam turbines



Cluster Energy Management System

Industrial Infrastructure

Fuji Electric supplies diverse customers in the fields of industry with “energy savings” and “lifecycle services” for production lines and infrastructure equipment.



Substation equipment



Industrial drive systems



Power Electronics

Fuji Electric supplies products that incorporate power electronics technology to improve the efficiency and stability of energy.



General-purpose inverters



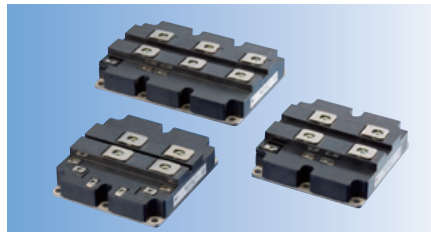
Uninterruptible power supply systems (UPSs)



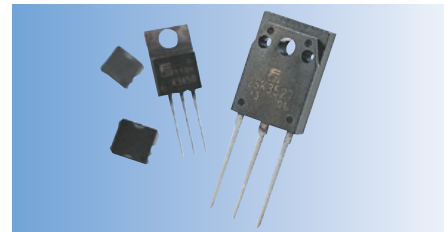
Magnetic switches

Electronic Devices

Fuji Electric supplies power semiconductors and other essential electronic devices to the fields of industrial equipment, automobiles, information equipment, and new energy.



Large-capacity IGBT modules



Power MOSFETs

Food and Beverage Distribution

With our freezing technology at the core, we integrated mechatronic technology and IT to offer optimal products and solutions to our customers.



Vending machines



Freezers and refrigerated showcases

Contents

We have compiled a summary of our management activities into a single yearly report.

To convey a deeper understanding of Fuji Electric's management activities, we have combined the Annual Report, in which we report on the Company's management policies and financial data, and the CSR Report, in which we report on our environmental and social efforts, into a single yearly report that compiles a summary of our management activities.

This report focuses primarily on social, environmental, and other corporate social responsibility (CSR) topics. For more detailed information, please refer to our website.



Fuji Electric website
<http://www.fujielectric.com/>

Period of the Report	This report covers fiscal 2012 (April 1, 2012 to March 31, 2013). Although the report focuses on the results of fiscal 2012 business activities, descriptions of some earlier and some more recent initiatives are also included.
Non-Financial Reporting Guidelines Employed	ISO 26000 (guidance on social responsibility) Sustainability Reporting Guidelines Version 3.1 (G3.1), Global Reporting Initiative (GRI) Environmental Reporting Guidelines 2012, Ministry of the Environment
Publication Date	July 2013

Inclusion in SRI (Socially Responsible Investment) Indexes

Dow Jones Sustainability World Index

Fuji Electric has been selected as a component of Dow Jones Sustainability World Indexes 2012/13 (DJSI World), a global SRI (Social Responsible Investment) stock index for the 8th consecutive year (September 2012).



Morningstar Socially Responsible Investment Index (MS-SRI)

Fuji Electric has been selected as a component of the Morningstar Socially Responsible Investment Index (MS-SRI) (January 4, 2013).



Cautionary Statement With Respect to Forward-looking Statements

Statements made in this report with respect to Fuji Electric's plans, strategies, and future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. Potential risks and uncertainties include: (1) sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from revisions to trade regulations; (2) exchange rates, particularly between the yen and the U.S. dollar and Asian and European currencies; (3) the ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technologies in a timely manner and to manufacture them in a cost-effective way; (4) the rapid pace of technological innovation, especially in the field of electronics; (5) sudden changes in the supply and demand balance in the markets Fuji Electric serves; (6) problems involving the intellectual property rights of Fuji Electric and other companies; (7) fluctuations in Japanese stock markets; and other risk factors. Accordingly, actual results could differ from those contained in any forward-looking statement.

To Our Stakeholders

Michihiro Kitazawa, President and Representative Director of Fuji Electric Co., Ltd., explains fiscal 2012 business results and the Company's management plan for fiscal 2013.

Business Report

This section presents an overview of business segments and overseas operations, as well as activities such as manufacturing, procurement, and research and development.

Special Feature

Fuji Electric is promoting initiatives to realize a sustainable society. This special feature highlights several examples of how the Company is helping to solve issues faced by customers and society at large.

CSR Activities

This section looks at CSR activities underpinning Fuji Electric's management.

Management Structure

Management initiatives and systems supporting Fuji Electric's sustainable growth are explained in this section.

Corporate Information

An outline of Fuji Electric is provided in this section.

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To Our Stakeholders

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Special Feature

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Corporate Information

Consolidated Financial Highlights

Fiscal year					Millions of yen	Thousands of U.S. dollars*1
	2008	2009	2010	2011	2012	2012
Operating Results						
Net sales	¥766,637	¥691,223	¥689,065	¥703,534	¥745,781	\$7,933,841
Japan	585,596	513,616	510,843	525,096	567,314	6,035,257
Overseas	181,040	177,607	178,221	178,437	178,466	1,898,584
Operating income (loss)	(18,855)	924	11,917	19,252	21,992	233,967
Net income (loss)	(73,306)	6,757	15,104	11,801	26,368	280,512
R&D and Capital Investment						
R&D expenditures	¥ 30,394	¥ 24,296	¥ 32,568	¥ 32,247	¥ 31,160	\$ 331,492
Plant and equipment investment**2	33,457	19,124	27,223	24,989	31,771	337,992
Depreciation and amortization**3	23,919	26,053	27,945	29,755	31,054	330,370
Cash Flows						
Cash flows from operating activities	¥ 23,101	¥ 11,923	¥ 53,853	¥ 28,314	¥ 55,342	\$ 588,749
Cash flows from investing activities	(12,278)	(528)	84,241	(13,489)	(24,286)	(258,370)
Free cash flow	10,823	11,395	138,094	14,825	31,055	330,379
Cash flows from financing activities	53,753	(62,575)	(93,468)	(32,593)	(56,827)	(604,550)
Financial Position						
Total assets	¥908,941	¥908,938	¥805,797	¥792,848	¥765,563	\$8,144,296
Total net assets	146,113	196,134	174,935	183,217	215,672	2,294,392
Interest-bearing debt	416,083	359,790	274,019	255,865	226,717	2,411,893
Financial Indicators						
Ratio of operating income (loss) to net sales (%)	(2.5)	0.1	1.7	2.7	2.9	—
ROE (Return on equity) (%)	(38.1)	4.4	9.0	7.4	14.7	—
ROA (Return on assets) (%)	(7.5)	0.7	1.8	1.5	3.4	—
Total net assets ratio (%)	14.3	19.7	19.3	20.6	25.4	—
Net debt-equity ratio (times)**4	2.5	1.8	1.2	1.2	1.0	—
Debt-equity ratio (times)**5	3.2	2.0	1.8	1.6	1.2	—
Per Share Data						
	Yen					
Net income (loss)	¥(102.57)	¥ 9.46	¥ 21.14	¥ 16.52	¥ 36.90	\$0.393
Net assets	182.37	250.28	217.40	228.91	272.29	2.897
Cash dividends	4.00	1.50	4.00	4.00	5.00	0.053
Others						
	Headcount					
Employees	22,799	23,524	24,562	24,973	24,956	—
Japan	19,008	18,692	18,002	17,933	18,271	—
Overseas	3,791	4,832	6,560	7,040	6,685	—

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥94 = U.S. \$1, the approximate exchange rate at March 31, 2013.

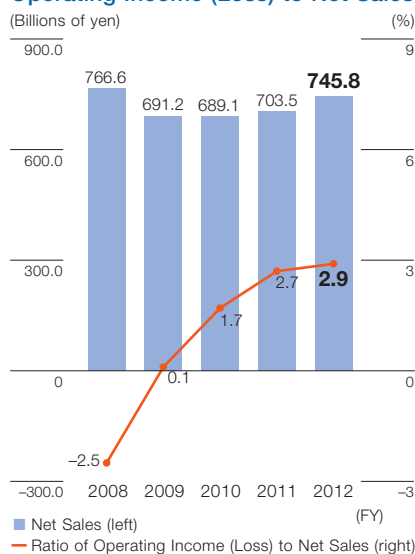
*2 Plant and equipment investment is the total of investment in tangible fixed assets, including acquisition amounts for lease contracts.

*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.

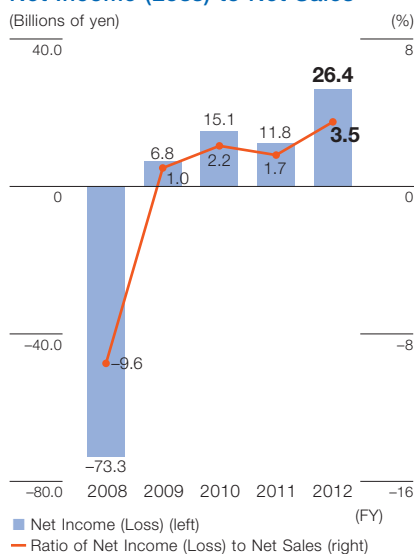
*4 Net debt-equity ratio: Net interest-bearing debt (interest-bearing debt – cash and cash equivalents) / Net assets

*5 Debt-equity ratio: Interest-bearing debt / Net assets

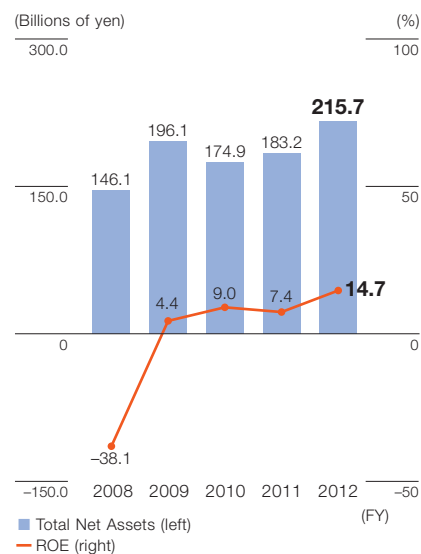
Net Sales/ Ratio of Operating Income (Loss) to Net Sales



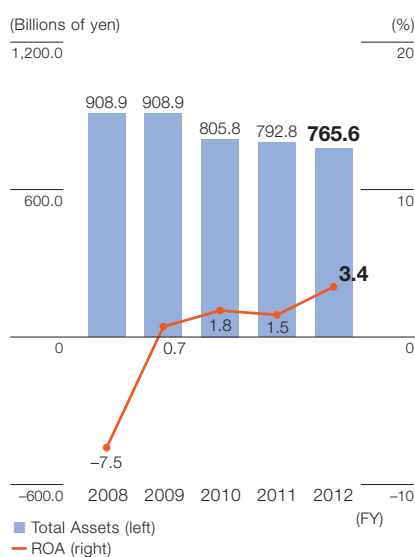
Net Income (Loss)/ Ratio of Net Income (Loss) to Net Sales



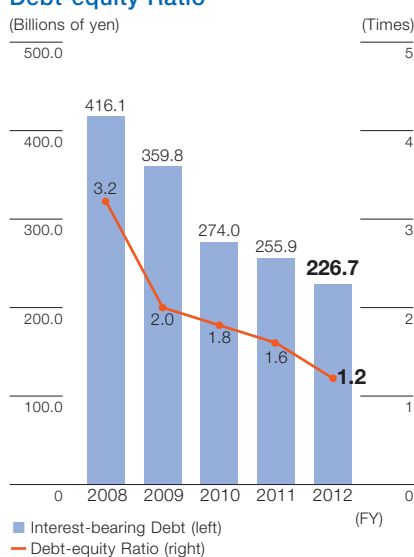
Total Net Assets/ ROE



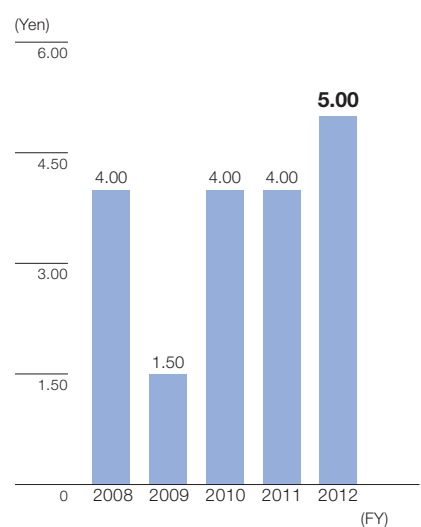
Total Assets/ ROA



Interest-bearing Debt/ Debt-equity Ratio



Cash Dividends per Share



Fiscal 2013 Management Plan

	(Billions of yen)																
Net Sales	750.0	Effect of Revised Accounting Standards for Retirement Benefit Obligations Effective from the fiscal year beginning April 1, 2013, Fuji Electric has adopted revised accounting standards for retirement benefit obligations. Projections of main indicators for fiscal 2013 before and after reflecting the effect of the revised standards are as follows:															
Operating Income	27.0																
Net Income	14.0																
		<table border="1"> <thead> <tr> <th></th> <th>Before reflecting the impact of revised accounting standards for retirement benefit obligations</th> <th>After reflecting the impact of revised accounting standards for retirement benefit obligations</th> </tr> </thead> <tbody> <tr> <td>ROE (Return on equity) (%)</td> <td>7.0</td> <td>7.7</td> </tr> <tr> <td>ROA (Return on assets) (%)</td> <td>1.8</td> <td>1.8</td> </tr> <tr> <td>Total net assets ratio (%)</td> <td>26.1</td> <td>21.1</td> </tr> <tr> <td>Net debt-equity ratio (times)</td> <td>0.8</td> <td>1.0</td> </tr> </tbody> </table>		Before reflecting the impact of revised accounting standards for retirement benefit obligations	After reflecting the impact of revised accounting standards for retirement benefit obligations	ROE (Return on equity) (%)	7.0	7.7	ROA (Return on assets) (%)	1.8	1.8	Total net assets ratio (%)	26.1	21.1	Net debt-equity ratio (times)	0.8	1.0
	Before reflecting the impact of revised accounting standards for retirement benefit obligations	After reflecting the impact of revised accounting standards for retirement benefit obligations															
ROE (Return on equity) (%)	7.0	7.7															
ROA (Return on assets) (%)	1.8	1.8															
Total net assets ratio (%)	26.1	21.1															
Net debt-equity ratio (times)	0.8	1.0															
		Note: Projections announced as of April 25, 2013.															

To Our Stakeholders

Contributing to the realization of a safe, secure and sustainable society through global expansion in the energy-related businesses



On behalf of Fuji Electric, I would like to express our sincere gratitude to our stakeholders for their continued support and understanding.

Embodied in Fuji Electric's Corporate Philosophy is our pledge, as responsible corporate citizens in a global society, to strengthen relationships of trust with stakeholders and fulfill our obligations to them in good faith. Building on the technology and experience accumulated throughout the 90 years since the Company's founding, Fuji Electric aims to pursue technological innovation in electric and thermal energy, and to continue creating high value-added, environmentally friendly products that use energy with maximum efficiency.

March 2013 marked the end of my third year in office as president. Since Lehman Brothers' collapse and the financial crisis it precipitated, the business climate has been harsh. This led Fuji Electric to adopt 1) Expand energy-related businesses, 2) Globalize, and 3) Realize concerted strength as a team, as the three planks to our management policy. In addition to reorganizing with a view to better harnessing our strength in energy-related businesses, we have also undertaken several structural reforms in a bid to further consolidate our earnings foundation. At the same time, Fuji Electric has been working to globalize in order to expand its business and grow as a company.

Japan is now grappling with the aging of social and industrial infrastructure on a scale hitherto unseen, while in emerging nations around the world, rapid development in recent years has given rise to power shortages and environmental problems. Fuji Electric can contribute significantly to resolving these social issues by drawing on its prowess in energy-related technology.

We aim to win Fuji Electric further endorsement worldwide by further expanding our energy-related businesses globally while also working toward harmony with the ever-changing natural environment. We hope that you will hold Fuji Electric to high expectations in the future.

Michihiro Kitazawa

President and Representative Director
Fuji Electric Co., Ltd.

Net Income Rose to Record as Sales and Profits Increased in Fiscal 2012

Looking back on fiscal 2012 ended March 31, 2013, Fuji Electric had to face harsh business conditions in which the Japanese economy was affected by a global economy made sluggish by the sovereign debt crisis in Europe and slow recovery of demand in China.

Operations Reorganized Five Business Segments

In order to expand our energy-related businesses utilizing electric and thermal energy technology, we reorganized our operations in April 2012 into five business segments: Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, Electronic Devices, and Food and Beverage Distribution.

As part of this move, the power transformation and distribution business assumed from Japan AE Power Systems Corporation was incorporated into the Power and Social Infrastructure business segment.

Also, we incorporated the ED&C Components business segment into the Power Electronics business segment to enhance synergies and strengthen the business.

In the Electronic Devices business segment, in order to strengthen manufacturing capacity of power semiconductors and diversify manufacturing operations, we acquired a subsidiary of Renesas Electronics Corporation and established Fuji Electric Tsugaru Semiconductor Co., Ltd. on July 1, 2012.

We established a new Food and Beverage Distribution business that combines the store distribution and vending machine businesses, fusing electric energy technologies with heating and cooling technologies cultivated over many years. The new business will develop new products, and target all food-related markets from production to distribution and retail.

On October 1, 2012, Fuji Electric Retail Systems Co., Ltd., which had been a subsidiary in the vending machine business, was merged with Fuji Electric.

To date, we have been working toward creation of a "New Fuji Electric." In reorganizing operations to deliver synergies between business segments, we have observed a number of changes, one being the emergence of human relationships that transcend segment boundaries.

Initiatives for Strengthening the Management Base

In our bid to boost Fuji Electric's income-generating capabilities and support future business expansion, we identified the three key management issues outlined below, and took a range of measures to address them.

Key Management Issues in Fiscal 2012

- (1) Strengthen Manufacturing Capabilities and Enhance Earnings Power by Rigorously Cutting Costs
- (2) Improve Cash Flows by Rigorously Reducing Inventories
- (3) Build Sales and Manufacturing Bases for Expanding Business Overseas

To address the first issue and enhance our manufacturing competitiveness, we commenced full-scale operation in April 2012 at our new Facility Technology Center, on the site previously used by our Saitama Factory. This facility is now a nerve center for manufacturing technologies and for production engineers and technicians, and has strengthened our production technology capabilities, along with our capacity for nurturing human resources. We also established procurement offices in major overseas markets, in doing so expanding global and centralized purchasing. In this manner, we achieved ¥21.8 billion cost reduction in fiscal 2012.

With respect to the second issue, we streamlined our supply chain, including by reducing manufacturing lead times, and cut inventory assets by ¥25.6 billion. As a consequence, free cash flow grew by ¥16.2 billion year on year, to ¥31.1 billion.

Cash Flows Improved by Rigorously Reducing Inventories

(Billions of yen)

	Fiscal 2011	Fiscal 2012
Inventory balance (at year end)	133.3	107.7
Free cash flow	14.8	31.1

In addressing the third issue, we bolstered local engineering capacity in Singapore and Indonesia, and also established a sales subsidiary in Brazil. To improve our competitiveness while also dispersing geopolitical risk, we are building a tripolar production framework that now encompasses other parts of Asia in addition to Japan and China. We also embarked on construction of a new factory in Thailand, for the manufacture of power electronics products. Concurrently, we established a semiconductor production line in Shenzhen, China, for the purpose of expanding overseas output.

Effects of Business Restructuring Underscore Fiscal 2012 Results

In fiscal 2012, large-scale contracts in the power generation business and depreciation of the Japanese yen contributed to sales growth. Without these factors, however, sales remained largely flat year on year. It is therefore encouraging that operating income showed steady improvement. This was because the benefits of thorough cost reduction measures, including in fixed costs, outweighed the impact of intensified competition when combined with streamlining the magnetic disks and vending machine businesses in the previous fiscal

year. Operating income improved ¥2.7 billion year on year, to ¥22.0 billion, while net income improved ¥14.6 billion year on year to a record-high ¥26.4 billion, thanks in part to the booking of deferred tax assets.

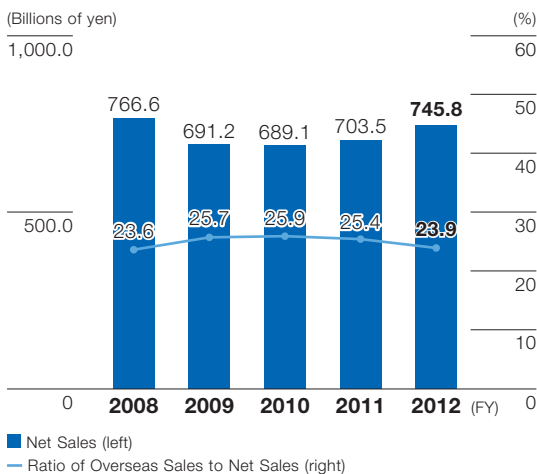
Much of this improvement took place at the magnetic disks business, where in fiscal 2011 we consolidated production in Malaysia, which enhanced operational efficiency, thereby realizing a dramatic improvement in profitability. Similarly, at the vending machine business we consolidated domestic production and head-office functions at the Mie Factory, and pursued cost reductions by starting up new highly efficient production lines.

These achievements prove that even when market conditions and other external factors largely preclude growth in sales, it is possible to increase profit nonetheless by engaging in rationalization and structural reforms.

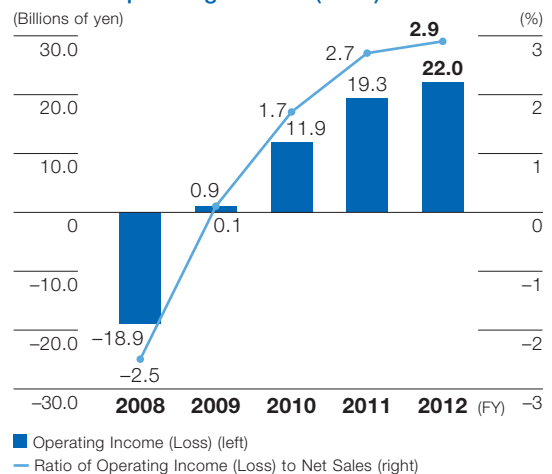
Improving the Company's capacity to generate profit has been my primary focus, and an ongoing undertaking, since taking office. Amid harsh market conditions in fiscal 2012, we applied a similar approach to businesses including drive systems and power semiconductors, also booking impairment losses at the solar cells business. We expect our fiscal 2013 performance to benefit accordingly.

Earnings Enhanced by Business Restructuring

**Net Sales/
Ratio of Overseas Sales to Net Sales**



**Operating Income (Loss)/
Ratio of Operating Income (Loss) to Net Sales**



Globalization for a Brighter Future

At the same time, Fuji Electric has engaged in globalization to enhance growth prospects and expand its business. Positioning Asia and China as a priority region and country with strong growth potential, we are working toward a local self-contained business model. In other words, we will conduct marketing locally, design and develop products locally, procure parts and materials locally, and manufacture locally. To that end, we have fleshed out our sales network in Asia and China, also strengthened our engineering capacity in Singapore and Indonesia. We are also striving to cultivate and elevate local employees to positions of responsibility, including executive officers. At both

Fuji Electric Corp. of America and Fuji Electric Europe GmbH we have promoted local talent to the top position of each company, and in Asia and China, too, we are increasingly bringing locals into management positions to ensure that the businesses have close ties to that country or region. In manufacturing, we have positioned Thailand as our core manufacturing base in Asia, one that equips Fuji Electric with global production capability and aids in the reduction of risk. One example of this approach based on local design and production for local consumption has already delivered tangible results: the FRENIC-HVAC inverter developed specifically for Asian markets. We believe these measures to globalize have not only bolstered our capacity for generating profits, but have also set the stage for future growth.

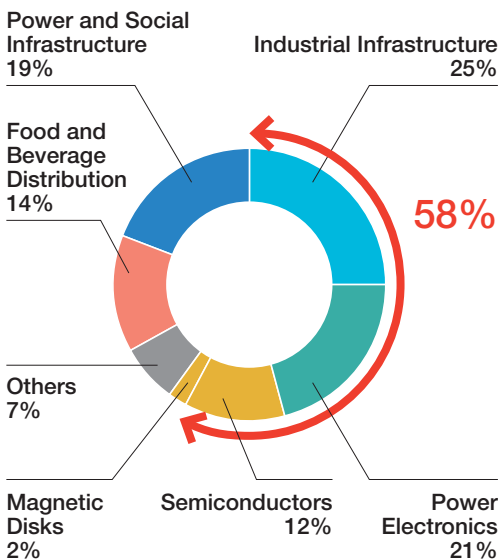
Industrial Infrastructure and Power Electronics Ramped Up in Fiscal 2013 — Our New Base Year for Aggressive Management

We have designated fiscal 2013 as a new base year for aggressive management, laying the groundwork for future business expansion. In this year, we will accelerate management initiatives focused on generating income to create even greater cash flows, which we will exploit to fund mergers and acquisitions (M&As) aimed at expanding operations.

In particular, we aim to further strengthen our industrial infrastructure segment and our presence in power electronics and power semiconductors, both key components. Our intention is to ramp up initiatives for maximizing synergies, enabling the Company to better leverage its prowess across all areas. We want Fuji Electric to be the go-to company for industrial infrastructure and power electronics.

Pinpoint-Enhancement in the Industrial Field, Including Key Components (Power Electronics and Power Semiconductors)

Sales Composition by Segment (Fiscal 2013 Plan)



New Subsegments for Strengthening the Industrial Infrastructure Field

Segments	New Subsegments
Power and Social Infrastructure	Power Plant Social Engineering Systems Social Information
Industrial Infrastructure	Transmission and Distribution Machinery and Electronics Systems Instrumentation and Control Systems Equipment Construction
Power Electronics	Drive Power Supply ED&C Components
Electronic Devices	Semiconductors Magnetic Disks
Food and Beverage Distribution	Vending Machines Store Distribution
Others	

Building a New Comprehensively Empowered Structure in the Industrial Field

In the field of industrial infrastructure, Fuji Electric has spent many years drawing on its core technologies in energy to build businesses contributing to energy and environmental conservation. The Company has a broad array of products and technologies including transmission and distribution equipment, energy-saving devices, and power electronics including instrumentation and control systems, and derives much of its strength from an associated ability to offer clients comprehensive solutions. The Industrial Infrastructure segment was created to further improve Fuji Electric's capacity to provide a range of customers with products and systems contributing to lower energy consumption. Fuji Electric strives to offer customers a total solution, from plant production line and infrastructure systems to components contributing to energy conservation, not to mention instrumentation and control systems contributing to visualization of energy usage, and equipment construction and engineering services.

Management Will Stay Focused on Profitability in Fiscal 2013

In an improving economic environment, Fuji Electric's mission in fiscal 2013 is to achieve topline growth, especially in the power electronics and power

semiconductor businesses. This will be done by aggressively going after the dynamic demand for capital investment in Japan for solar power generation systems, and to help "reboot Japan" through refurbishment of industrial and social infrastructure, as well as that in the rapidly growing Asian economies. We will maintain a focus on profitability, reaping the benefits of fiscal 2012's structural reforms while continuing to implement profit improvement measures across the board. To support further business expansion, the cash thus generated will be ploughed back into the industrial infrastructure and power electronics businesses, and also into the power semiconductor business, where our focus is on next-generation SiC power devices.

Overseas, Fuji Electric will pick up the pace of globalization, commencing full-scale operation at the Thai Factory, and full-scale launch in Asia and China of the Food and Beverage Distribution business.

In these and other ways, we aim to increase net sales ¥4.2 billion to ¥750.0 billion, and operating income ¥5.0 billion to ¥27.0 billion in fiscal 2013.

(Billions of yen)

	Fiscal 2012 results	Fiscal 2013 management plan	Change
Net sales	745.8	750.0	+4.2
Operating income	22.0	27.0	+5.0

Promoting the Role of Female Employees and Diverse Human Resources to Revitalize the Company through Team Play

We consider the third plank of our management policy — that of realizing concerted strength as a team — to be very important in doing business. To Fuji Electric, working as a team is primarily about mobilizing individual strengths. We are working to create a rewarding business environment that fully capitalizes on our employees' diverse métiers, regardless of nationality, gender, value system, or views. It is our belief that happiness on the part of individual employees will lead to happy families and a prosperous Company.

In particular, we are focusing at the moment on getting our female employees to shine. Women are

staking their claim in various fields around the world where no distinction is made between male and female protagonists. If Fuji Electric is to garner a greater presence on the global stage, we must harness the strength of our female employees. At present, the weighting of female employees is not all that high. To address this issue we must not only hire more women in the first place, but also provide career support to ensure that a larger number advance to executive offices.

Our aim is to build a company where colleagues with differing values can work as one toward our goals.



Our Determination to Solve Social Issues Embedded in Our Brand Statement: “Innovating Energy Technology”

In July 2012, we formulated a new brand statement, “Innovating Energy Technology,” designed to clearly express the value Fuji Electric offers. The brand statement reflects Fuji Electric’s mission to lead to a responsible and sustainable society, through our pursuit of innovation in electric and thermal energy technology.

For Fuji Electric, CSR means contributing to the resolution of social issues through our energy-related businesses, as called for in this new brand statement. In Japan, amid signs that the economy is starting to pick up, it is critical at this stage to rebuild and improve the nation’s social and industrial infrastructure so that people can go about their lives safely and securely. In the world’s fast-growing emerging market economies, a rapid increase in energy consumption is giving rise to resource shortages and environmental problems. Fuji Electric can contribute to resolving these social issues through business activities drawing on its strength in energy technology.

At the same time, we believe it is important to meet the expectations of stakeholders involved in all aspects of our business. To that end, our style of management will continue emphasizing dialog and relationships of trust with all stakeholders.

To this end, Fuji Electric participates in the United Nations Global Compact (GC). We view the 10 universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption as vital guidelines in our global business development and have reflected the GC in the Fuji Electric Code of Conduct, which we rigorously follow.

Fuji Electric this year celebrates 90 years in business. With our 100th anniversary approaching in 10 years, we will further expand our unique energy-related businesses, which are steeped in the strengths of Fuji Electric, with the aim of contributing to society as a truly valuable company. As we take on these challenges, I would like to ask all of our stakeholders for their continued support and understanding.

July 2013

Michihiro Kitazawa

President and Representative Director
Fuji Electric Co., Ltd.

Review of Operations — Financial Results for Fiscal 2012

Increase in Sales and Profits

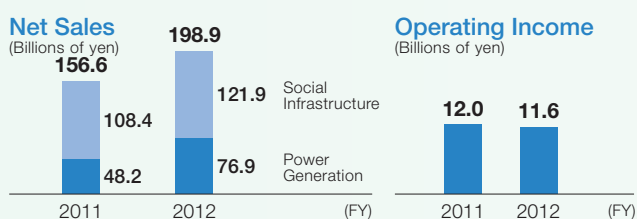
Net sales increased ¥42.2 billion year on year, to ¥745.8 billion, largely due to the contributions of large-scale contracts in the power generation business and the depreciation of the Japanese yen.

Operating income improved ¥2.7 billion year on year, to ¥22.0 billion. This was because the benefits of thorough cost reduction measures, as well as the business restructuring initiatives implemented in the previous fiscal year, outweighed the impacts of intensified cost competition.

Results for each segment were as follows.

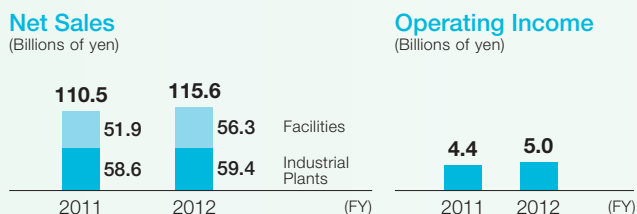
* The following results are stated based on figures prior to reflecting the change in subsegments that took effect from April 1, 2013.

Power and Social Infrastructure



Sales in the power generation business were up year on year due to large scale orders for thermal power plants, but operating results worsened due to the heavy impacts of intensified cost competition, despite the effect of cost reduction measures.

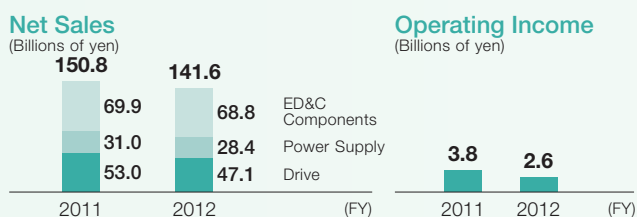
Industrial Infrastructure



In the industrial plants business, sales increased year on year due to relatively firm replacement demand in Japan.

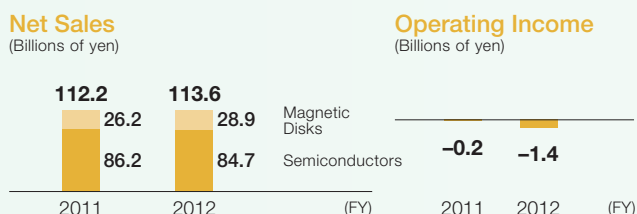
Sales also increased in the facilities business, which benefited from domestic replacement demand and revenues from large-scale projects overseas.

Power Electronics



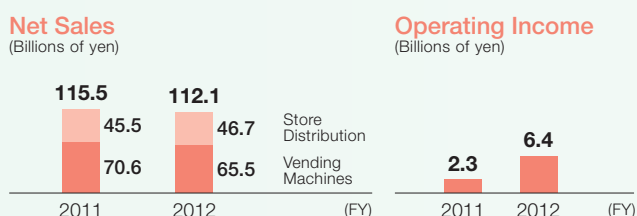
In the drive business, sales decreased year on year following sluggish demand from capital expenditure in China and other overseas markets. However, the benefits of lower costs and general expenses resulted in improvements in operating results.

Electronic Devices



In the semiconductors business, demand in the automotive electronics business was relatively firm, while demand in the industrial and power supply application businesses was down. Industrial demand was down because of globally restrained capital expenditure, and power supply applications were impacted by a slump in the market for TVs and IT

Food and Beverage Distribution



In the vending machines business, there was strong replacement demand for energy-saving environmentally friendly vending machines, and demand for coffee machines for convenience stores. However, sales declined year on year after sales of all food and beverage items sold in vending machines were stopped.

	Net Sales			Operating Income/Loss		
	(Billions of yen)			(Billions of yen)		
	FY2011	FY2012	Change	FY2011	FY2012	Change
Power and Social Infrastructure	156.6	198.9	42.3	12.0	11.6	-0.4
Industrial Infrastructure	110.5	115.6	5.1	4.4	5.0	0.7
Power Electronics	150.8	141.6	-9.2	3.8	2.6	-1.2
Electronic Devices	112.2	113.6	1.4	-0.2	-1.4	-1.2
Food and Beverage Distribution	115.5	112.1	-3.4	2.3	6.4	4.2
Others	112.6	116.9	4.3	2.6	2.9	0.2
Elimination and Corporate	-54.7	-52.9	1.7	-5.6	-5.2	0.4
Total	703.5	745.8	42.2	19.3	22.0	2.7

In the social infrastructure business, demand for solar power generation systems rose following the launch of the feed-in tariff scheme for renewable energy, driving year on year improvements in net sales and operating results accordingly.



Delivery of gas-turbine combined-cycle power generation equipment (Okinawa Electric Power Company, Incorporated Yoshinoura Thermal Power Station)

While operating results in both businesses were impacted by intensified cost competition, these impacts were outweighed by the benefits of higher sales and lower costs, and operating results improved year on year for both businesses accordingly.



Delivery of a large-capacity rectifier package to one of the world's largest aluminum smelters in the UAE (Emirates Aluminium, UAE)

In the power supply business, sales and operating results worsened due to decreased demand for power supplies for the manufacturing industry and for use in IT equipment.

Meanwhile, lower demand from machinery manufacturers in the Japanese market led to the deterioration of sales and operating results in the ED&C components business.



Inverters developed to expand the series of products as part of moves to step up development and commercialization of products that meet local market needs

equipment such as PCs. As a result, both sales and operating results worsened.

In the magnetic disks business, sales increased year on year following the depreciation of the Japanese yen and operating results improved due to the benefits of the business restructuring initiatives implemented in the previous fiscal year.



Fuji Electric acquired a subsidiary of Renesas Electronics Corporation and established Fuji Electric Tsugaru Semiconductor Co., Ltd. with a view to enhancing its production capacity for power semiconductors and dispersing risk

In the store distribution business, sales rose as a result of increased orders for freezing, refrigerating, and energy-saving facilities for convenience stores and other establishments.

Operating results improved for the overall segment due to the benefits from the business restructuring initiatives implemented in the previous fiscal year as well as cost reductions and the introduction of new products.



Coffee machines providing high-quality, fragrant coffee were launched simultaneously in major convenience store chains

Review of Operations — Management Plan for Fiscal 2013

Expand Sales and Profit Mainly in Power Electronics and Semiconductors

In fiscal 2013, we envision net sales rising ¥4.2 billion year on year to ¥750.0 billion with operating income growing ¥5.0 billion to ¥27.0 billion. We aim to accomplish this mainly by expanding power electronics and semiconductors on the back of domestic and overseas recovery in capital expenditures, and climbing demand for solar power generation systems in Japan.

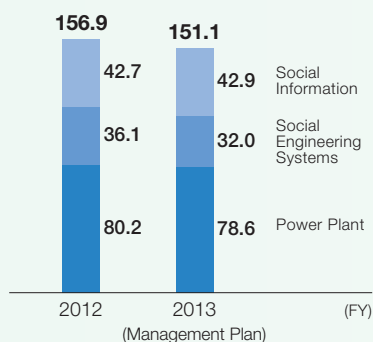
We will take the following initiatives in each segment.

* Effective April 1, 2013, changes were made to subsegments in the Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, and Others segments reflecting revisions to the segments' scope of operations. Accordingly, fiscal 2012 results are shown here under the new segmentation.

Power and Social Infrastructure

Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Subsegments

(Billions of yen)

Subsegments	Main Business Areas
Power Plant	Thermal/Geothermal/ Hydraulic power generation Nuclear power-related equipment Solar power generation systems
Social Engineering Systems	Energy management systems Watt-hour meters
Social Information	Information systems

Forecast for Fiscal 2013 Sales and Operating Results

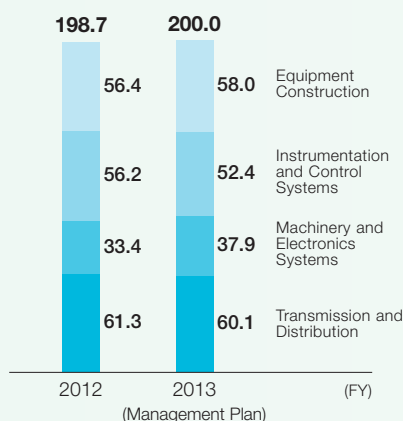
Despite strong growth in solar power generation systems, we project the segment's net sales will edge down ¥5.8 billion year on year to ¥151.1 billion in fiscal 2013, owing to fewer large projects for thermal power plants and a lapse in demand before the switchover to smart meters (next generation watt-hour meters) from watt-hour meters.

We are projecting operating income to decline by ¥0.4 billion year on year to ¥8.0 billion.

Industrial Infrastructure

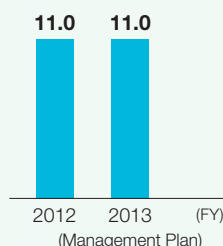
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Subsegments

(Billions of yen)

Subsegments	Main Business Areas
Transmission and Distribution	Transmission and distribution equipment, Industrial power supply equipment
Machinery and Electronics Systems	Industrial drive systems, Heating and induction furnace equipment Factory energy management systems Data centers, Clean room facilities
Instrumentation and Control Systems	Plant control systems, Measurement systems Radiation monitoring systems
Equipment Construction	Electrical and air conditioning equipment installation

Forecast for Fiscal 2013 Sales and Operating Results

We project that the segment's net sales will edge higher by ¥1.2 billion year on year to ¥200.0 billion, driven by higher sales of products and systems for overseas markets, and despite a decline in sales relating to radiation equipment.

We expect that operating income will be on par with the previous year at ¥11.0 billion.

	Net Sales			Operating Income/Loss		
	(Billions of yen)			(Billions of yen)		
	FY2012	FY2013	Change	FY2012	FY2013	Change
Power and Social Infrastructure	156.9	151.1	-5.8	8.4	8.0	-0.4
Industrial Infrastructure	198.7	200.0	1.2	11.0	11.0	0
Power Electronics	148.4	164.5	16.1	1.2	4.8	3.6
Electronic Devices	113.6	111.7	-1.9	-1.4	1.5	2.9
Food and Beverage Distribution	112.1	115.4	3.3	6.4	6.7	0.3
Others	60.6	56.9	-3.7	1.6	1.5	-0.1
Elimination and Corporate	-44.5	-49.4	-5.0	-5.3	-6.6	-1.3
Total	745.8	750.0	4.2	22.0	27.0	5.0

Initiatives in Fiscal 2013

Expand Orders and Sales of Solar Power Generation Systems, and Increase Orders for Thermal and Geothermal Power Station Systems

In the power generation business, we will work to increase orders and sales for solar power generation systems in line with anticipated strong demand in Japan. We will also work to increase orders for thermal and geothermal power generation systems in Asia and other overseas markets.

In social engineering systems, we will endeavor to commercialize smart communities. In addition, further development initiatives pertaining to full-scale introduction of smart meters will be advanced together with preparations for the mass production of these meters.



Work to expand orders and sales of solar power generation systems (Kyushu Solar Farm 7 Miyama Joint Power Station)



A power conditioner

Initiatives in Fiscal 2013

Focus on Energy-saving Businesses and Strengthen Operations in Asia

Fuji Electric will focus on capturing replacement demand in Japan and on energy-saving businesses. Overseas, business expansion efforts will be focused on Asia.

In transmission and distribution, we will consolidate businesses handling power transformation equipment, which is vital to infrastructure building, accelerate new product development, and strengthen our ability to compete on price by expanding overseas production sites.

For machinery and electronics systems, we will use electricity and heat energy visualization and optimization to make entire factories more energy efficient, including machinery, and increase their productivity.

In instrumentation and control systems, we will link various equipment and systems to provide total solutions for entire plants.

Further, we will collaborate with the segment's equipment construction business to bolster engineering services and further expand the solutions business.

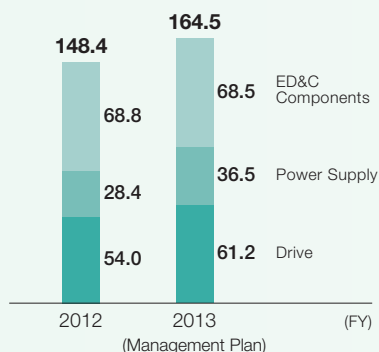


Transforming equipment being installed onsite for Kappa Substation of Eskom Holdings, a state owned-power producer in the Republic of South Africa

Power Electronics

Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Subsegments

Drive
Power Supply
ED&C Components

Main Business Areas

Inverters/ Servo systems, Motors
EV systems, Transport systems
Uninterruptible power supply systems (UPSs)
Power conditioners (PCs)
Power distribution and control equipment

Forecast for Fiscal 2013 Sales and Operating Results

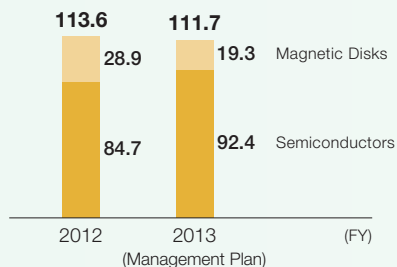
We are projecting a ¥16.1 billion increase in the segment's net sales to ¥164.5 billion. The main factors are expected to be sales expansion, mainly of new inverter products, and higher sales of PCs.

Operating income is expected to climb ¥3.6 billion to ¥4.8 billion, owing to the increase in sales, coupled with the beneficial effects of business restructuring carried out in the previous fiscal year.

Electronic Devices

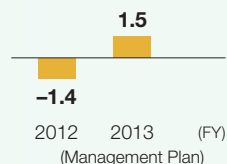
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Subsegments

Semiconductors
Magnetic Disks

Main Business Areas

Power semiconductors
Photoconductive drums, Solar cells
Magnetic disks

Forecast for Fiscal 2013 Sales and Operating Results

We project that the segment's net sales will edge lower by ¥1.9 billion year on year to ¥111.7 billion, due to a sharp drop in sales of magnetic disks. Meanwhile, we are projecting higher sales for power semiconductors, mainly in the industrial and automotive sectors.

Operating income is projected to return to profit, changing by ¥2.9 billion year on year to ¥1.5 billion. This result is expected due to the effects of increased sales of power semiconductors and business restructuring in the previous fiscal year. Profits are expected to decline in magnetic disks, however.

Food and Beverage Distribution

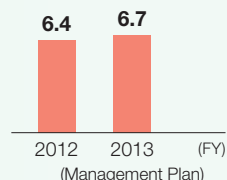
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Subsegments

Vending Machines
Store Distribution

Main Business Areas

Food and beverage vending machines
Retail distribution systems
Showcases
Currency handling equipment

Forecast for Fiscal 2013 Sales and Operating Results

We are projecting segment net sales to increase ¥3.3 billion year on year to ¥115.4 billion. We expect the increase to be driven by higher sales of vending machines in Japan and expanded vending machine operations in China, along with higher sales of retail distribution systems. Meanwhile, sales will be offset by lower sales from vending machine contents (food and beverages) as sales of these have stopped.

We are projecting operating income to grow by ¥0.3 billion year on year to ¥6.7 billion, due to the effect of increased sales and reduced costs.

Initiatives in Fiscal 2013

Overseas Sales Growth Driven by Global Launch of New Products

For drives and power supplies, we will proactively develop and launch new products for the global market in our mainstay areas including inverters, UPSs, and PCs. Concurrently, we will work to reinforce our price competitiveness by expanding production at our new factory in Thailand. We will also focus on developing new products equipped with next-generation power semiconductors (SiC devices), which offer lower power consumption, strong performance in high temperature environments, and miniaturization of the equipment in which they are used.

In ED&C components, we will concentrate on the new energy field in Japan while striving to enhance product lineups and grow sales in Asia and China.



Develop global products such as compact inverters (left) and uninterruptible power supply systems (UPSs) (right) to expand business in Asia and China

Initiatives in Fiscal 2013

Strengthen Power Semiconductors in the Industrial and Automotive Sectors

We will target power semiconductor sales growth, driven by demand recovery in the industrial sector and robust demand in the automotive sector.

In addition, we will look to increase productivity by starting up processing lines for 8-inch wafers, while enhancing price competitiveness by expanding overseas production in countries like Malaysia and China. Moreover, we will speed up the spread of SiC devices—next-generation power semiconductors—by establishing state-of-the-art processing lines for 6-inch wafers for their production.



Start of processing and mass-production of 8-inch wafers for power semiconductors at the Yamanashi Factory

Initiatives in Fiscal 2013

Launch New Vending Machine Models and Increase Business in China

In vending machines, we will bolster development of hybrid heat pump vending machines and other environmentally friendly vending machines.

Additionally, we will work to increase business in China's growing vending machine market by reinforcing our operations capabilities with the addition of two local subsidiaries as consolidated subsidiaries from fiscal 2013.

In store distribution, we will strive to grow orders for store equipment from supermarkets and convenience stores. We will also take steps to expand into new fields such as refrigerated distribution, providing total solutions that leverage our cooling technology to cover every part of the journey from where food is produced to where it is consumed.



Hybrid heat-pump vending machines significantly reduce power consumption

Review of Operations — Overseas Operations

Major Initiatives in Fiscal 2012

Prepared a Base for Expanding Overseas Businesses

The European debt crisis made for a weak market, and demand was especially slow to pick up in China. Conditions were generally harsh, mainly for power electronics and semiconductors of electronic devices. As a result, overseas sales were flat year on year at ¥178.5 billion in fiscal 2012.

Against this backdrop, we forged ahead with the construction of manufacturing, sales, and engineering foundations for overseas business expansion. In manufacturing, we began building a new factory in Thailand looking to grow power electronics sales, chiefly in Asia. We also set up production lines for back-end processing in Shenzhen, China, as a step to expand our business in China's power semiconductor market. Further, we endeavored to augment engineering functions in Singapore and Indonesia to drum up more plant business focused on industrial infrastructure.

Major Initiatives in Fiscal 2013

Expand Production Overseas and Increase Sales through New Global Products

We are targeting sales growth in the industrial infrastructure and power electronics businesses, as well as in semiconductors in the electronic devices business, and vending machines in the food and beverage distribution business. For power electronics, we will develop new global products and expand production at the new factory in Thailand. For power semiconductors, we aim to strengthen price competitiveness by increasing production at the new factory in Shenzhen, China. We will also work to grow vending machine operations, mainly in China, and build up our customer base for the industrial infrastructure business in Asia and China by enhancing sales and engineering networks.

In fiscal 2013, we aim to grow overseas sales by 4% year on year to ¥186 billion.

Asia and Others

For the Asian market where industrial infrastructure investment is expected to expand, we will actively deploy new global products that are produced locally, such as inverters, UPSs, and PCSs, with an eye to sales expansion.

In addition, we will work to boost orders for thermal and geothermal power generation equipment, and plants and systems for materials industries. At the same time, we will strengthen our ability to meet local needs by establishing sales bases in South Korea, Vietnam, Myanmar, and Cambodia.

China

Looking to increase power semiconductor sales in China, we built a new wing for back-end processing production lines at our Shenzhen factory. The objective is to promote product development and production in tune with local needs, and to strengthen our competitive edge. We also aim to expand business by extending our sales network, mainly in industrial infrastructure, and collaborating with local companies to find new customers. In the vending machine business as well, we aim to shore up our operational foundation through the consolidation of two local subsidiaries as we aggressively expand into the China market.

Europe

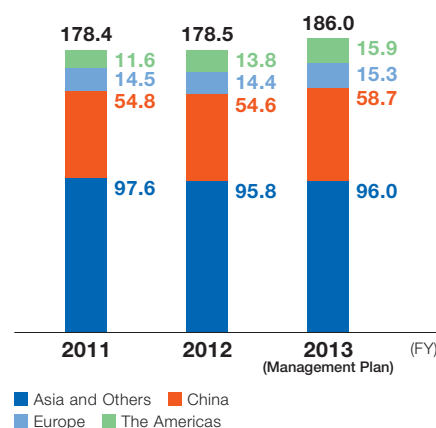
In Europe, demand related to renewable energy and energy conservation is expected to climb. We will work here to augment sales capabilities starting with sales bases and technical centers, roll out new products including power semiconductors and inverters, and reinforce fuel cell sales.

The Americas

In addition to capital participation in a power provider's geothermal project, we will work to increase orders, including by cultivating new customers in fields such as thermal power and biomass power generation equipment. We will also work to tap into major future growth projected in the South American region. Here, our Brazil sales base established in January 2013 will lead development of the inverter, power semiconductor, and industrial plant and system markets.

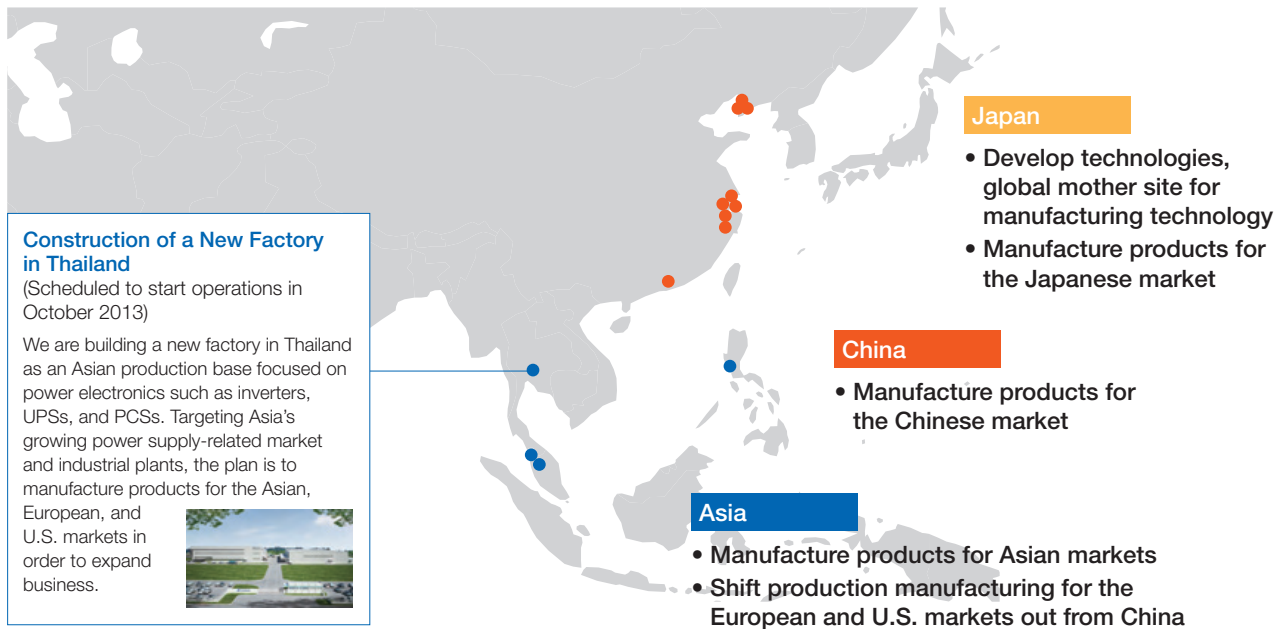
Overseas Sales

(Billions of yen)



Three-Hub Manufacturing Structure

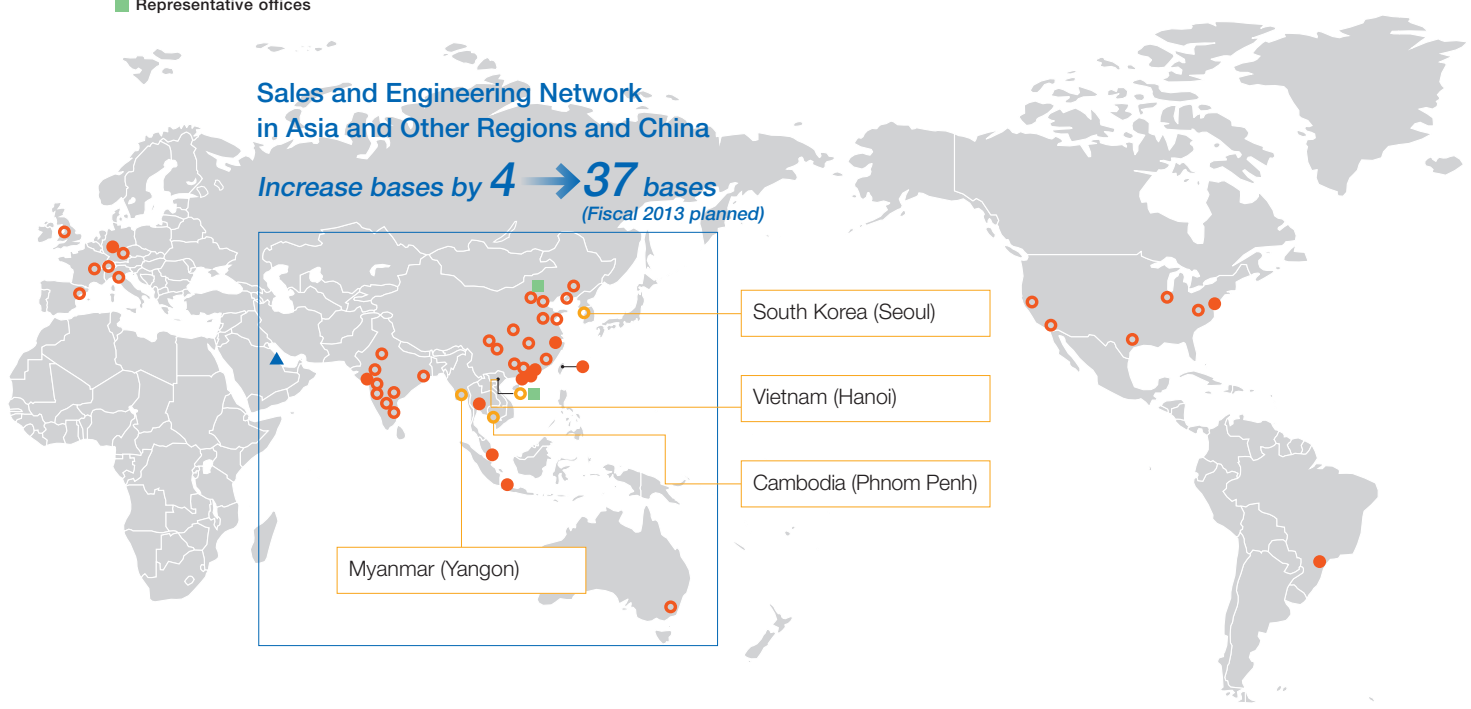
To ensure quality and bolster cost competitiveness as well as distribute risk, we will establish manufacturing hubs in the three countries and regions of Japan, China, and Asia.



Enhance Sales and Engineering Network

We will enhance our sales and engineering network, mainly in Asia and China.

- Sales subsidiaries
- Branches and sales offices of sales subsidiaries (existing)
- To be established in fiscal 2013 (including planned)
- ▲ Branches
- Representative offices



Manufacturing

Based on the approach of local design, production, and usage of its products, Fuji Electric positions Japanese production bases as the mother factories for global manufacturing operations, and has two other hubs in China and Asia. To further enhance our manufacturing capabilities, we have focused on our frontline capabilities, including reforms of supply chains and materials procurement. Going forward, we will also work to strengthen our capabilities in terms of production technology and human resources, with the view to honing our competitiveness further.

Three Pillars Supporting Manufacturing

On-Site Capabilities

The ability to enhance skills required at manufacturing sites, and to achieve benefits such as improved productivity and reduced costs



Manufacturing Technology

The ability to develop and apply manufacturing methods, production processes, and production equipment to achieve customer satisfaction

Human Resource Development

The handing down of our accumulated technologies and skills that are necessary for innovation in manufacturing



Major Initiatives in Fiscal 2012

Strengthening Production Technology Capabilities

We have gathered core production technology personnel at the Facility Technology Center in the Saitama area to develop facility technologies as well as core fundamental technologies. The achievements were applied to actual production facilities and production process improvements in coordination with various Fuji Electric factories. Specifically, as measures to automate production facilities and

lines, we have taken steps to enhance the facility technologies of manufacturing sites by converting tasks and original ideas at these manufacturing sites into simple automated equipment. Harnessing factory automation technology, we are also working on such initiatives as developing automated lines that can support manufacturing of multiple product models in varying quantities.

Simple Automation in Assembly (Otagawa Factory, Fuji Electric FA Components & Systems Co., Ltd.)

We have developed simple automated systems that automate tasks in the breaker assembly process, such as tightening screws and affixing nameplates, at a low cost. We have made screw tightening tasks more efficient by having workers supply the screws and machines perform the screw tightening process. Going forward, we will expand these production technologies globally by applying this system to factories overseas.



Automated screw tightening system

Horizontal Development to Overseas Production Bases (Mie Factory to Dalian Fuji Bingshan Vending Machine Co., Ltd.)

Eyeing expansion in the vending machine business in the Chinese market, we have fully remodeled our production line into one that supports the production of multiple product models. When remodeling the line, employees of Dalian Fuji Bingshan Vending Machine Co., Ltd. trained for about a month at the Mie Factory, a mother plant, to obtain expertise in upgrading production lines before completing the remodeling.



Production line at Dalian Fuji Bingshan Vending Machine Co., Ltd.

Bolstering Human Resource Development

To strengthen manufacturing capabilities, which are fundamental to manufacturers, our factories in Japan are working to amass technologies and expertise in-house while nurturing production engineers and technicians who can succeed at overseas manufacturing bases.

We have made various training programs compulsory, including level-based training on fundamental technologies needed for manufacturing as well as basic training on quality control (QC), industrial engineering (IE), and other subjects for young employees in their second year. Furthermore, we conducted practical training on basic technical skills at the Technical Training Center for new employees, some of whom went on to participate in the National Skills Competition.

Manufacturing Training System

	Engineers	Technicians				
Managers	Management training for managers and senior managers					
Regular employees	Practical training on core technologies (by level), 24 courses in total	Supervisor training (by level) Assistant Manager Supervisor Leader				
	<table border="1"> <tr> <td>Application</td> <td>Manufacturing technologies</td> <td>Management technologies</td> </tr> <tr> <td>Basic training</td> <td>Manufacturing technologies</td> <td>Management technologies</td> </tr> </table>		Application	Manufacturing technologies	Management technologies	Basic training
Application	Manufacturing technologies	Management technologies				
Basic training	Manufacturing technologies	Management technologies				
Young employees/new hires	Basic technology training (IE, QC, VE), 2nd year	New technician training (1 year) National Skills Competition (3 years)				

Learning Everything from Basic to Specialist Skills (Technical Training Center, Saitama)

In technical training for new employees, trainees learn the fundamentals of manufacturing through a year-long dormitory-based training curriculum. From April to August, new employees learn basic tasks such as soldering and tightening screws. From September, the trainees acquire specialist knowledge in electronic devices, machining and other fields. Among the total of approximately 1,800 hours of education and training received, the trainees undergo 1,400 hours of certified training toward the final goal of obtaining qualification. The goal is to train employees who can start contributing immediately after they are assigned to their work stations.



An induction ceremony at the Technical Training Center

Taking on the Challenge of the National Skills Competition

Fuji Electric grooms certain employees to participate in the National Skills Competition, which is a technical skills contest for young people (aged 23 or under, in principle). Through this initiative, the Company seeks to transfer the skills of outstanding technicians to younger employees. In the 50th National Skills Competition held in October 2012, three Fuji Electric employees participated in the die-cutting category. All three received a fighting-spirit award for their work.



Young people compete at the National Skills Competition

Voice

Comment from an Employee



Katsumi Santo
Technical Training Center
Technical and Skills Training Department
Facility Technology Center
Production and Procurement Group
Fuji Electric Co., Ltd.

Using Skills to Interact with the Local Community

Saitama Prefecture, Japan, holds a Manufacturing Fair every year as an initiative to energize local industry. As part of its contribution to the community, Fuji Electric sends trainees from the Technical Training Center to participate in the fair. In 2012, the trainees held an event where they produced and sold handmade key chains made of metallic materials.

The event was managed entirely by the trainees, and provided them with a good opportunity to convey the challenges and appeal of skilled manufacturing to local children.



Trainees helped elementary school children make key chains

Procurement

In order to increase earning power and reduce risk, Fuji Electric has built a global procurement system and strives to reduce the costs of the materials used in products and to keep indirect expenses down.



Members of the IPO Division of Fuji Electric (China) Co., Ltd

Procurement Policy

- Build a global purchasing system
- Reduce indirect costs such as office supplies
- Reduce procurement risk

Major Initiatives in Fiscal 2012

Build a Global Procurement System

Fuji Electric has built an optimal procurement system on a global basis with the aim of bolstering the Company's ability to earn profits.

Aiming to establish International Procurement Offices (IPO) in the four bases of China, Thailand, Singapore, and the U.S., we have cultivated new, blue-chip suppliers at each location, and will continue to provide optimal procurement services to production bases. Also, in order to increase procurement of materials with specifications suited to each region, we have started to enhance our development

purchasing activities by having the procurement division be involved from the development and design phase of new products.

In fiscal 2012, the IPO function was added at Fuji Electric (China) Co. Ltd., and all employees were educated thoroughly about the procurement policy. In fiscal 2013, we will be expanding the IPO function to Thailand and other bases in Asia as well as the U.S., and increasing the local procurement of components, plant materials, and construction work.

Reduce Procurement Risk

As a part of the Business Continuity Plan (BCP), we have secured multiple suppliers for key components as a means of reducing procurement risk and building a stable and continuous procurement platform. In addition to disaster

risk and the like, we also considered currency risk and decided to have one of the suppliers be an overseas company.

* Please refer to page 50 "Risk Management" for information on BCP initiatives.

Promote CSR in Procurement

Fuji Electric believes that it is important to aim to be a company with high social value by working with our suppliers to fulfill our corporate social responsibility (CSR).

In fiscal 2012, we formulated the Fuji Electric Procurement Guideline, Green Procurement Guideline and CSR Procurement Guideline in order to share our corporate philosophy, procurement policies, and CSR approach with our suppliers. Moreover, we revised our CSR Questionnaire for suppliers and clarified the issues that we should tackle together with them.

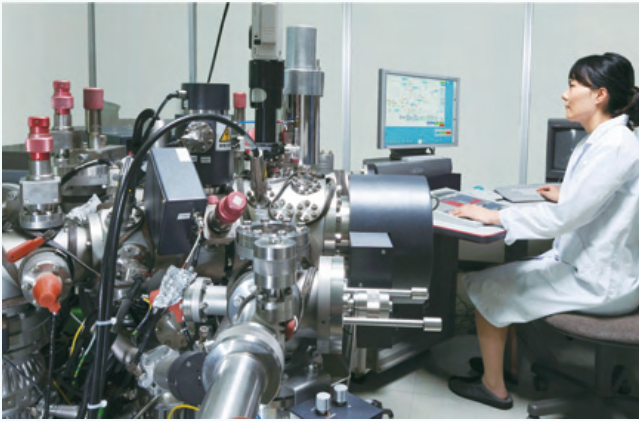
In fiscal 2013, we will conduct a CSR Questionnaire for key suppliers, and work on a global basis to further promote CSR.

Conflict Minerals

Fuji Electric has a policy of not supporting acts that violate human rights through its suppliers. Based on this policy, we have worked to ban the use of minerals associated with the funding of armed insurgents, human trafficking, forced labor, child labor, abuse, war crimes, and other human rights violations. These minerals include tin, tantalum, tungsten, gold and its derivatives produced in the Democratic Republic of the Congo or areas of conflict in surrounding countries.

Research and Development

With its core technologies in power semiconductors and power electronics, Fuji Electric is focusing R&D on products and systems that effectively and stably provide and use electricity and thermal energy.



R&D Policies

- Expand and strengthen core technologies through synergies between our main fields of power semiconductors and power electronics
- Expand solution technologies that utilize distinctive sensor, control, information, and communications technologies
- Globalize R&D activities and promote open innovation

Primary Initiatives

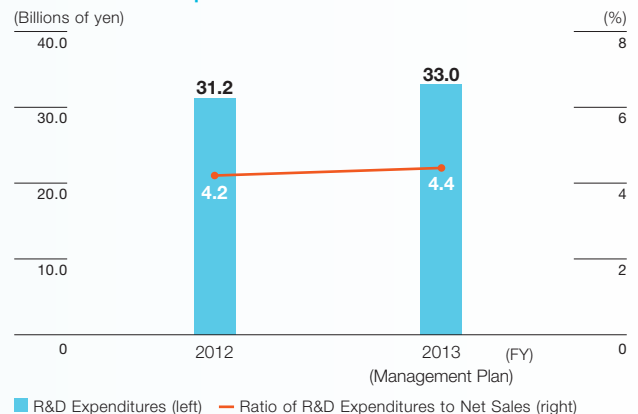
Strengthen Core Technologies in all Aspects and Develop New Products and Materials

In addition to bolstering our core technologies, such as power semiconductors and power electronics, and developing distinctive components and systems, Fuji Electric is working to develop new products that generate Company-wide synergies (thermal, machinery, control).

As an example, we have developed a next-generation power semiconductor SiC (silicon carbide) device which will reduce energy use in a wide range of industrial sectors. We are also accelerating the development of power electronics equipment that apply this SiC device, such as power conditioners and uninterruptible power supply devices.

Furthermore, in addition to thoroughly enhancing our control and sensor technologies, we are pursuing synergies in the research and development of energy management technologies and heat-related technologies.

R&D Expenditures/ Ratio of R&D Expenditures to Net Sales



Promote Open Innovation and Globalization

Fuji Electric is speeding up product development through joint research with research institutions and universities. In Japan, the development of the SiC device has been a joint effort with the National Institute of Advanced Industrial Science and Technology (AIST). Meanwhile, we have partnered with a number of key Japanese universities to work on R&D that will lead to next-generation technologies.

In the U.S., Europe, and China, we are establishing research centers and developing partnerships between academia and industry. We have worked with China's

Zhejiang University to establish the Fuji Electric Innovation Center, where new businesses are being created and new products developed.

We are working to develop products that meet local needs, with a view to rolling them out in global markets, particularly in China and other parts of Asia. We are strengthening our initiatives to develop power electronics equipment and other key products, with the aim of having local design, parts procurement, and production functions in Thailand, China, and other overseas production sites.

R&D Results in Fiscal 2012

Results of Trial Demonstration in Kitakyushu Smart Community

Fuji Electric is a participant in the Kitakyushu Smart Community Creation Project, and is testing the optimal control of energy with a cluster energy management system (CEMS). From fiscal 2012, we conducted the first test in Japan of a system that changes the unit price of electric power according to demand, and found that the amount of electricity used declined by more than 16% (figures released by Kitakyushu City).



SPH3000MG Controller Achieves Both High-Speed and High-Precision

Fuji Electric developed a controller device that allows for high-speed, high-precision control of large amounts of data, centering on the area of steel plant control. The controller delivers high-speed communication processing performance, and can control multiple production line devices. By increasing the production line control accuracy for steel plant equipment, it contributes to improved productivity.



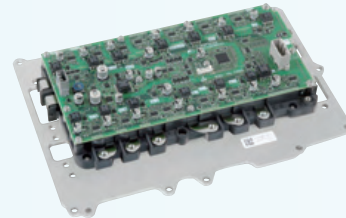
FRENIC-Ace Series Inverters for Overseas Markets

Fuji Electric developed a new series standard class inverter for markets in Asia, China, and Europe. Customers can select the optimal capacity specification from four types (there were previously one or two types) depending on the conditions of use. Among other features, these high-performance, multifunctional inverters can have customized software built in and can drive synchronized motors to adapt them for special applications such as wire drawing machines or hoisting cranes.



Intelligent Power Module for Plug-in Hybrid Vehicles

Fuji Electric developed an intelligent power module (IPM) which helps make plug-in hybrid and full hybrid vehicles more efficient and use less fuel. By raising the heat radiation efficiency of power semiconductors, we packaged two inverter parts and one converter part together to achieve a module that is smaller, and delivers up to 400 kVA of output.



* Please see the Fuji Electric Journal on our corporate website for more information on our latest technological developments.

Voice

Word from a Joint Development Partner: The National Institute of Advanced Industrial Science and Technology



Hajime Okumura
Director
Advanced Power
Electronics Research
Center of the National
Institute of Advanced
Industrial Science and
Technology

The National Institute of Advanced Industrial Science and Technology (AIST) conducts research in a variety of fields that support Japanese industry. To industrialize basic research achievements, we conduct joint research with companies that have experience in manufacturing. We have positioned the utilization of the next-generation power semiconductor SiC as an important theme, and in 2009 we began joint research with Fuji Electric based on the achievements of prior basic research. We are currently working to bring it to practical use, and in 2012 we developed the practical low-loss SiC-MOSFET. Going forward, we want to apply this technology to power electronics equipment, and use it to help conserve energy around the world.

Intellectual Property

In response to the globalization of our business, Fuji Electric, based on respect for both the intellectual property (IP) rights it owns as well as those owned by other companies, is working to implement IP strategies that are aligned with our business and R&D strategies. By advancing these initiatives, Fuji Electric will continue to strengthen and expand its business globally.



IP training conducted at Fuji Electric (China) Co., Ltd.

IP Policies

- Comprehensively strengthen patent portfolio in consideration of business and R&D resources
- Investigate and respond to overseas IP systems and status
- Reinforce IP activities at overseas bases

* Patent Portfolio: A group of patents strategically acquired in relevant technical fields with the goal of securing leeway in business fields, avoiding litigation, and establishing a competitive advantage.
Source: Nomura Research Institute, Ltd.

Major Initiatives in Fiscal 2012

IP Activities in Consideration of Business and R&D Resources

For key research themes and products and materials, the IP divisions worked with the business group and the R&D group to strengthen the patent portfolio. Also, efforts were focused on filing patent applications, centered on businesses related to energy and power electronics.

Main Fields for Patent Applications

- Patents relating to increasing the efficiency of power electronics products and saving energy
- Patents relating to semiconductors such as SiC-related technologies
- Patents relating to vending machines

Global IP Activities

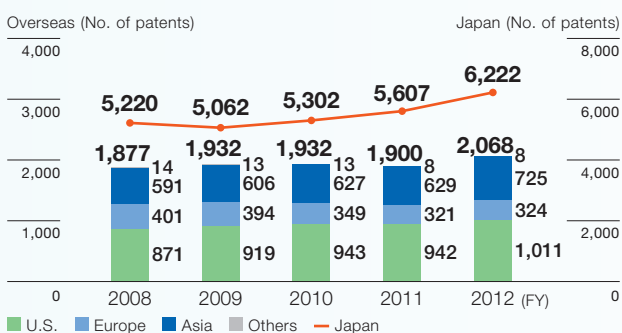
In order to reduce our business risks related to IP on a global basis, we research overseas IP systems and develop countermeasures to handle counterfeit products.

In fiscal 2012, after conducting these activities in China, we researched the latest IP systems in Southeast Asia and India, where we are strengthening our business. Moreover, in addition to working on countermeasures against counterfeit products, including exposing counterfeit product factories in China, we gathered IP information on China through the activities of the Intellectual Property Committee

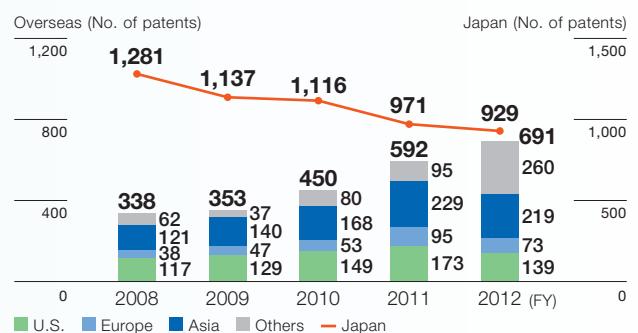
of The Japanese Chamber of Commerce and Industry in China. Furthermore, we increased the number of patent applications filed overseas in conjunction with the globalization of our business.

Going forward, we will continue to build a patent portfolio that will give us an absolute business advantage, and avoid business risks with respect to other companies' patents. We will also aggressively utilize patents in areas such as licensing and collaboration.

Number of Patents Held by Country and Region



Number of Patent Applications by Country and Region



Special Feature: Realizing a Sustainable Society

Fuji Electric aims to realize a safe, reliable, and sustainable society through its business activities.

In this section, we spotlight how our electric and thermal energy technologies help resolve customer problems and social issues in various fields around the globe.

1 Pursuing Energy Savings, Security, and Safety for Manufacturers' Factories and Production Equipment

Fuji Electric draws on its technologies in transformer, drive control, and measurement control systems to support manufacturers through products and systems that help save energy and through services that underpin equipment security and safety.

Case Example

Taiheiyo Cement Corporation — Saitama Plant

Diverse Range of Products and Services Help to Solve Issues in Safe Plant Operations and Energy Saving



The cylinder in the foreground at the Saitama Plant of Taiheiyo Cement Corporation is a cement incineration kiln

The Saitama Plant of Taiheiyo Cement Corporation conducted joint research with the municipal government of Hidaka City to tackle the issue of aging waste disposal facilities. The solution was to develop a cement recycling system using municipal waste*1. The setup employs an in-house rotary

cement kiln for the AK System, which recycles the waste. The AK system enables the effective use of the waste as a cement material after fermentation.

The fermentation process for recyclable waste necessitates gradual fermentation by slashing garbage bags inside a more than 10-meter-long-cylinder rotary kiln over three days while processing a large volume of waste. Fuji Electric's inverter and motor rotate the heavy kiln consistently at low speeds. Such a kiln must be extremely reliable, as once started it must operate uninterrupted around the clock for at least six months. Operations to date have been stable.

Fuji Electric has been helping the Saitama Plant with electrical equipment since the facility entered service in 1995. As the customer's primary concern is stable operation, we built a monitoring control system for the entire cement production process with a DCS*2 to support process control and quality management. We contribute to energy savings with a large inverter-controlled



The production monitoring control system visualizes cement production processes

boiler fan and kiln exhaust fan.

We will continue to respond to the customer's expectations and uphold their trust by supporting the entire plant with a diverse range of products and services.

*1 Municipal waste: Combustible waste generated from households and businesses in Hidaka City, Saitama Prefecture, Japan (excluding such recyclable resources as used paper and PET bottles).

*2 DCS: Distributed Control System.



The drive control system (inverter) controls kiln rotation



Power receiving and distribution substation equipment

Voice

Comment from the Customer



Naomitsu Shinoda,
Manager, Maintenance & Engineering Department
Taiheiyo Cement Corporation

As a raw material manufacturer, a key challenge we face in pursuing customer satisfaction is fulfilling our supply stability responsibilities. We therefore strive daily to run production facilities without any hitches. The AK System, which has operated since 2002, delivers complete recycling without such secondary waste as incinerated ash, recycling almost 100% of municipal waste for cement manufacturing. With municipalities encountering numerous waste disposal issues, we aim to contribute to communities as we cultivate our business. We will continue to build resource recycling systems for the future of the earth in keeping with our commitment to CSR.

Case Example

Emirates Aluminium Company PJSC, UAE

The World's Largest Rectifier for Aluminum Electrolysis to Ensure Customer's Frontline Safety and Security

Aluminum smelting has become popular in such Middle Eastern countries as the United Arab Emirates (UAE) owing to the locally low cost of fuel. Emirates Aluminium Company PJSC (EMAL) is accordingly upgrading its facilities to become the world's largest aluminum smelting business.

Aluminum smelting consumes a lot of electricity in the electrolysis process. The rectifier that generates electricity through power conversion must constantly ensure high energy savings and efficiency. Operations must remain reliably stable over long periods. EMAL chose the Fuji S-Former rectifier for its high reliability and conversion efficiency and a global track record underpinned by technologies that we have accumulated over more than 50 years.

Product performance is not the only priority for customers. More than anything, they prize accident-free installations and operations at sites. EMAL rated our safety-oriented systems designs very highly and placed its trust in our local construction work driven by highly experienced engineers. We are currently moving forward with the second phase of construction.

Aluminum is used around the world to reduce weight in automobiles and aircraft. Demand for this material is expected to keep growing, especially in emerging countries. We will continue to ensure safety and security to customers around the globe through our products and services, thereby earning their trust.



This photo at EMAL's aluminum smelting plant shows some of 12 S-Formers delivered for first-phase construction. Once six more S-Formers are delivered for the second phase, the smelter will be among the world's largest

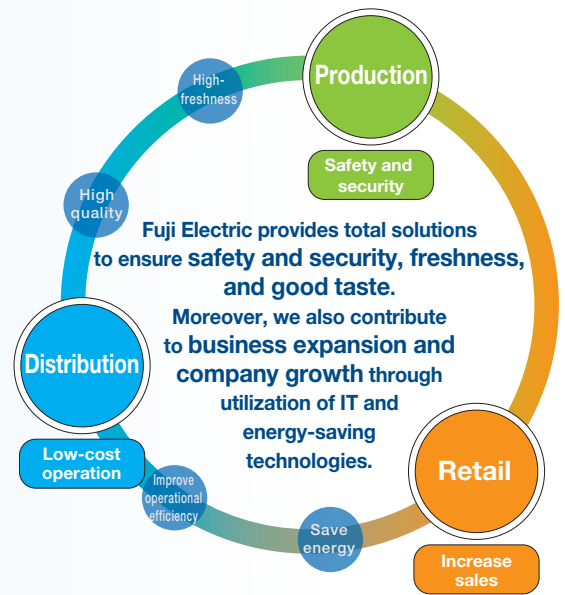
Special Feature: Realizing a Sustainable Society

2 Contributing to Food Security and Safety

Fuji Electric aims to offer security and safety, freshness and good taste in its food and beverage distribution operations.

We wish to help ensure that products that agriculture and fisheries workers have put their sincere efforts into making safely reach store shelves as fresh and tasty offerings for consumers.

Based on our long-term strengths in cooling technology, we propose total food distribution solutions utilizing IT and energy-saving technologies to producers, distributors and retailers.



Case Example

Kumamoto Uki Japan Agricultural Co-operatives

Temperature Management for Refrigeration Facilities Used in Food Production Areas

Kumamoto Uki Japan Agricultural Co-operatives is in Kumamoto Prefecture, Japan, a major citrus fruit production area. The main challenge for this cooperative is to control the sweetness, sourness, and freshness of the dekopon, considered the king of citrus fruits. The key consideration is temperature management in the facility at which the fruit is stored after picking.

To be able to supply the fruit beyond the peak picking season of March through April, dekopons slated for sorting are kept in refrigerated storage. While vegetables and other produce are generally stored at 3°C to 4°C, dekopons are refrigerated at slightly higher temperatures to avoid sudden changes on exposure to outside air during loading, and to ensure that the fruit reaches consumers in the best condition.

Fuji Electric provides a monitoring system that helps maintain perfect temperature and good taste.

This setup meticulously manages refrigerator temperatures as stored fruit volumes fluctuate and workers open and close doors during shipment times. The system warns managers of any abnormal refrigeration conditions.



Warehouse where temperature is maintained by a refrigeration facility



The dekopon, a local speciality of Kumamoto Prefecture

Voice

Comment from the Customer



Hideji Kawasaki
Representative
West Agriculture Center, Citrus Sorting Facility,
Kumamoto Uki Japan Agricultural Co-operatives

We place the highest value on quality maintenance and management. Refrigerator temperature management ensures we can deliver fruit in the best condition to more people because we can maintain quality for as long as possible. We treat dekopons carefully, like children, shipping the fruit after packing each piece by hand to protect it from damage. We strive daily to safeguard the Dekopon brand to encourage more consumers to become fans of this fruit.

Case Example

Lawson, Inc.

Distribution System Transformed by E-Commerce

Fuji Electric Provides Support with Refrigeration Technology, and Design and Implementation Know-How

Internet shopping and other e-commerce activity has expanded rapidly in recent years with the spread of household Internet usage. Lawson, Inc., a major convenience store chain operator, runs the Smart Kitchen delivery service for foods and daily items in conjunction with major online business Yahoo Japan Corporation.

To create a new business that supplies food without passing them through stores, Lawson launched Lawson EC Distribution Center Zama, a refrigerated facility in Zama, Kanagawa Prefecture. Fuji Electric's refrigeration technology ensures strict temperature management in each compartment for different product categories such as frozen foods and perishables.

The refrigeration technology that Fuji Electric cultivated in vending machine and refrigerated showcases over the years and its expertise in designing and constructing stores and warehouses has enabled it to support the retail industry from the distribution side to help make lifestyles more convenient.



Goods disposal space at the distribution center. The room is kept at low temperatures

Case Example

Familymart Co., Ltd.

Proposing State-of-the-Art Eco-Stores to Lead the Industry

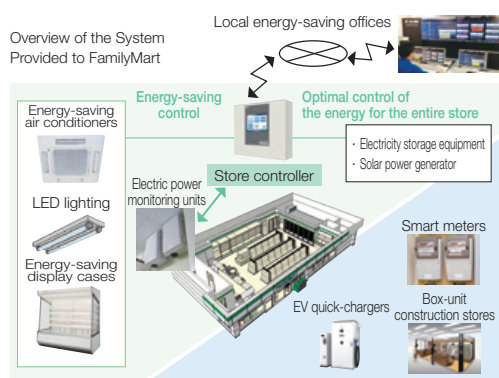
Familymart Co., Ltd., a major convenience store chain, is participating in the experimental Kitakyushu Smart Community Project*. The company has opened FamilyMart Media Park Yahata Shop, which employs advanced energy management systems.

Fuji Electric built systems to optimize the energy consumption of store fixtures such as

energy-saving air conditioners and lighting. These systems automatically minimize electricity costs while maintaining comfortable store areas and product quality. This setup links with a Community Energy Management System (CEMS) to optimize community-wide energy consumption.

Fuji Electric will continue to cultivate smart store operations, proposing optimal solutions through products, technologies, and expertise that conserve electricity and heat energy. Key examples are store energy management systems and showcases and air conditioners that consume less energy.

* The Kitakyushu Smart Community Project is an experimental initiative in which 73 companies and organizations are taking part. The City of Kitakyushu is overseeing the project. FamilyMart and Fuji Electric are among the six companies taking part in the smart store experiment.



Other products provided by Fuji Electric

Voice

Comment from the Customer



Fumiaki Ohno
General Manager, CSR Department
Management Division
Familymart Co., Ltd.

FamilyMart has actively addressed energy-saving at stores as part of efforts to conserve the environment in the course of business. As a new experiment, we have linked the FamilyMart Media Park Yahata Shop with a CEMS. We aim to contribute to the community by helping lower energy consumption fluctuations.

A major attraction of the project is that FamilyMart can contribute to flattening energy consumption not only at stores but also throughout communities in cultivating our operations globally. We hope to extend our business model to Southeast Asia and other areas in which electricity demand is continuing to surge.

Special Feature: Realizing a Sustainable Society

3

Contribution to the Promotion of Clean Energy

There is growing attention on power generation from renewable energy, in light of global warming and other environmental problems.

Fuji Electric aims to realize a sustainable society by providing products that contribute to the promotion of clean energy, such as equipment that can efficiently convert solar and wind power into electricity, steam turbines for power generation based on craftsmanship technology from knowledge of the nature of geothermal steam, and fuel cells that create electricity from hydrogen and oxygen.



Case Example

Fuji Electric Minami Alps Energy Park (Yamanashi Factory)

Start of Onsite Solar Power Business

Contribution to the Promotion of Mega Solar through the EPC (Engineering, Procurement, Construction) Business Model

Fuji Electric Minami Alps Energy Park, a mega solar power generation plant (2 MW), was constructed on the grounds of Fuji Electric's Yamanashi Factory. It started operations in April 2013. The plant sells all of its generated electricity to Tokyo Electric Power Company, Inc., based on Japan's feed-in tariff fixed purchase price system.

When we explore a potential mega solar power generation operation, we verify sunlight conditions, interconnectable transmission lines, and any needs for land improvements. We also discuss transmission grid connections with electric power companies. Power plant construction necessitates total engineering. This encompasses designing of overall facilities, procuring and constructing of materials such as panels and electrical facilities on site, and

maintaining and running facilities after operations start. Fuji Electric has the engineering, procurement, and construction (EPC) expertise to comprehensively deliver these capabilities.

Power conditioners are the core devices for solar power generation systems. They are proprietary products of Fuji Electric for use in mega solar systems. These conditioners employ Fuji Electric's energy-saving power semiconductors, and can operate at a world-leading efficiency of 98.5%, with minimal energy loss.

Fuji Electric will contribute to the promotion of renewable energy by moving forward with its power electronics technologies and expanding its mega solar EPC business.



Solar panels installed onsite at the Yamanashi Factory



Fuji Electric power conditioners (1 MW x 2)

Case Example

U.S. Hudson Ranch I and II Geothermal Power Plants

Participation in Geothermal Power Project in the U.S.



Hudson Ranch I Geothermal Power Plant (HRI): HRI and HRII each generate enough power to serve 50,000 homes in the Southwestern region of the U.S.

Fuji Electric has supplied and installed major facilities for geothermal power generation plants for many customers in Southeast Asia, New Zealand, the U.S., Iceland, and other countries since the 1970s. We have established a position as a leading manufacturer of geothermal steam turbines and generators over the last 10 years, enjoying a 40%

share of the world market.

Fuji Electric supplied a turbine and generator to the Hudson Ranch I geothermal power plant (HRI) in California, which started commercial operations in March 2012. We were selected by the customer based on their evaluation of our rich experience and highly developed technologies, including technologies for enduring geothermal environments, which are highly erosive and corrosive.

We participated as an equity-holding member in the Hudson Ranch II (HRII) project, an expansion project being developed in the same area. Through the implementation of HRII, we will acquire further know-how in the geothermal power generation business. This will enable us to continue supplying even more efficient and reliable geothermal power generation plants to the market.



The turbine Fuji Electric supplied for HRI

Case Example

Yokohama Tsurugamine Hospital

Fuel Cells Ensure Continuous Power Supply When Disaster Strikes

Following the Great East Japan Earthquake, the Yokohama Tsurugamine Hospital installed fuel cells as emergency power generators out of a heightened awareness of the need for uninterrupted power supply systems. Fuji Electric's fuel cells normally run on city gas, supplying 100 kW of electricity and hot water at 60°C. In the event of a disaster, proprietary fuel changeover technology enables these fuel cells to switch to stored LP gas and keep running, maintaining supplies of electricity and hot water for evacuees.

Because fuel cells can deliver uninterrupted supplies of electricity and heat during emergencies, Fuji Electric is endeavoring to expand the use of these systems to hospitals and other key public facilities. We are applying our technology in Japan

to fuel cells* that run on digestive gases from sewage treatment facilities. In Europe, we are working on fuel cells with low oxygen content by-product levels for fire suppression.

* Fuel cells running on digestive gases became subject to Japan's feed-in tariff fixed purchase price system for renewable energy, which went into effect in July 2012.



Fuel cells installed adjacent to a residential area

Voice

Comment from the Customer



Masaki Uchida
Head Office Manager
Yokohama Tsurugamine Hospital

The initial impetus for installing fuel cells was to secure electricity in the event of a disaster. Once the system was in place, we found that we were able to produce hot water from waste heat. We have not had to worry about noise, and have cut carbon dioxide emissions, so we have been satisfied at having a power supply source that is good for the community. We hope that more hospitals and public facilities employ Fuji Electric's fuel cells.

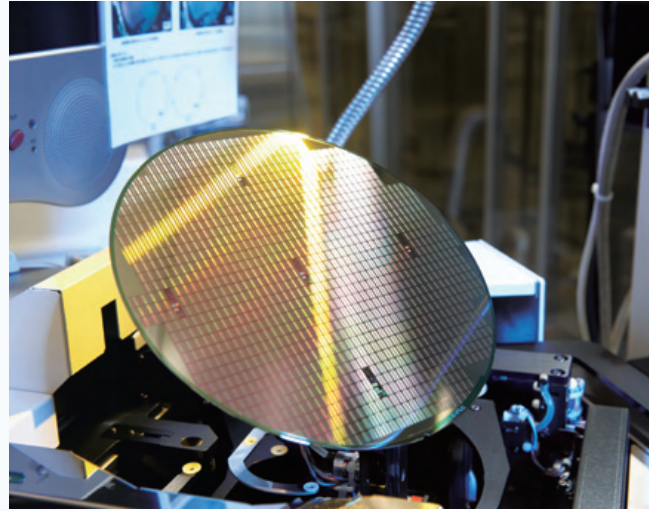
Special Feature: Realizing a Sustainable Society

4

Power Semiconductors Realize Advances in Electrical Equipment

Power semiconductors are all around us, including in manufacturing facilities and automobiles and as power converters in such renewable energy applications as wind and solar power generation. Power semiconductors are electronic parts that regulate electricity. Customer products incorporate these devices, which vary in form according to functional or power requirements and play a key role in performance and electricity consumption.

Fuji Electric will draw on its advanced power electronics technologies to constantly evolve power semiconductors and contribute to industrial and social infrastructure energy savings and comfortable living.



Case Example

FANUC CORPORATION

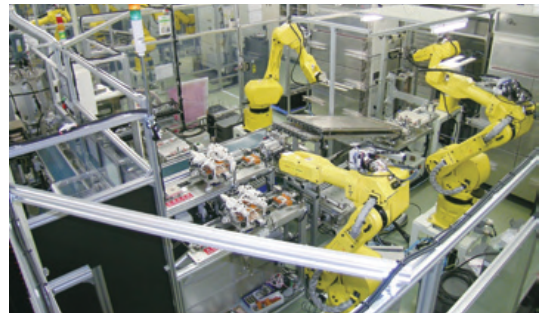
Power Semiconductors Indispensable to Energy-Saving in the Industrial Sector

The yellow robots of FANUC CORPORATION incorporate state-of-the-art electronics technologies and have an excellent reputation for their smooth and agile movements. Robots perform machining at high speed, and with precision and efficiency around the clock at manufacturing sites around the world. Core components of these robots are Fuji Electric's insulated gate bipolar transistor modules (IGBTs)*.

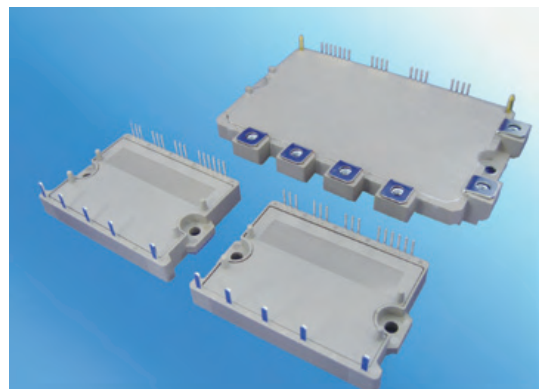
IGBTs control the rotational speed of the motors of robots so that they can move swiftly and smoothly. These modules also control rotational angles. They enable fine machining at a precision of one-250,000th per 360° turn making it possible to manufacture small precision products.

Apart from in robots, power semiconductors — whose applications also include elevators, commercial air conditioners, and other industrial areas — are used in everything from general purpose inverses for conserving energy to uninterruptible power supply systems that safeguard equipment. Power semiconductors contribute to manufacturing technologies, product advances, and energy savings around the world.

* IGBTs are power semiconductors that can handle high voltages and currents.



A robot in use at Fuji Electric Power Semiconductor's Omachi Factory

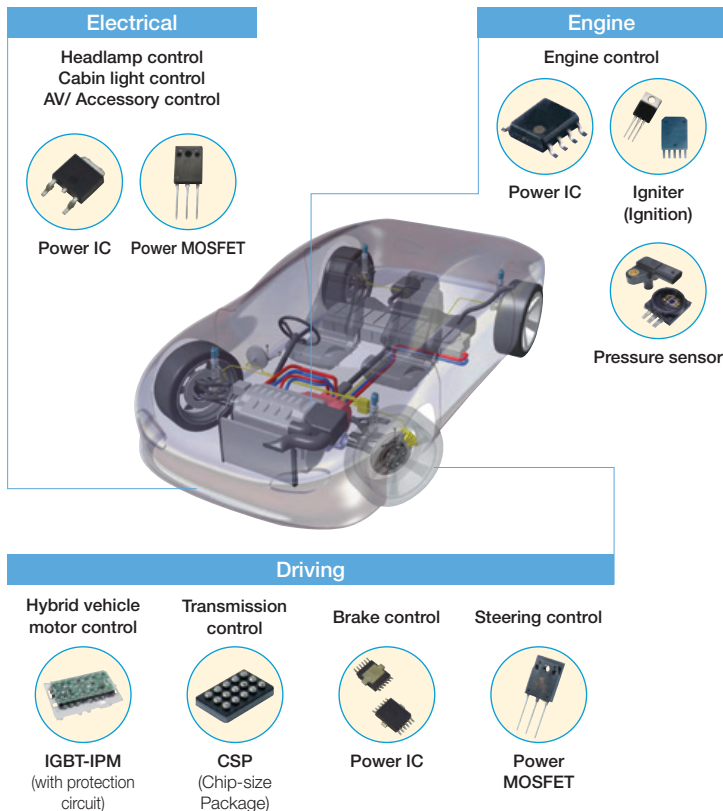


IGBT modules installed in robots

Case Example

Automakers

Meeting the Need for Vehicle Safety and Security with High Reliability and High Performance



Electricity is playing an increasingly important role in hybrid cars, electric vehicles, and other next-generation automobiles. Power semiconductors, which regulate electricity, are used in engines, brakes, and steering controls, and many Fuji Electric products are used in these applications.

For example, in battery-powered next-generation automobiles, IGBTs control charges and discharges between batteries and motors, playing a vital role in improving fuel economy, and maximizing the distance that a vehicle can travel on a single charge.

Automotive parts must withstand the most demanding usage conditions to fulfill all-important safety requirements. Fuji Electric's power semiconductors satisfy these requirements through high reliability and performance. We will continue to supply environmentally friendly products and technologies in the years ahead.

Case Example

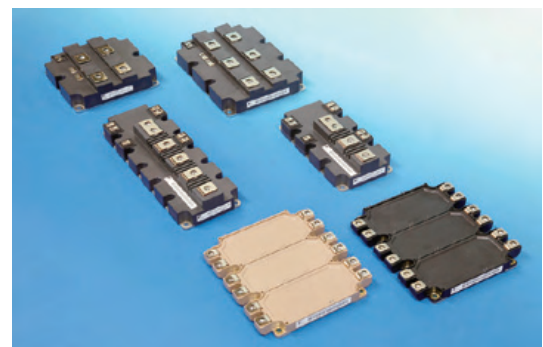
Major Wind Power Generation Equipment Manufacturer in the U.S.

Highly Reliable IGBT Module for Long-term Operation in Wind Power Generator

Wind power generation systems transform the energy of wind into electricity. The role of power converters is to transform the electrical energy produced from the irregular rotations of windmills into stable currents. Fuji Electric's IGBT modules are incorporated in the power conversion equipment of a leading U.S. wind power generator manufacturer that is growing its business worldwide.

We created an IGBT in an unprecedented 1,400-amp, 1,700-volt package to enable efficient conversion of electricity from windmills that are dozens of meters tall.

Wind power generation systems produce electricity over long periods, so power conversion devices must deliver long-term reliability. Fuji Electric's IGBT modules surpass the high quality standards of customers, and have been central components of power conversion devices. We will continue to create offerings that match strict quality requirements.



IGBT modules installed in power transformer equipment

Special Feature: Realizing a Sustainable Society

5 Developing Products to Meet the Needs of Emerging Markets

Demand for electricity in fast-growing emerging markets is soaring as many new plants, office buildings, and other structures are put up. As new power stations are constructed to stabilize electricity supplies, a key challenge is to reduce energy consumption and CO₂ emissions.

Fuji Electric endeavors to manufacture products that satisfy customers around the world by localizing engineering, manufacturing, and consumption. We are striving to resolve energy issues by offering products that contribute to energy savings.



Case Example

Air Conditioning System Design Company in Singapore

Major Contribution to Energy Saving in Asia, Where Demand for Electric Power is Rising

Development of Special Inverter for Air Conditioners — FRENIC-HVAC

The various applications of inverters include air-conditioning systems, pumps, elevators, cranes, conveyors, and machine tools. Fuji Electric draws on its world-leading technologies to create a diverse lineup of products that it sells throughout the world.

Air-conditioning systems are living essentials in office buildings, hotels, hospitals, schools, and shopping centers. Markets for these systems are expanding, particularly in emerging market

countries. Inverter control of the motors that drive the pumps and fans of the systems can greatly conserve power consumption. Air conditioning systems applications are the greatest segment of the global market for inverters. Specialty inverters that Fuji Electric developed for the Asian air-conditioning market have started to be adopted broadly, particularly in Asia, since commercialization in March 2012.



Fuji Electric inverter
FRENIC-HVAC

Voice

Comment from the Customer



Mr. Don Yeo
Project Manager
Air System Technology (s) Pte. Ltd.

We had known about Fuji Electric but this was the first time for us to use its products. Air conditioning systems of new buildings generally incorporate inverters to control energy savings. But inverters for such systems need water- and dust-proof structures, special protocols for communicating with building monitoring systems, and noise filters, reactors, and other special functions and circuits. We thought very highly of Fuji Electric's FRENIC-HVAC inverters for incorporating all these functions. We therefore decided to employ them for one of our key projects where our reputation is at stake.

Exhaustive Survey of Market Needs

We developed FRENIC-HVAC for air conditioning systems in Asia after extensively researching local needs. For example, it is the first wall-mountable slim inverter from a Japanese manufacturer. The inverter is easy to install anywhere, unlike conventional Japanese models that must be stored in protective cases. We enabled outside installation by making the structure waterproof and dustproof, incorporating the noise filter and all other key air conditioner functions in one unit. The operation panel can handle 19 languages, including Asian ones. We have made the system very affordable by manufacturing it overseas and procuring around 80% of components outside Japan.



Fuji Electric Asia Pacific employees discussed all aspects of the specifications based on local market needs

FRENIC-HVAC simplifies air conditioning systems while retaining its inherent quality and performance. It has been very well received by customers constructing air conditioning systems, particularly in Asia.

FRENIC-HVAC is a global model developed with collaboration between various business units at Fuji Electric. We aim to extend our lineup in the years ahead.



External unit of the air conditioner system installed on an office building roof

Voice

Comment from an Employee



Samson Lim (Photograph, right)
Sales
Fuji Electric Asia Pacific Pte. Ltd.

We decided to create a new air conditioner inverter for the Asian market, so we needed to assess the specifications and pricing that Asian customers sought. FRENIC-HVAC fully reflects Asian needs, and we can proudly recommend it to our customers. This offering has enabled us to approach completely new customers. We will continue to enhance Fuji Electric's presence in the enormous Asian market.

CSR Activities

Human Resources

To expand its business globally, Fuji Electric is working to develop teams of diverse individuals not only of varying nationality and gender, but of different values and ways of thinking, in order to bolster our strategic capabilities. Our goal is to strengthen our competitiveness by incorporating diverse values across our full range of business activities, and for this reason we have made diversity a priority in our personnel strategy.

We have also embarked on efforts to ensure that all employees, in Japan and overseas, have a true understanding of basic human rights, and that respect for those rights is an integral part of the connection between people and corporate activities.



Career planning program for female employees

Developing Global Personnel

To expand our operations in close association with the global communities in which we operate, Fuji Electric is active in developing global personnel. We believe it is important that local employees intimately familiar with each region's language, business customs, and markets share common management policies and business strategies with personnel in Japan, working together to promote our business.

Major Initiatives in Fiscal 2012

- Establish a global personnel development program in Japan.
- Implement a Japan-based trainee program for overseas local recruits.
- Implement Business Leader Development Training for local employees at all sites in China.

Global Personnel Development Program in Japan



* Global Business Training Program: A program for dispatching trainees to overseas bases for a certain period so that they can experience working under local conditions.

Voice Comment from a Trainee from the Fuji Electric Europe Semiconductor Department



Christian Zahrt
Industrial Module Technology Department
Business Planning Division
Electronic Devices Business Group

Through my work in the Industrial Module Technology Department helping to pull together the business in Europe, I am learning about power semiconductor technology and business processes. I feel this training has really encouraged the idea that we can support the European business from Japan. In the industrial power semiconductor field, many important client companies have their R&D bases in Europe, and design-in activities can lead to greater competitiveness. I hope to use the knowledge and experience I've gained during this training to improve design-in capability, and to further strengthen collaboration in development between Japan and our European sales and marketing company.

Enabling Women to Play Active Roles

One area of focus in Fuji Electric's diversity initiatives in Japan is to encourage female personnel to play an active role. Our initiatives here include providing career development support for female employees.

To date, Fuji Electric has established a Sister System, under which senior female employees serve as role models for younger women and offer counseling; a system of co-working training with supervisors to ensure those returning from childcare leave can make a smooth return to the workplace; and a variety of other skills development training designed to bring more women into management positions. As part of our effort to reform workplace culture, we have also implemented diversity development training programs targeting the management level.

Career Planning Program for Female Employees

As part of our efforts to encourage more women to aim for management positions, from fiscal 2012 Fuji Electric began offering a career planning program for female personnel. The program targets female personnel who are motivated to compete for management positions, as well as women who have been recommended as management

candidates by their department heads. The program objectives are as follows.

- Understand "what is management"
- Develop a clear picture of one's own future career
- Clarify own issues and strengthen weak points
- Promote daily guidance and development from supervisors

During fiscal 2012, 19 employees participated in the program, which ran for six months and included five two-day group sessions.

Female Employees and Managers

	FY2011	FY2012	FY2013
Number of female employees (full time)	1,818	1,743	1,745
Ratio of female employees	(12.2%)	(11.8%)	(12.1%)
Number of female in management	17	33	40
Ratio of female in management	(0.74%)	(1.4%)	(1.5%)

* Management: Manager rank or higher.

* Data collected from: Fuji Electric Co., Ltd., Fuji Electric FA Components & Systems Co., Ltd., Fuji Office and Life Service Co., Ltd., Fuji Electric IT Center Co., Ltd., Fuji Electric Finance and Accounting Support Co., Ltd., Fuji Architects and Engineering Inc., and Fuji Electric Frontier Co., Ltd.

Initiatives to Promote Respect for Human Rights

As a result of a comprehensive ISO 26000-based review of its CSR initiatives in fiscal 2011, Fuji Electric recognizes that as it expands its business globally, it needs to establish a global standard for addressing human rights. As part of that effort, we began working to put in place a framework for ensuring that the human rights of all employees of the company are respected. In fiscal 2012, Fuji Electric began a series of interviews with local employees and human resource divisions at our locations overseas to ask about their human rights situations and to better understand the human rights risks in each country. In Japan, we implemented level-specific training in global-standard approaches to human rights, and also held study sessions for members of our Human Rights Advisory Committee where lecturers from international human rights NGOs were invited to speak.

Going forward, we will continue to bring together information on human rights risks overseas by region, put in place structures and guidelines for dealing with human rights issues, and work to establish a common set of tools within Fuji Electric for building awareness of human rights.



Oral surveys of human resource divisions and employees of overseas bases about the local human rights situation

METI Selects Fuji Electric for the "Diversity Management Selection 100"



In fiscal 2012, the Ministry of Economy, Trade, and Industry (METI) established its Diversity Management Selection 100 project, which recognizes firms that have achieved results in improving productivity by utilizing a diverse workforce and creating innovation. Fuji Electric received an award as one of the companies selected in the initial year of the program.

In addition to its efforts to promote the advancement of female personnel, in fiscal 2000 Fuji Electric introduced a selective system of extended employment for older personnel, and today many of these employees play a central role in passing on important technical skills and knowledge. We are also working to enhance employment opportunities for people with disabilities, expanding the base of our special-purpose subsidiary and adding new kinds of work.

Environment

Efforts to protect the global environment are a key management issue for Fuji Electric, and with the establishment of our Basic Environmental Protection Policy, we continue to promote environmental management with the goal of contributing to global environmental protection through our business activities.

In addition to our environmental protection activities, in fiscal 2012 we began a new Smart Factory Initiative in response to changes in power supply conditions following the Great East Japan Earthquake. This effort is built around the concept of reducing energy use, and better visualizing, understanding, and optimizing our consumption of power.



Fuel cells installed at the Yamanashi Branch Factory under the Smart Factory Initiative

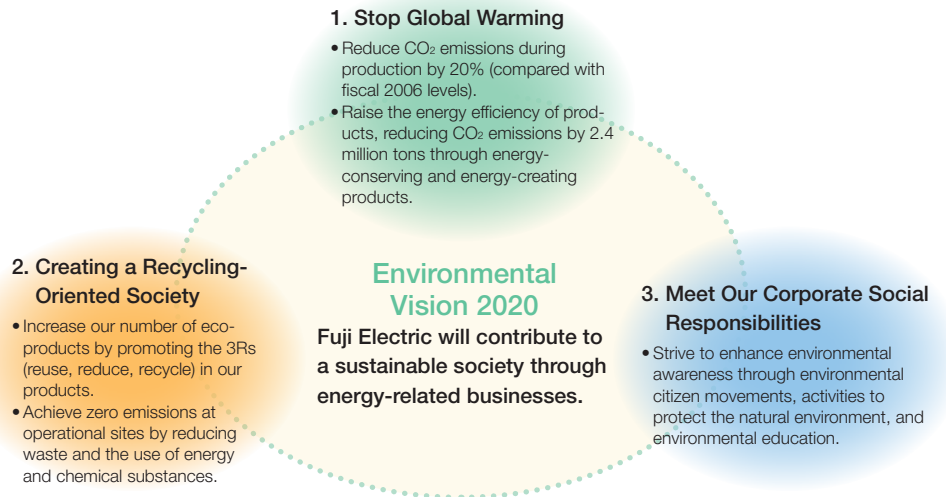
Basic Environmental Protection Policy

1. Offering products and technologies that contribute to global environmental protection
2. Reduction of environmental burden throughout product life cycles
3. Reduction of environmental burden in business activities
4. Compliance with laws, regulations, and standards
5. Establishment of environment management systems and continuous improvements of the systems
6. Improvement of employees' environmental awareness and social contribution
7. Promotion of communication

(Revised in 2003)

Environmental Vision 2020

Fuji Electric's Environmental Vision 2020 was established to provide direction for our medium- to long-term environmental activities, centered around stopping global warming, creating a recycling-oriented society, and meeting our corporate social responsibilities. In addition to reducing the environmental load of our own production activities, our goal is to achieve a sustainable society by providing energy-saving, energy-creating products and technologies.



Environmental Management 3-Year Rolling Plan

To achieve the goals of the Environmental Vision 2020, Fuji Electric has formulated an Environmental Management 3-Year Rolling Plan, designed to promote ongoing efforts.

In addition, through our Fuji Electric Global Environment Protection Committee, which reports directly to the president, and the Fuji Electric Global Environmental Promotion Responsibility Council, comprised of officers responsible for environmental management at each of our locations, we evaluate our activities for the current fiscal year and discuss, develop, and execute new initiatives for the following year.

3-Year Rolling Plan



Environmental Vision 2020

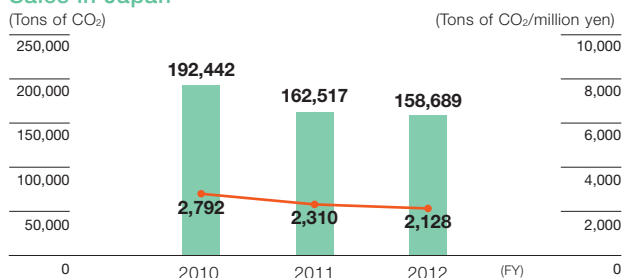
* Please refer to our corporate website for more information about the fiscal 2012 goals and accomplishments of our environmental management promotion structure.

Efforts to Stop Global Warming

Reducing CO₂ During Production

In fiscal 2012, Fuji Electric expanded its efforts to conserve energy and curb energy costs. While energy costs were expected to rise 7.2% with the impact of rate increases, we succeeded in holding the rise in cost to 1.9% by a combination of upgrading to higher-efficiency facilities and equipment, controlling the number of units in operation, and installing inverter systems to control peak power use, among other measures.

CO₂ Emissions and CO₂ Emissions per Unit of Sales in Japan



■ CO₂ Emissions (left) — CO₂ Emissions per Unit of Sales (right)

* The emissions per unit of sales is calculated by dividing the CO₂ emission amount by consolidated net sales.

Smart Factory Initiative

In response to changes in power supply conditions in recent years, Fuji Electric has embarked on a new Smart Factory Initiative.

Under our Smart Factory Initiative, we coordinate effective use of our expertise in electric and thermal energy technology with production planning to optimize energy use.

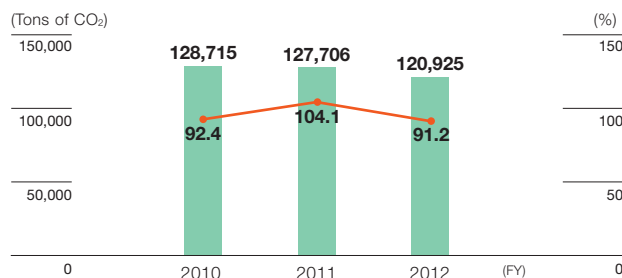
In fiscal 2012, four of our factories—in Kawasaki, Tokyo, Yamanashi, and Mie—were selected for conversion to Smart Factory sites due to the proportion of electric and

thermal energy used and the nature of their production methods. Having analyzed their unique energy usage patterns, and established a concept for implementing smart energy use based on those results, we have now started work to develop a concrete plan of action.

In fiscal 2012, we succeeded in reducing CO₂ emissions from production by 17.6% (compared to fiscal 2010 levels), exceeding our fiscal 2012 target of a 12.3% reduction.

Overseas, energy-saving diagnostics and other activities resulted in a 6.1% reduction in CO₂ (compared to fiscal 2010), versus our fiscal 2012 target of a 2.6% reduction.

Overseas CO₂ Emissions per Unit of Production



■ CO₂ Emissions (left) — CO₂ Emissions per Unit of Production (right)

* Emissions per unit of production is the amount of CO₂ emitted by production volume (presented taking the value for FY2006 to be 100).

thermal energy used and the nature of their production methods. Having analyzed their unique energy usage patterns, and established a concept for implementing smart energy use based on those results, we have now started work to develop a concrete plan of action.

In fiscal 2013, we will verify the Smart Factory Initiative concept and then roll it out at other factories. The results will eventually lead to the development of smart factory proposals for our customers.

Examples of Initiatives

Fuji Electric Matsumoto Factory

Realizing Environmental Targets Linked to Improved Operating Results

At the Matsumoto Factory, which produces semiconductors, 40% of the energy used is consumed in maintaining clean room ambient conditions (temperature and humidity, cleanliness, airflow, and air pressure). In fiscal 2012, we focused on efforts to make these clean rooms more energy-efficient.

Because minute changes in ambient conditions can have an impact on product quality, the facilities, manufacturing, and quality assurance departments worked together to repeatedly test quality against changes in conditions, before arriving at a set of operating conditions that would

ultimately satisfy both clean room ambient conditions and product quality requirements.

As a result, we exceeded our target for reducing energy consumption by 40%.



The Fuji Electric Fan Filter Unit with Inverter (clean room upper chamber) controls airflow optimally for each work area

Reducing Society's CO₂ Emissions through Products

Fuji Electric is aiming to reduce society's CO₂ emissions by providing Eco-Friendly Products and Environmental Contribution Products.

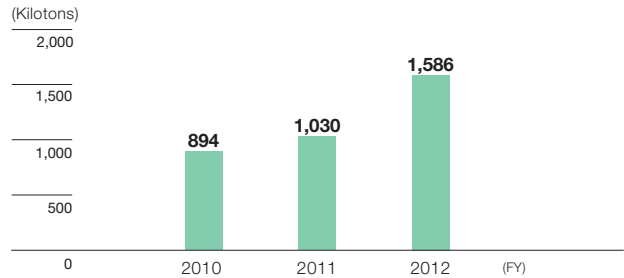
In fiscal 2012, we achieved a reduction of 1.58 million tons, against the result of fiscal 2011, 1.03 million tons, exceeding by 0.56 million tons.

One such initiative has been the establishment of a common Fuji Electric Eco-Product Certification System designed to expand the range of "eco-products" and "super eco-products." The goal is to increase the ratio of sales of eco-products among overall sales to 70% by 2020 (this ratio was 29.5% in fiscal 2012).

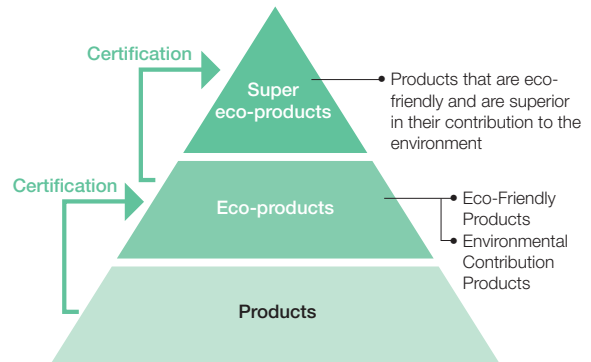
Eco-Product Certification System

Fuji Electric evaluates the degree of product eco-friendliness on a company-wide platform. Products meeting fixed criteria are certified as "eco-products," while those that are at the top of the industry for environmental benefit and contribution, and which are recognized outside the Company at the national level for environmental superiority are labeled "Super eco-products."

Reduced CO₂ Emissions through Products



* Amount of CO₂ reduction based on one year of operation of products shipped for each fiscal year.
 * Calculated making reference to the quantification method of GHG emission reductions stipulated in the Electrical and Electronics Industries' Commitment to a Low Carbon Society.



Eco-Friendly Products: Products that have a reduced environmental impact over the entire product lifecycle. These products are superior to traditional products in at least four of six standard areas, including energy conservation, resource conservation, and recyclability.

Environmental Contribution Products: Products that contribute to environmental preservation during use. Products that contribute to the environment by utilizing natural energy or information and communication technology.

Super Eco-Products in Fiscal 2012

Agency for Natural Resources and Energy Director's Award Received at the Superior Energy Conserving Machinery Awards

In the 33rd annual Superior Energy Conserving Machinery Awards held by the Japan Machinery Federation in fiscal 2012, Fuji Electric was recognized with the Agency for Natural Resources and Energy Director's Award for its HX Series of uninterruptible power supplies (UPS) equipped with a 3-level IGBT module, and for its PVI Series of power conditioners (PCS).

Both products were recognized for their world-class energy-saving performance. Fuji Electric's proprietary new 3-level IGBT module significantly reduces power losses generated in the conversion between alternating and direct current, with the HX series of UPSs achieving a conversion efficiency of 97%, and the PVI series of PCSs achieving 98.5% efficiency.



Initiative to Create a Recycling-Oriented Society

Waste Reduction

In addition to reducing waste, Fuji Electric has worked to promote resource recycling, with a focus on attaining the goal of zero waste emissions — a ratio of waste sent to landfills to total waste of no more than 1%.

In Japan, waste recycling enabled Fuji Electric to achieve its goal of zero waste emissions in fiscal 2004, and we have continued to meet our targets in the years since.

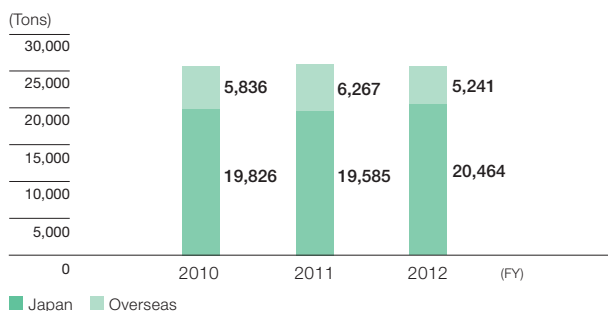
Further, in fiscal 2011 we revised this target to “under 0.5%,” and worked to strengthen our efforts in resource recycling.

In fiscal 2012, two new factories (in Chiba and Tsugaru*) came online in Japan, increasing both waste generated and landfill-bound waste, but with the latter ratio at 0.43%, we were nevertheless able to achieve our target.

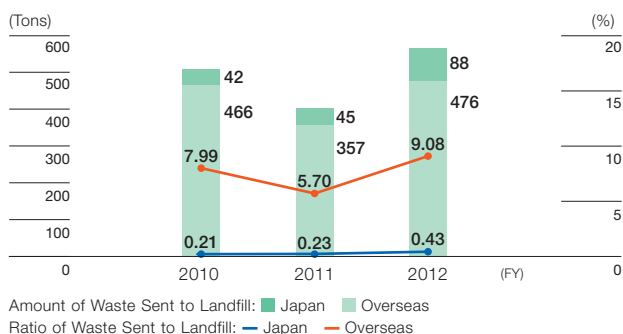
In addition, we have launched zero emission activities at our overseas factories. Worldwide, waste treatment and disposal and resource recycling infrastructure is far less advanced than in Japan, particularly in emerging countries. At its overseas operations, Fuji Electric is working to bring the ratio of waste sent to landfills down to 7% or less in fiscal 2013.

* Tsugaru: Fuji Electric Tsugaru Semiconductor Co., Ltd.

Amount of Industrial Waste



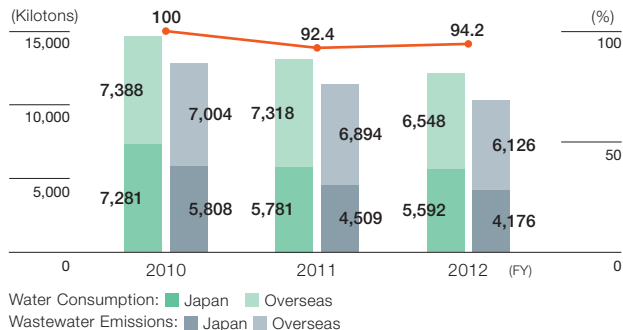
Amount and Ratio of Waste Sent to Landfill



Efficient Use of Water Resources

In view of the problem of global water resource depletion, in addition to its efforts to comply with wastewater quality requirements and reduce wastewater, in fiscal 2012 Fuji Electric launched a new initiative aimed at more efficient use of water resources. Using fiscal 2010 levels as a standard, this initiative aims to reduce both total water intake and base units of consumption at our domestic manufacturing sites by 1% each, with the goal of reducing those levels by 10% in fiscal 2020.

Water Consumption and Wastewater Emissions per Unit of Production



* Water consumption per unit of production is the amount of water consumed for the amount of production (Presenting FY2010 level as 100).

Examples of Initiatives

Fuji Electric Power Semiconductor Omachi Factory

Fusing Production Streamlining with Environmental Activities for a Whole-Team Effort to Reduce Waste

In fiscal 2004 the Omachi Factory, which assembles IGBT modules and other semiconductor products that contribute to energy savings, succeeded in recycling 100% of waste generated, and has continued to maintain zero emissions ever since.

Recognizing that initiatives to eliminate assembly defects through production streamlining efforts could lead to a further reduction in waste generated, in fiscal 2012 the factory set targets for elimination of defects as an environmental initiative, and began addressing the issue through a collaboration between staff of its manufacturing, quality assurance, and technology departments. At the same time,

these efforts were coordinated with the activities of its on-site quality control circle, and the entire staff worked to promote further waste reduction activities.

As a result, generated waste was reduced by 72% compared to fiscal 2010 levels. Going forward, we plan to continue these initiatives for integrating production streamlining and environmental activities.



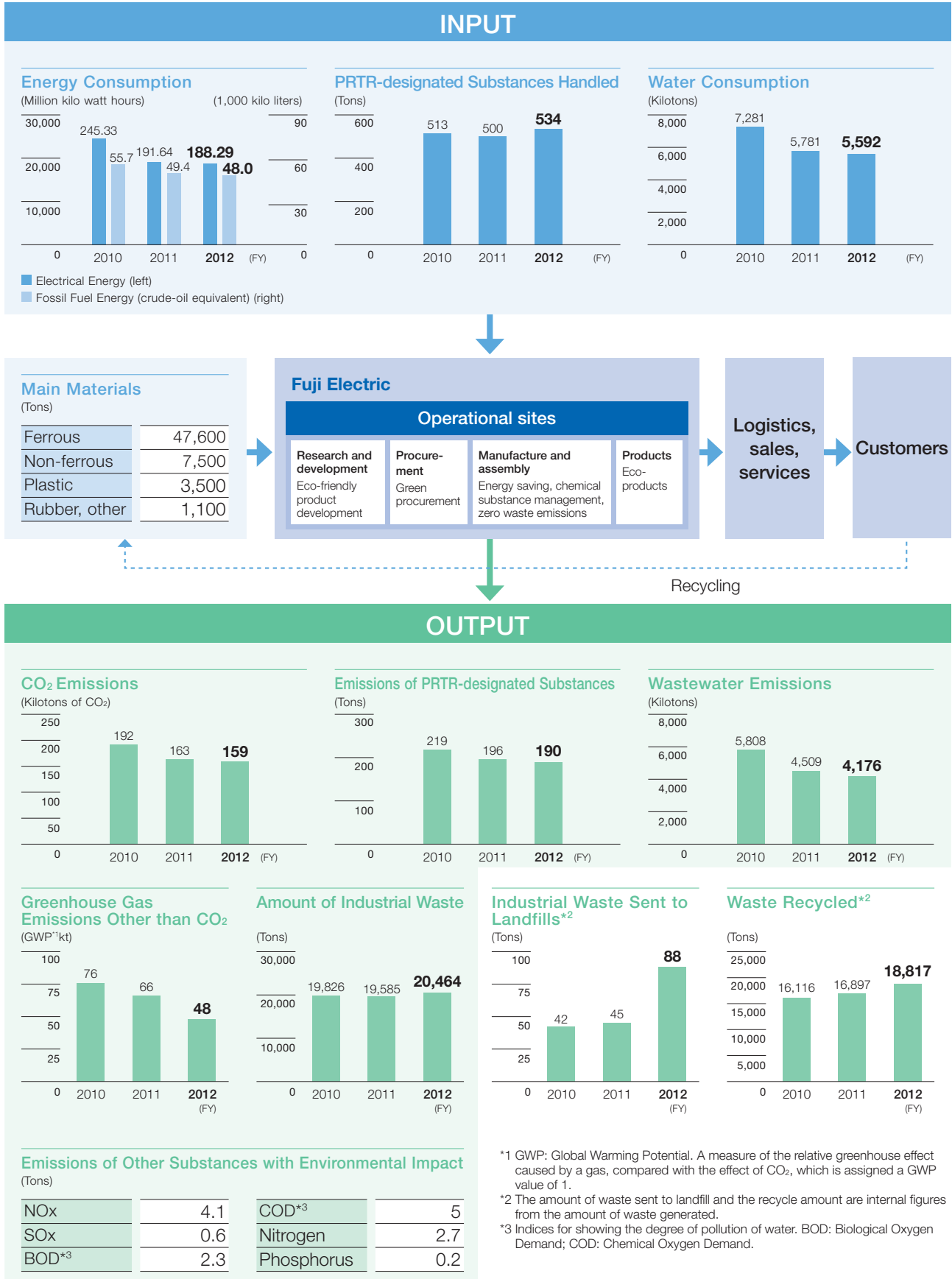
Waste reduction is incorporated into the activities of the quality control circle

Mapping the Interplay between Business Activities and Environmental Impact

Fuji Electric is constantly working toward more efficient use of resources and energy and the reduction of waste throughout all of its business activities. We are also

proactive in our efforts to be more environmentally conscious across the entire product and service lifecycle.

Scope: Production Bases in Japan



Contributing to Communities

Using the human resources and technology it has nurtured through its business activities, Fuji Electric works to ensure that as many of its employees as possible are active in communities around the world, with a basic policy of contributing to solutions to the issues those communities face.



Fuji Electric (Shenzhen) Co., Ltd.
Tree-planting activity "Green Shenzhen A Comfortable Place to Live"

Key Themes and Main Activities in Fiscal 2012

■ Theme 1: Protecting the Natural Environment

- Restoring farmlands, restoring rural woodlands
- Forestry conservation activities (planting, thinning, etc.)

■ Theme 2: Promoting Youth Development

- Conducting science classes for school children of all levels (building motors by hand, lectured on energy, etc.)
- Practical science training for teachers, etc.
- Environmental school

Case Example

An Opportunity to Communicate the Excitement of Manufacturing

Since 2009 Fuji Electric, working with the Board of Education of Hino City, Tokyo, where we have an office, has offered training in practical science skills for the city's elementary school teachers. Using everyday items such as paper clips and other materials to make a motor, the teachers learn about key points of fabrication, and how those principles are used in society in general. The sessions thus provide them with information that can have practical application in the classroom. In fiscal 2012 the program was extended to include junior high school teachers, providing them with an opportunity to gather information on the latest trends in energy technology, and to share methods for applying the knowledge in the classroom.

Fuji Electric also works with the Japan Institute for Social and Economic Affairs* under its program to provide corporate training to teachers through private-sector companies. In fiscal 2012, for our 6th program, we invited teachers from Hino City to participate as part of their 10th year training. By disassembling a vending machine, they learned about its functions and underlying technology, and gained an understanding of manufacturing techniques. They also practiced

Promoting Youth Development — Training for Teachers

working with puzzles as a way of facilitating group discussion about the kind of human resources companies are looking for. We hope that these experiences will prove useful to them in the classroom, whether they are teaching children about the excitement of creating things with their own hands, or working to nurture the kind of people society will need in the future. The lecturers and assistants for these sessions are made up entirely of employees who have volunteered their own time. This interaction with people from other occupations provides those employees with a valuable learning opportunity.

* The Japan Institute for Social and Economic Affairs: An organization dedicated to broadly disseminating information on economic thinking and business activity in Japan and overseas, while providing input from society in general to economic and business circles.



Hino City practical science training for teachers



Tokyo corporate training for teachers

Voice

Comment from Hino City Board of Education, Tokyo



Masaaki Sato
Supervisor
Hino City Board of
Education

With the cooperation of Fuji Electric's base in Hino City, the Hino City Board of Education provides training in practical science skills centered around the themes of electricity, power generation, and electromagnetics, and hands-on training for teachers. By conducting experiments in electricity generation and storage, building their own motors, disassembling and studying the structure of a vending machine, and other activities, participants gain first-hand exposure to leading-edge technology, which in turn helps them to craft more appealing science classes.

In addition, training that enables teachers to learn more about private-sector technology and thinking also provides them with a valuable opportunity to consider the future of school-based learning and human resource development.

Management Structure

Corporate Governance

To realize its corporate mission, Fuji Electric is reinforcing its corporate governance by increasing management transparency and enhancing the oversight function.

Corporate Governance Framework

Fuji Electric's corporate governance framework consists of the Board of Directors, which performs the functions of management supervision and making important decisions, and Audit & Supervisory Board Members and the Audit & Supervisory Board, which are in charge of the management audit function.

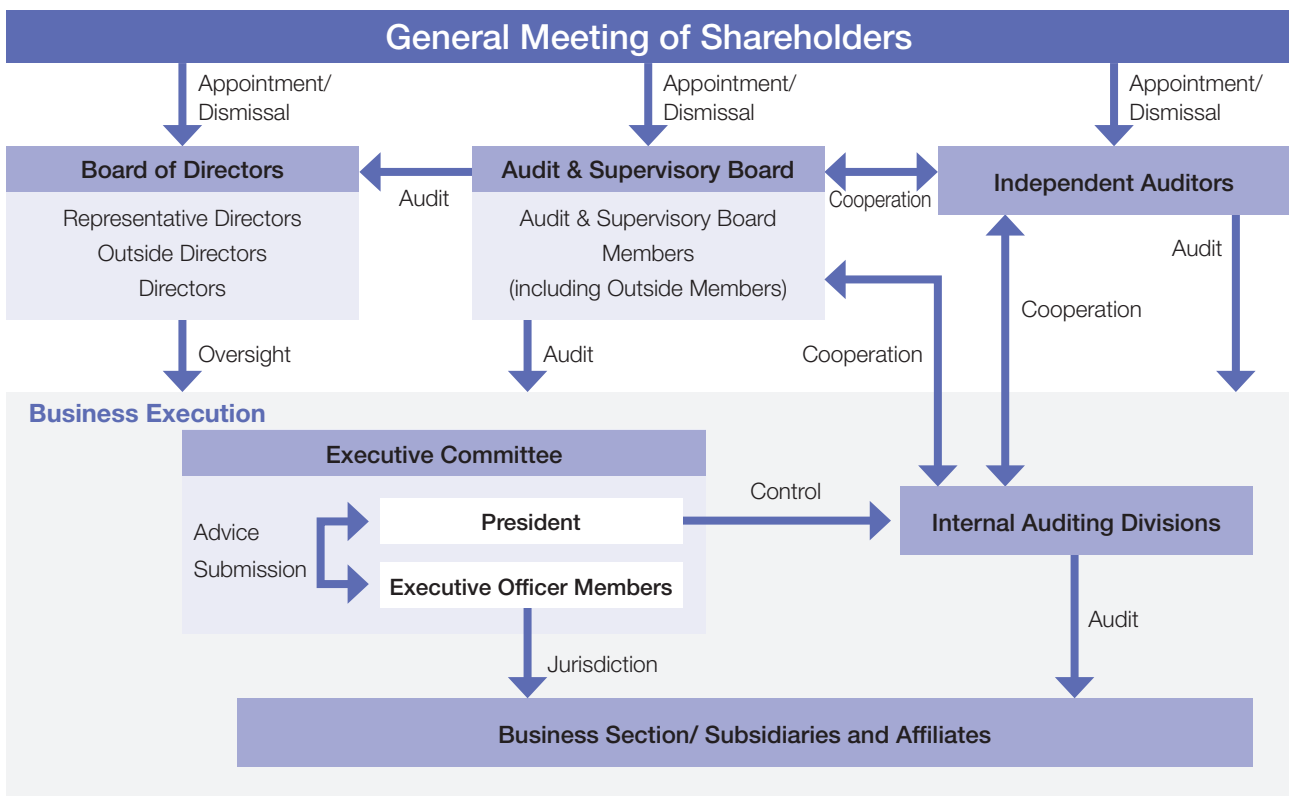
Comprising 10 Directors (including three Outside Directors) and five Audit & Supervisory Board Members (of whom three are Outside Members), the governance framework is designed to reinforce the Company's management supervision and audit functions. To this end, the system

actively calls on outside officers, making them an essential part of the system.

Outside officers fulfill the role of providing management supervision and management audits from an objective perspective. At the same time, they provide useful advice and instructions across the entire spectrum of Fuji Electric's business, helping to ensure the appropriateness of management judgments.

Fuji Electric uses the executive officer system to strengthen business execution functions.

Corporate Governance Framework



(1) Directors and Board of Directors

The Board of Directors conducts decision-making and oversight of the management of Fuji Electric and the execution of its important business. Fuji Electric proactively appoints Outside Directors with a view to strengthening the management supervisory function from an objective perspective and maintaining the validity and propriety of business decisions.

(2) Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board inspects Fuji Electric's management and business execution. In addition to our proactive appointment of Outside Audit & Supervisory Board Members, auditing functions are enhanced by having Standing Audit & Supervisory Board Members attend the Executive Committee.

(3) President, Executive Officers, and Executive Committee

The President has ultimate responsibility for execution of business and makes decisions on matters of business execution other than those decided upon by the Board of Directors. The Executive Committee is composed of executive officers and functions as a consulting system for the president. It fulfills functions such as deliberation and recommendation of important matters, and reports to enable monitoring of the status of management. Each executive officer controls the execution of the business of which he is in charge.

The Selection of Outside Officers

To ensure that outside directors augment Fuji Electric's management supervisory function and assure the adequacy and appropriateness of important decisions, the standards for outside officers are that they have the insights and experience necessary for making multifaceted management decisions, understand Fuji Electric's management, and are independent from the Company. Candidates for Outside Directors are selected after taking all these factors into due consideration.

Candidates for Outside Audit & Supervisory Board Members are chosen after taking into overall account such aspects as their ability to reinforce Fuji Electric's management audit function, whether they have the insights and experience necessary to make management judgments, their understanding of Fuji Electric's management, and their independence from the Company.

Based on the aforementioned, Fuji Electric has appointed three Outside Directors: Mr. Hiroaki Kurokawa, who has experience as a manager in the manufacturing sector; Mr. Motoyuki Suzuki, who is an expert in environmental engineering; and Mr. Mareto Sako (appointed June 2013), who is experienced in the management of financial institutions.

Our three Outside Audit & Supervisory Board Members are Mr. Takahiko Ito, a Standing Audit & Supervisory Board Member at a listed company; Mr. Yoshiki Sato, a manager of a financial institution; and Ms. Akiko Kimura, an attorney.

These outside officers have all been appointed as independent directors as required by financial instruments exchanges.

In fiscal 2012, the rates of attendance of outside officers at the Board of Directors (which was held 13 times) and the Board of Auditors (which was held 10 times) were 90% and 88%, respectively.

Executive Remuneration

Fuji Electric has established a remuneration system and remuneration levels for Directors and Audit & Supervisory Board Members that are deemed appropriate for their respective duties and in accordance with the shareholders' mandate, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the improvement of business performance.

(1) Standing Directors

As Standing Directors are charged with the responsibility of improving consolidated operating performance for each fiscal year and realizing improvements in corporate value over the medium- to long-term, their remuneration is structured and managed in two categories: base remuneration and performance-linked remuneration.

• Base Remuneration

Base remuneration is a predetermined amount that is paid to executives according to their position. A portion of the base remuneration is contributed to the director shareholding association to share the economic interests of shareholders and as an incentive to make management aware of share value.

• Performance-linked Remuneration

Performance-linked remuneration is paid only in instances in which dividends are paid to shareholders from retained earnings. The total amount of executive performance remuneration shall be within 1.0% of consolidated net income for the fiscal year prior to the date of payment in order to make the link with consolidated results for each fiscal year more transparent.

(2) Outside Directors and Outside Audit & Supervisory Board Members

Remuneration for Outside Directors and Outside Audit & Supervisory Board Members is paid as a predetermined amount, according to their rank, as Outside Directors and Outside Audit & Supervisory Board Members are charged with the duty of supervising or auditing the execution of duties across Fuji Electric. Outside Directors and Outside Audit & Supervisory Board Members may acquire stock in the Company at their own discretion.

Total Amount of Remuneration Paid to Directors and Audit & Supervisory Board Members (Fiscal 2012)

	Number of recipients	Amount of payment (Millions of yen)
Directors	13	310
(of which, Outside Directors)	(4)	(22)
Audit & Supervisory Board Members	7	80
(of which, Outside Members)	(5)	(22)

- Notes 1. The above payees include four Directors (one of whom was an Outside Director) and two Audit & Supervisory Board Members (two of whom were Outside Members) who retired at the conclusion of the 136th Ordinary General Meeting of Shareholders held on June 26, 2012.
2. The amount of remuneration for Directors shown above does not include performance-linked remuneration for fiscal 2012.
3. In addition to the above payment, the Company paid ¥7 million to employees who concurrently assumed the office of Director (two employees) as salary for employees.

Internal Control System

The Fuji Electric Board of Directors determines basic policies concerning the establishment of an internal control system as stipulated in the Company Act, and the Company discloses those policies. Fuji Electric's company-wide internal control system is designed to respond promptly and accurately to the demands placed upon the Company by society, and improvements are continuously made to it.

Note: For details please refer to the "Corporate Governance" section under "Investor Relations" of our website.

Compliance

We employ thorough measures to ensure compliance with laws and corporate ethics and always act with a high degree of social conscience to achieve sustained corporate growth.

Basic Compliance Policy

The Fuji Electric Code of Conduct, which was revised in October 2010, states that we shall “Respect, value and conform with all applicable laws and regulations,” which has been incorporated into our basic policy. We have established the Fuji Electric Compliance Regulations and

the Fuji Electric Compliance Program, which bring together four aspects of domestic and overseas compliance (internal rules, oversight, monitoring, and education), based upon this policy, to achieve sustained growth.

Compliance Promotion Structure

The Fuji Electric Compliance Promotion Committee, which is headed by the president and composed of the managers responsible for compliance, with outside experts (attorneys) as observers, has jurisdiction over compliance.

The committee meets twice each fiscal year to deliberate compliance planning and execution with the goal of achieving full compliance with laws and social norms globally.

Global Promotion of the Compliance Program

Fuji Electric is bolstering the compliance of its overseas operations.

In addition to globally consistent items that apply at all overseas sites, such as the prohibition of discriminatory acts and unfair dealings, including bribery and corruption, the Fuji Electric Compliance Program reflects the laws and regulations of each region where we conduct business. We practice compliance on this basis through the actions of all our subsidiaries in Japan and overseas.

Conducting Compliance Training

Fuji Electric has created a compliance training program for officers and employees of the Company and its subsidiaries that addresses matters they encounter in the course of their business activities. Compliance training has two main thrusts: level-specific and job-specific courses.

- **Level-specific Training**

Level-specific training is tailored to executives, managers, and new employees of consolidated subsidiaries in Japan. Training lasts a half to one full day, with sessions focusing on the Fuji Electric compliance framework and the Fuji Electric Compliance Program.

In fiscal 2012, training was conducted for around 39 newly appointed directors, 152 senior managers, and 151 new employees.



- **Job-specific Training**

Job-specific training takes the form of classroom-based group sessions that feature items for consideration in practical business situations. In fiscal 2012, training was conducted for 718 sales and administrative unit personnel covering a variety of themes including the Antimonopoly Law.

In fiscal 2013, we are promoting an e-learning initiative for overseas subsidiaries.

Operation of Whistle-blowing Systems in Japan and Overseas

To prevent infractions of laws, regulations and internal rules and ensure early detection, Fuji Electric has introduced the Business Ethics Helpline System. Under this system, employees in Japan and overseas can report violations or suspected violations of laws or company rules to Fuji Electric's president via the department responsible for compliance or through an external lawyer.

In July 2012, we initiated a Partner Hotline, which handles notifications from business partners about Fuji Electric's materials procurement operations. Building more reliable trading relationships with our suppliers is part of fulfilling our social responsibility.

Risk Management

We are redoubling our management of a broad range of risks, including disaster preparedness measures, protection of intellectual property, and information security.

Basic Policy on Risk Management

Based on the Fuji Electric Risk Management Regulations, which were formulated in May 2006, the various risks that could affect the Company (strategic, financial, operational, and hazard risks) are recognized and evaluated in a coordinated, systematic manner and are appropriately managed and processed.

In preparing risk management structures and implementing risk countermeasures, the Corporate Division is

responsible for common risks that affect the entire Company, and the business divisions and affiliate companies are responsible for risks associated with business activities, such as delays in new product development and reduced cost competitiveness. When business plans are formulated for each fiscal year, the business risks are analyzed and factored in to the plans.

Crisis Management in Preparation for Large-Scale Disasters

(1) Fire Safety and Disaster Preparedness Initiatives

Learning lessons from the Great East Japan Earthquake, we have revised our disaster response rules and regulations and produced a Disaster Prevention and Procedural Manual. Based on this manual, we have created a disaster preparedness headquarters system. We have also put in place thorough measures to ensure that structures and facilities are earthquake resistant and renewed our cache of emergency stores at operational sites and affiliates.

At least once each year, we conduct training on preparedness for large-scale disasters at each operational site, including overseas bases.

(2) Business Continuity Initiatives

Fuji Electric aims to ensure that it can continue its operations even if an unexpected event such as a natural disaster or accident occurs. To this end, we are continuously working to improve our ability to respond to various risks and recover our operations, aiming to be able to continue providing a stable supply of high performance, high quality products and services required by our customers. In fiscal 2012 we formulated a business continuity plan (BCP).

We will continuously refine this BCP going forward, and increase the lines of products covered.

Business Continuity Plan Sheet

Enhancing Information Security

(1) Development of Information Security Policy and Regulations

To protect personal and confidential information, Fuji Electric has formulated a policy and regulations, instituted training programs for employees, and implemented other measures.

Overseas, based on our information security policy and regulations, each company has also drafted security regulations for overseas bases, taking into account individual countries' laws and regulations. We stepped up our initiatives to educate employees about information security, distributing an information security handbook to all employees and ensuring that all employees are aware of the issues. We conducted overseas information security audits at 34 companies in fiscal 2012. Going forward, we will make ongoing improvements throughout Fuji Electric, including overseas bases.

(2) Third-party Certification Related to Information Security

Companies that handle customers confidential and personal information, and who require a high level of information security management, acquire outside certification. As of April 1, 2013, six of our operations (at four companies) had acquired ISMS certification. Also, two companies—Fuji Electric Co., Ltd., and Fuji Electric IT Center Co., Ltd.—have acquired PrivacyMark certification.

Intellectual Property Activities

As part of our intellectual property activities, we employ a system to monitor patents on a daily basis to ensure against the inadvertent infringement of third-party patents. To prevent infringement, we also conduct compliance program training.

With respect to our own patents, we actively acquire patent rights to protect our business. We also take measures against counterfeit products and other steps to reduce risks related to intellectual property.

* Please see page 28 for further information about Fuji Electric's activities in intellectual property.

List of Officers

(As of July 1, 2013)

Directors



Michihiro Kitazawa
President and Chairman of the
Board of Directors



Yoshio Okuno
Representative Director



Hisao Shigekane
Representative Director



Hiroaki Kurokawa
Outside Director
Senior Executive Advisor,
FUJITSU LIMITED



Motoyuki Suzuki
Outside Director
Emeritus Professor, The University of
Tokyo; Auditor (Non-standing), Tokyo
Institute of Technology; Visiting
Professor, The Open University of Japan



Mareto Sako
Outside Director
Advisor, Nippon Tochi-
Tatemono Co., Ltd.



Michio Abe
Director



Takamichi Hamada
Director



Naoto Yoneyama
Director



Junichi Matsumoto
Director

Auditors



Toshio Shinozaki
Standing Auditor



Toshihiko Ishihara
Standing Auditor



Takahiko Ito
Outside Auditor
Standing Auditor,
Furukawa Electric Co., Ltd.



Yoshiki Sato
Outside Auditor
President and Representative
Director,
Asahi Mutual Life Insurance
Company



Akiko Kimura
Outside Auditor
Advisor,
Anderson Mori & Tomotsune

Executive Officers

President	Michihiro Kitazawa	General Management
Executive Vice Presidents	Yoshio Okuno	Assistant to the President; Sales Management; Corporate General Manager, Global Sales Group
	Hisao Shigekane	Assistant to the President; Corporate General Manager, Corporate Management Planning Headquarters; General Manager, Export Administration Office; In charge of compliance management and crisis management
Senior Managing Executive Officers	Michio Abe	Corporate General Manager, Production and Procurement Group
	Takamichi Hamada	In charge of external affairs and marketing
Managing Executive Officers	Naoto Yoneyama	Corporate General Manager, Power and Social Infrastructure Business Group
	Hidehiko Asahi	Corporate General Manager, Food and Beverage Distribution Business Group
Executive Officers	Kenzo Sugai	Corporate General Manager, Sales Group
	Takashi Kusaka	Corporate General Manager, Industrial Infrastructure Business Group
	Motofumi Matsumura	Corporate General Manager, Power Electronics Business Group
	Kuniaki Yanagisawa	Corporate General Manager, Electronic Devices Business Group
	Naoya Eguchi	Corporate General Manager, Corporate R&D Headquarters
	Takeshi Kadoshima	General Manager, Human Resources and General Affairs Office
	Junichi Arai	General Manager, Corporate Planning Office, Corporate Management Planning Headquarters
Junichi Matsumoto	General Manager, Corporate Finance Office, Corporate Management Planning Headquarters	
	Fumio Ito	President and Representative Director, Fuji Electric FA Components & Systems Co., Ltd.

Corporate Information

Consolidated Subsidiaries and Equity-method Affiliates (As of July 1, 2013)

Fuji Electric has a total of 46 consolidated subsidiaries (23 Japanese companies and 23 overseas companies). Also, Fuji Furukawa Engineering & Construction Co., Ltd. is listed in the Second Section of the Tokyo Stock Exchange.

In addition, four companies—METAWATER Co., Ltd., METAWATER SERVICE Co., Ltd., FUJI FURMANITE Co., Ltd., and FUJI FURUKAWA E&C (THAILAND) Co., Ltd.—are equity-method affiliates.

Consolidated Subsidiaries (Domestic): 23

Fuji Electric FA Components & Systems Co., Ltd.

Fuji Furukawa Engineering & Construction Co., Ltd.

Fuji Electric Technica Co., Ltd.

Fuji Electric Finance and Accounting Support Co., Ltd.

Hoei Denki Co., Ltd.

Hokkaido Fuji Electric Co., Ltd.

Fuji Office & Life Service Co., Ltd.

Chichibu Fuji Co., Ltd.

Ibaraki Fuji Co., Ltd.

Hoei Plastics Co., Ltd.

Fuji IT Co., Ltd.

Shinshu Fuji Electric Co., Ltd.

Fuji Electric Power Semiconductor Co., Ltd.

Fuji Electric IT Center Co., Ltd.

Fuji Electric Chiba Tech. Co., Ltd.

Fuji Electric F-Tech Co., Ltd.

Hakko Electronics Co., Ltd.

Fuji Electric IT Solutions Co., Ltd.

Mie Fuji Co., Ltd.

Fuji Electric FA Service Co., Ltd.

GE Fuji Meter Co., Ltd.

FESTEC Co., Ltd.

Fuji Electric Tsugaru Semiconductor Co., Ltd.

Equity-method Affiliates (Domestic): 3

METAWATER Co., Ltd.

METAWATER SERVICE Co., Ltd.

FUJI FURMANITE Co., Ltd.

Consolidated Subsidiaries (Overseas): 23

Fuji Electric Asia Pacific Pte. Ltd.

Fuji Electric Power Supply (Thailand) Co., Ltd.

Fuji Electric Philippines, Inc.

Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.

Fuji Electric (Malaysia) Sdn. Bhd.

Fuji Electric (China) Co., Ltd.

Shanghai Fuji Electric Switchgear Co., Ltd.

Shanghai Fuji Electric Transformer Co., Ltd.

Wuxi Fuji Electric FA Co., Ltd.

Fuji Electric (Changshu) Co., Ltd.

Fuji Electric (Shenzhen) Co., Ltd.

Fuji Electric Dalian Co., Ltd.

Fuji Electric Motor (Dalian) Co., Ltd.

Dalian Fuji Bingshan Vending Machine Co., Ltd.

Fuji Electric (Hangzhou) Software Co., Ltd.

Fuji Electric FA (Asia) Co., Ltd.

Fuji Electric Hong Kong Co., Ltd.

Hoei Hong Kong Co., Ltd.

Fuji Electric Taiwan Co., Ltd.

Fuji Electric Korea Co., Ltd.

Fuji Electric Corp. of America

Fuji Electric Europe GmbH

Fuji Electric France S.A.S.

Equity-method Affiliates (Overseas): 1

FUJI FURUKAWA E&C (THAILAND) Co., Ltd.

Company Information

(As of March 31, 2013)

Company Name	FUJI ELECTRIC CO., LTD.
Established	August 29, 1923
Head Office	1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi 210-9530, Japan
Head Office Business Address	Gate City Ohsaki, East Tower, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Capital Stock	¥47.6 billion
Employees (consolidated)	24,956 (Domestic 18,271, Overseas 6,685)
Net Sales (consolidated)	¥745.8 billion (Year ended March 31, 2013)
Stock Code	6504

Stock Information

(As of March 31, 2013)

Issued and Outstanding Shares	746,484,957
Paid-in Capital	¥47,586,067,310
Number of Shareholders	57,988

Major Shareholders

Shareholders' names	Number of shares (1000s)	Voting rights (%)
FUJITSU LIMITED	74,333	10.40
Japan Trustee Services Bank, Ltd. (Trust Account)	54,266	7.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,406	5.51
Asahi Mutual Life Insurance Company	23,266	3.26
Mizuho Corporate Bank, Ltd.	22,254	3.11
The Furukawa Electric Co., Ltd.	13,422	1.88
FANUC CORPORATION	13,421	1.88
FURUKAWA CO., LTD.	11,025	1.54
Fuji Electric Employee Shareholding Association	9,280	1.30
Mizuho Trust & Banking Co., Ltd.	7,991	1.12

Notes:

- Treasury stock of 31,913,522 shares is excluded from the above list of top 10 shareholders.
- Ratio of shareholding is calculated by deducting the number of treasury stocks from the total number of shares outstanding based on the provisions of the Finance for Enforcement of the Companies Act.

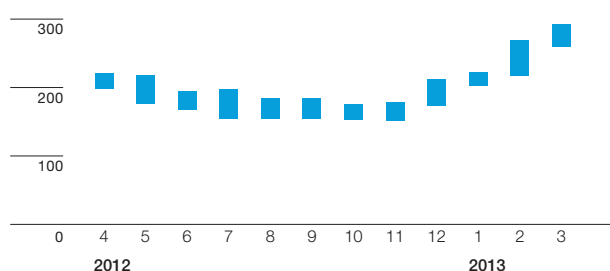
Share Distribution by Shareholder Type

Type	Number of shareholders	Number of shares	Holding (%)
Financial institutions/securities firms	129	260,408,206	34.89
Other domestic corporations	634	132,758,194	17.78
Foreign corporations	364	142,813,858	19.13
Individuals and other	56,861	210,504,699	28.20
Total	57,988	746,484,957	100.00

Note: "Individuals and other" includes treasury stock.

Share Price Fluctuations (Tokyo Stock Exchange)

(Yen)





This mark symbolizes the commitment of Fuji Electric to environmental protection.

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