

Review of Operations — Overseas Operations

Fiscal 2013 Performance

In the market environment surrounding the Company, overseas markets showed weak activity overall, but there was a recovery trend supported by the gradual recovery of major developed nations, such as the U.S. and nations in Europe.

Against this backdrop, sales of power semiconductors and power electronics increased on rising demand in China, Europe, and the Americas. In Asia, meanwhile, sales declined on a decrease in large-scale orders for power generation facilities and transformer equipment, and a decline in demand for magnetic disks.

In fiscal 2013, we worked to establish our base in Asia and China. Specifically, in Asia we built a new factory in Thailand, and made a capital investment in a Thai transformer manufacturer (Tusco Trafo Co., Ltd.). We also established sales bases in South Korea and Vietnam, and representative offices in Myanmar and Cambodia. In China, we established joint ventures in the area of medium-voltage inverters with state-owned Shanghai Electric Group Co., Ltd., and built a new factory building for power semiconductor back-end processing at Fuji Electric (Shenzhen) Co., Ltd.

Priority Measures for Fiscal 2014

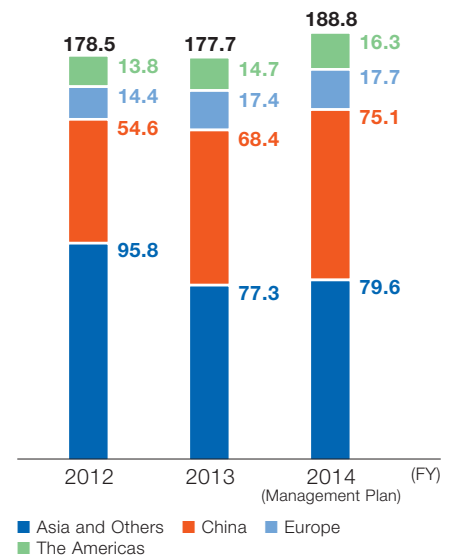
Enhance Sales Mainly in Asia and China

In fiscal 2014, we will steadily bring our initiatives from fiscal 2013 to fruition, and reinforce the base of our overseas operations through establishing vending machine sales and marketing subsidiaries in China and Asia and making progress on new M&As.

In Asia, we will expand sales in Power and Social Infrastructure, Industrial Infrastructure, and Power Electronics. In China, we will increase our sales of vending machines, as well as Power Electronics and power semiconductors, for which continuing strong demand is expected.

Sales Outside Japan

(Billions of yen)



Initiatives in Asia

New Factory in Thailand to Serve as a Core Production Base for Asia

In December 2013, we completed construction of a new factory in Thailand (Fuji Electric Manufacturing (Thailand) Co., Ltd.) and commenced production of inverters, uninterruptible power supply systems, and other items.

The new factory in Thailand is positioned to serve as our core production site for products for Asia, Europe, and the U.S. Looking ahead, we plan to grow the business even further by extending the scope of production items such as vending machines and gas insulated switchgears.



Fuji Electric Manufacturing (Thailand) Co., Ltd.

Uninterruptible power supply system

Capital Investment in Thai Transformer Manufacturer

In October 2013, we made a capital investment in Tusco Trafo Co., Ltd. (hereinafter referred to as Tusco) and established Fuji Tusco Co., Ltd.

Tusco is a leading local transformer manufacturer with a good track record in supplying transformers to many governmental electric power distribution companies and private companies in Thailand, as well as in sales covering a wide area including Southeast Asia and Africa. We plan to make use of Tusco's resources to boost our product lineup and expand our sales and service networks.

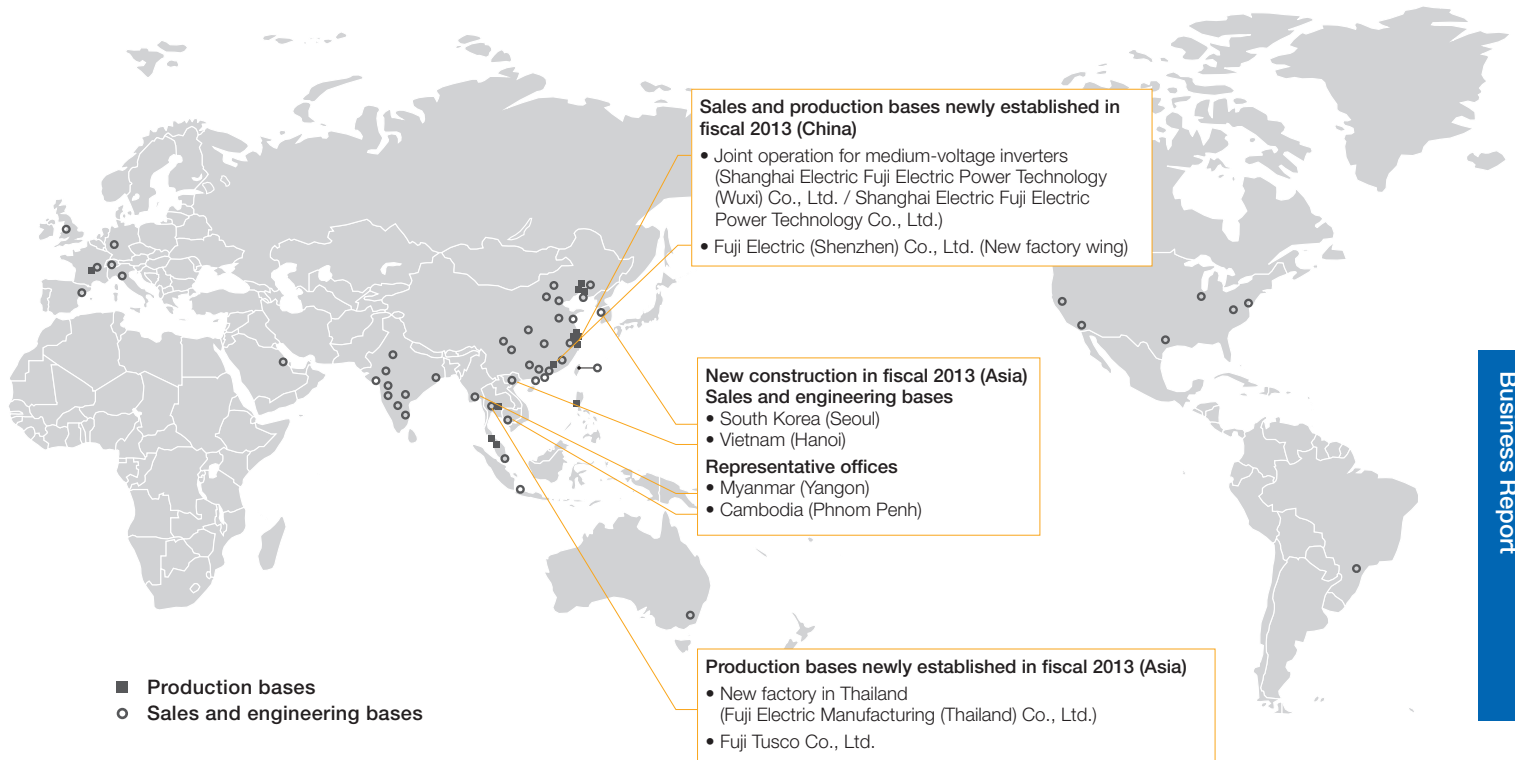
New Company Information

New company name	Fuji Tusco Co., Ltd.
Business areas	Manufacture, sales, maintenance, and services for transformers, power distribution boards, and others
Date of capital investment	October 2013
Equity stake	67.7%



Transformer

Production Bases and Sales and Engineering Network (As of March 31, 2014)



Major Initiatives in China

Established Joint Venture for Medium-Voltage Inverters with Shanghai Electric, China's Largest Medium-Voltage Motor Manufacturer

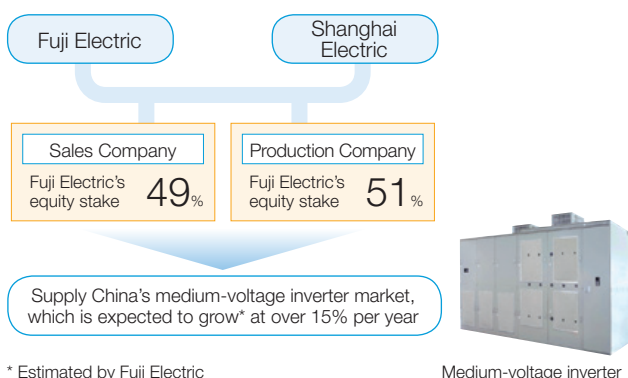
In February 2014, we established two joint ventures with China's state-owned Shanghai Electric Group Co., Ltd. (hereinafter referred to as Shanghai Electric) to carry out sales and production of medium-voltage inverters in China.

Shanghai Electric is a leading industrial electrical equipment manufacturer that has a nationwide sales network and the highest market share in China for medium-voltage motors, which are an application for medium-voltage inverters. We aim to grow our business in China by capturing synergies between Fuji Electric's power electronics and control technologies and Shanghai Electric's machine technologies and sales capabilities based on its strong brand.

Strengthened Production Capacity for Power Semiconductor Back-End Processing Capability (New Factory Building)

In June 2013, the construction of new factory building for back-end processing production line was completed at Fuji Electric (Shenzhen) Co., Ltd. in order to strengthen production capacity for power semiconductors.

At the same time, we established design centers to swiftly develop products specified to local requirements in order to bolster our local design structure. By strengthening an integrated structure covering everything from development to sales, we will promote local production for local consumption and ultimately increase our sales in China.



* Estimated by Fuji Electric



Fuji Electric (Shenzhen) Co., Ltd.



Back-end processing production line