

February 22, 2007

Company Name: NGK Insulators, Ltd.
Representative: Shun Matsushita, President and Chief
Executive Officer
(Code Number: 5333, listed in 1st section of TSE, OSE and
NSE; and SSE)
Contact: Hiroshi Wada, Director and Senior Vice President
Telephone Number: +81-52-872-7230

Company Name: Fuji Electric Holdings Co., Ltd.
Representative: Haruo Ito, President and Representative
Director
(Code Number: 6504, listed in 1st section of TSE, OSE and
NSE; and FSE)
Contact: Tadayoshi Miyoshi,
Manager of Corporate Communications
Telephone Number: +81-3-5435-7206

Consolidation of Water Environmental Business Operations

Fuji Electric Holdings Co., Ltd. (“FHC”) and NGK Insulators, Ltd. (“NGK”) announced today that the two companies have agreed to mutually discuss on consolidation of the operations such as sales and engineering of the two companies (including our subsidiaries) in the water environmental business such as treatment of water, sewage and reclaimed water, and seawater desalination (hereinafter referred to as “Subject Operations”). Following resolutions passed at the respective board meetings, FHC and NGK have entered into basic agreement as follows:

1. Purpose

FHC and NGK will discuss on the consolidation of the Subject Operations to create a comprehensive engineering company that offer optimal solutions with its advanced and distinctive technology. The consolidated company will aim to satisfy customer needs at a higher level, focusing on maintaining secure and safe water environment as well as solving related resource and energy problems.

2. Outline of the consolidation

1) Schedule

Approval of the basic agreement at the respective board meetings: February 22, 2007

Execution of the basic agreement: February 22, 2007

Planned consolidation date: April 2008

Note that the consolidation date is subject to change upon mutual consultation.

2) Consolidation method

Details of the consolidation method will be determined through discussions among FHC, Fuji Electric Systems Co., Ltd. ("FES"), one of FHC's operating companies, and NGK, from the perspective of business and financial strategy. FES and NGK will hold 50 percent stake each in the consolidated company and it will not become subsidiary of neither company.

3) Overview of Subject Operations

	NGK's Subject Operations	FES's Subject Operations
Descriptions	Manufacture and sale of water treatment systems and sewage treatment systems; design, construction and engineering of various plants	Manufacture and sale of water treatment systems, water environmental systems, and electric power equipment for facilities; design, construction and engineering of various plants
Sales	Approx. 40 billion yen (projected sales for fiscal year ending March 31, 2007)	Approx. 50 billion yen (projected sales for fiscal year ending March 31, 2007)

4) Overview of main subsidiaries related to the Subject Operations (as of February 22, 2007)

	NGK's subsidiaries mainly related to the Subject Operations	FES's subsidiary mainly related to the Subject Operations
Corporate name	NGK-E Solution, Ltd. *NGK Water Environment Systems, Ltd.	Fuji Electric Water Environmental Systems Co., Ltd.
Establishment	October 1, 1973	September 28, 1990
Head office	2-56, Suda-cho, Mizuho-ku, Nagoya-shi, Aichi	4-20-1, Suehiro, Chuo-ku, Chiba-shi, Chiba *Shinagawa-ku, Tokyo
Representative	Shin-ich Hara *Haruo Matsuki	Masanori Morimoto *To be determined
Paid-in capital	90 million yen *3 billion yen	30 million yen *3 billion yen
Major shareholder and ratio of shareholding	NGK Insulators, Ltd. owns 100 percent stake	Fuji Electric Systems, Co., Ltd. owns 100 percent stake

*They will be implemented along with the absorbed subdivision as of April 1, 2007.

3. Post-consolidation status

- 1) Corporate name, location of head office, representative and paid-in capital of the consolidated company will be determined through mutual discussions.
- 2) Planned business of the consolidated company
 1. Manufacture and sale of water environmental systems including treatment systems for water, sewage and reclaimed water, and seawater desalination systems.
 2. Design, construction and engineering of various plants
 3. Business operations related to the above 1. and 2.
- 3) Planned fiscal year end
March 31
- 4) Overview of accounting process
Overview of the consolidated company's accounting process will be announced as soon as it is determined.
- 5) Expected impact on business performance caused by the consolidation
Business outlook after the consolidation will be announced as soon as it is made available after mutual discussions.