

NON-CONSOLIDATED BALANCE SHEETS

Fuji Electric Co., Ltd.

As of March 31, 2000 and 1999	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 17,272	¥ 32,719	\$ 162,943
Short-term investments (Notes 2 and 6)	100,887	88,191	951,764
Trade receivables (Note 2):			
Subsidiaries and affiliates	51,619	56,757	486,972
Others	99,935	105,192	942,783
Allowance for doubtful receivables	(933)	(1,899)	(8,802)
Inventories (Notes 2 and 4)	81,983	125,741	773,425
Advance payments to suppliers	6,480	8,036	61,132
Deferred income taxes	4,863	—	45,877
Other current assets	26,691	21,633	251,802
TOTAL CURRENT ASSETS	388,797	436,370	3,667,896
 PROPERTY, PLANT AND EQUIPMENT (Notes 2, 5 and 6):			
Land	15,765	16,080	148,727
Buildings and structures	117,043	113,870	1,104,179
Machinery and equipment	231,435	260,852	2,183,349
Construction in progress	3,475	8,797	32,783
	367,718	399,599	3,469,038
Less accumulated depreciation	(237,974)	(253,389)	(2,245,038)
NET PROPERTY, PLANT AND EQUIPMENT	129,744	146,210	1,224,000
 INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 2 and 6):			
Subsidiaries and affiliates	57,754	48,465	544,849
Other	19,137	20,648	180,538
Long-term loans receivable	448	581	4,226
Deferred income taxes	1,048	—	9,887
Other investments and other assets	9,655	12,289	91,085
Allowance for losses on overseas investments	(539)	(539)	(5,085)
Allowance for doubtful receivables	(2)	(5)	(19)
TOTAL INVESTMENTS AND OTHER ASSETS	87,501	81,439	825,481
	¥606,042	¥664,019	\$5,717,377

The accompanying Notes to the Non-Consolidated Financial Statements are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Note 6)	¥ 78,985	¥101,985	\$ 745,141
Current portion of long-term debt (Note 6)	21,245	22,316	200,424
Trade payables:			
Subsidiaries and affiliates	100,485	93,015	947,972
Others	46,275	48,336	436,557
Advances from customers	43,838	69,365	413,566
Accrued income taxes (Notes 2 and 10)	—	59	—
Accrued expenses	32,190	33,078	303,679
Other current liabilities	11,604	12,051	109,472
TOTAL CURRENT LIABILITIES	334,622	380,205	3,156,811
LONG-TERM DEBT (Note 6)	129,243	145,188	1,219,273
LIABILITY FOR SEVERANCE PAYMENTS	12,535	16,423	118,255
TOTAL LIABILITIES	476,400	541,816	4,494,339
CONTINGENT LIABILITIES (Note 11)			
SHAREHOLDERS' EQUITY:			
Common stock, ¥50 par value:			
Authorized—1,600,000,000 shares			
Issued—715,080,369 shares as of March 31, 2000	47,586	—	448,924
715,080,369 shares as of March 31, 1999	—	47,586	—
Capital surplus	38,397	38,397	362,236
Legal reserve (Note 7)	11,077	11,077	104,500
Retained earnings (Note 8)	32,582	25,143	307,378
TOTAL SHAREHOLDERS' EQUITY	129,642	122,203	1,223,038
	¥606,042	¥664,019	\$5,717,377

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Fuji Electric Co., Ltd.

Years ended March 31, 2000 and 1999	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
NET SALES (Note 2)	¥515,391	¥525,041	\$4,862,179
COST OF SALES	426,991	440,085	4,028,217
GROSS PROFIT	88,400	84,956	833,962
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	87,261	97,731	823,217
OPERATING INCOME (LOSS)	1,139	(12,775)	10,745
NON-OPERATING INCOME (EXPENSES):			
Interest and dividends income	5,627	5,848	53,085
Interest expense	(4,543)	(5,049)	(42,858)
Other, net	(680)	(433)	(6,415)
	404	366	3,812
ORDINARY INCOME (LOSS)	1,543	(12,409)	14,557
EXTRAORDINARY LOSS, NET (Note 9)	(16)	(4)	(151)
INCOME (LOSS) BEFORE INCOME TAXES	1,527	(12,413)	14,406
INCOME TAXES (Notes 2 and 10)	299	—	2,821
NET INCOME (LOSS)	¥ 1,228	¥ (12,413)	\$ 11,585
	Yen		U.S. dollars (Note 3)
	2000	1999	2000
PER SHARE AMOUNTS:			
Net income (loss) (Note 2)	¥1.71	¥(17.35)	\$0.016
Cash dividends	—	—	—

The accompanying Notes to the Non-Consolidated Financial Statements are an integral part of these statements.

NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Fuji Electric Co., Ltd.

Years ended March 31, 2000 and 1999	Thousands	Millions of yen			
	Number of shares of common stock	Common stock	Capital surplus	Legal reserve (Note 7)	Retained earnings (Note 8)
BALANCE AT MARCH 31, 1998	715,080	¥ 47,586	¥ 38,397	¥ 10,779	¥ 40,825
Net loss for the year	—		—	—	(12,413)
Cash dividends paid	—		—	—	(2,860)
Transfer to legal reserve	—		—	298	(298)
Bonuses to directors	—		—	—	(111)
BALANCE AT MARCH 31, 1999	715,080	¥ 47,586	¥ 38,397	¥ 11,077	¥ 25,143
Net income for the year	—	—	—	—	1,228
Increase resulting from adoption of tax-effect accounting method	—	—	—	—	6,211
BALANCE AT MARCH 31, 2000	715,080	¥ 47,586	¥ 38,397	¥ 11,077	¥ 32,582

	Thousands of U.S. dollars (Note 3)			
BALANCE AT MARCH 31, 1999	\$448,924	\$362,236	\$104,500	\$237,199
Net income for the year	—	—	—	11,585
Increase resulting from applying tax effect accounting method	—	—	—	58,594
BALANCE AT MARCH 31, 2000	\$448,924	\$362,236	\$104,500	\$307,378

The accompanying Notes to the Non-Consolidated Financial Statements are an integral part of these statements.

Note 1**BASIS OF PREPARING
NON-CONSOLIDATED
FINANCIAL STATEMENTS**

The accompanying non-consolidated financial statements have been prepared from accounts maintained by Fuji Electric Co., Ltd. in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principals and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these statements, certain reclassifications and rearrangements have been made to non-consolidated financial statements prepared domestically in Japan in order to present these statements in a form that is more familiar to readers outside Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan.

Certain reclassifications have been made in the 1999 non-consolidated financial statements to conform to the classification used in 2000.

Note 2**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES****a. Foreign currency translation**

Current receivables and payables denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the respective balance-sheet dates. All other accounts denominated in foreign currencies are translated into Japanese yen at historical exchange rates. The resulting exchange losses and gains are charged or credited to income.

b. Inventories

Raw materials are stated at cost determined by the most recent purchase price method. Finished goods and work in process are stated at actual cost determined by accumulated production cost for contract items and average cost for regular production items. In accordance with accounting practices generally accepted in the heavy electric industry, inventories include items with a manufacturing period exceeding one year.

c. Marketable securities and investment securities

Marketable securities included in short-term investments and investment securities are stated at cost determined by the moving average method.

d. Depreciation

Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998.

e. Liability for severance payments and pension, plan

Employees who terminate their services with the Company are, under most circumstances, entitled to lump-sum severance payments determined by reference to their current basic rate of pay and length of service. The Company generally provides for this liability to the extent of 40% of the amount which would be required to be paid if all employees voluntarily terminated their services at the balance-sheet date. In addition to lump-sum severance payments, the Company operates a contributory pension plan to supplement the public welfare pension plan. Payments to the pension fund, including amortization of past service costs, are charged to income when made.

f. Research and development costs

Research and development costs are charged to income as incurred in accordance with new accounting standard for research and development costs.

g. Revenue recognition

Sales of products are generally recognized in the accounts as delivery is made. Sales of installation products are recognized in the accounts when installation is completed.

h. Income taxes

Effective April 1, 1999, the company adopted liability method for tax-effect accounting to recognize the effect of all temporary differences in the recognition of assets and liabilities for tax and financial purposes in accordance with accounting standard for tax-effect accounting.

Before March 31, 1999, income taxes were provided for amounts currently payable for each year. Deferred income taxes related to timing differences are not recognized.

i. Net income (loss) per share

Net income (loss) per share is computed, based on the weighted average number of shares outstanding during the respective years.

Note 3

U.S. DOLLAR AMOUNTS

The U.S. dollar amounts included in accompanying non-consolidated financial statements and notes thereto represent the arithmetic results of translating yen into dollars at ¥106.00=U.S.\$1, the approximate rate at March 31, 2000. The U.S. amounts are presented solely for the convenience of the reader outside Japan.

Note 4

INVENTORIES

Inventories at March 31 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Finished goods	¥44,850	¥ 66,064	\$423,113
Work in process	30,473	50,315	287,481
Raw materials	6,660	9,362	62,831
	¥81,983	¥125,741	\$773,425

Note 5

DEPRECIATION

Depreciation charges for the year ended March 31 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Depreciation charges	¥22,984	¥26,995	\$216,830

Note 6

SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31 consisted of followings:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Loans, principally from banks	¥42,985	¥42,985	\$405,519
Commercial paper	36,000	59,000	339,622
	¥78,985	¥101,985	\$745,141

The weighed average interest rates on short-term borrowings at March 31, 2000 and 1999 are 0.32% and 0.56%, respectively.

Long-term debt at March 31 consisted of followings:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Loans, principally from banks and insurance companies:			
Secured	¥ 3,843	¥ 472	\$ 36,255
Unsecured	6,645	7,032	62,689
Bonds :			
2.5% ¥ bonds due 2000	—	20,000	—
2.7% ¥ bonds due 2000	20,000	20,000	188,679
2.95% ¥ bonds due 2001	20,000	20,000	188,679
2.0% ¥ bonds due 2002	20,000	20,000	188,679
2.05% ¥ bonds due 2002	20,000	20,000	188,679
2.15% ¥ bonds due 2003	20,000	20,000	188,679
2.25% ¥ bonds due 2003	20,000	20,000	188,679
2.35% ¥ bonds due 2004	20,000	20,000	188,679
	150,488	167,504	1,419,697
Less: Portion due within one year	21,245	22,316	200,424
	¥129,243	¥145,188	\$1,219,273

The weighed average interest rates on loans, principally from banks and insurance companies at March 31, 2000 and 1999 are 2.43% and 2.85%, respectively.

The amounts of assets pledged as collateral for long-term debt were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Marketable securities (included in short-term investments) and investment securities	¥4,984	¥ 4,003	\$47,019
Property, plant and equipment	4,157	6,956	39,217
	¥9,141	¥10,959	\$86,236

Note 7

LEGAL RESERVE

The Commercial Code of Japan provides that an amount equal to at least 10% of cash dividends and bonuses paid to directors should be appropriated as a legal reserve until such reserve equals 25% of common stock. This reserve cannot be used except to reduce a deficit or may be transferred to common stock, but is not available for distributions as dividends

Note 8

RETAINED EARNINGS AND DIVIDENDS

Annual appropriation of retained earnings is recorded in the financial year when approved at the shareholders' meeting. Interim dividends and the related appropriation of retained earnings are recorded when declared by the Board of Directors.

Note 9

EXTRAORDINARY LOSS, NET

Extraordinary loss, net comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Gain on sales of securities	¥19,280	¥10,176	\$181,887
Gain on sales of investment securities			
Subsidiaries and affiliate	—	521	—
Others	21,165	—	199,670
Gain on sales of property, plant and equipment	11,072	6,411	104,452
Loss on liquidation of subsidiaries	—	(180)	—
Loss on devaluation of marketable securities	(6,070)	—	(57,264)
Payments for amortization of past service costs (Note 2)	(2,728)	(3,087)	(25,736)
Extraordinary loss on the conversion of business structure	(42,735)	(13,845)	(403,160)
	¥ (16)	¥ (4)	\$ (151)

Note 10

INCOME TAXES

The components of income taxes were as following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	2000	2000
Current	¥ 0		\$ 0
Deferred	299		2,821
	¥299		\$2,821

Note 11

CONTINGENT LIABILITIES

Contingent liabilities at March 31 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Guarantees	¥55,364	¥50,663	\$522,302

Century Ota Showa & Co.

Certified Public Accountants

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To the Board of Directors
Fuji Electric Co., Ltd.

We have audited the non-consolidated balance sheets of Fuji Electric Co., Ltd. as of March 31, 2000 and 1999, and the related non-consolidated statements of operations and shareholders' equity for the years then ended, expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying non-consolidated financial statements, expressed in yen, present fairly the financial position of Fuji Electric Co., Ltd. at March 31, 2000 and 1999, and the results of their operations for the years then ended, in conformity with accounting principles and practices generally accepted in Japan and applied on a consistent basis.

As described in note 2 to the non-consolidated financial statements, Fuji Electric Co., Ltd. has adopted new accounting standards for research and development costs and tax-effect accounting in preparation of their non-consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. Dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the non-consolidated financial statements.

Century Ota Showa & Co.

Tokyo Japan
June 29, 2000

See note 1 to the non-consolidated financial statements which explains the basis of preparing the non-consolidated financial statements of Fuji Electric Co., Ltd. under Japanese accounting principles and practices.

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