Securities code: 6504

To Our Shareholders
133st Term (Fiscal 2008) Annual Business Report

(April 1, 2008–March 31, 2009)

The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy otherwise.

FUJI ELECTRIC HOLDINGS CO., LTD.

Business Report (April 1, 2008–March 31, 2009)

[Business Overview]

1. Overview

In fiscal 2008, the year ended March 31, 2009, the Fuji Electric Group's operating environment showed strength during the first half in steel and other domestic private-sector demand areas that represent the Group's strengths, but from the beginning of the second half the environment became drastically more challenging as the global economy deteriorated from the increasingly severe financial crisis that began in the United States.

Against this backdrop, the Group took emergency measures to secure cash flow in the face of a weakening economic environment and a rapid decline in volumes of goods handled, while at the same time accelerating restructuring to rebuild the earnings base.

Consolidated results for the year were as follows:

Net sales were ¥766.6 billion, for a 16.9% decline from the previous fiscal year. By segment, the Energy & Electric Systems Group had solid plant-related sales, primarily from large overseas projects, but overall sales were lower because of revisions of the scope of the water environment and information systems businesses, and from a sharp decline in sales of component products as a result of the deterioration in the market environment from the second half. Sales also declined at the Electronic Devices Group, as the weaker market led to lower demand from reduced capital investment and customers' inventory adjustments, and prices fell as well. The Retail Systems Group recorded lower sales as well, on the end of demand for upgrading cigarette vending machines with age identification equipment and from the second half, a decline in vending machine demand.

On the profit front, operating income declined by ¥54.7 billion, resulting in a ¥18.8 billion operating loss. In addition to lower sales from sharply weaker markets at the Energy & Electric Systems Group and the Electronic Devices Group from the second half, the yen's appreciation was also a factor behind the large decline.

Ordinary income also fell to a loss of ¥20.7 billion, with non-operating expenses including foreign exchange losses from the yen's appreciation leading to the substantial ¥56.5 billion decline.

In addition to extraordinary losses including business restructuring costs, reversals of deferred tax assets under income tax adjustments resulted in a large ¥90.0 billion decline in net income, to a loss of ¥73.3 billion.

Consolidated free cash flow for fiscal 2008 was positive in the amount of ¥10.8 billion, due mainly to reduction of operating assets.

The results of the Fuji Electric Group for fiscal 2008 were as follows:

Fiscal 2008 (April 1, 2008 to March 31, 2009)

Net sales	¥766.6 billion	(Down ¥16.9% YoY)
Operating loss	¥(18.8) billion	(Down ¥54.7 billion YoY)
Ordinary loss	¥(20.7) billion	(Down ¥56.5 billion YoY)
Net loss	¥(73.3) billion	(Down ¥90.0 billion YoY)
Net loss per share	¥(102.57)	(Down ¥126.06 duplicate YoY)
Total assets	¥908.9 billion	(Down ¥12.3% YoY)

Results of the previous three fiscal years

Classification		130th term Fiscal 2006	131st term Fiscal 2007	132nd term Fiscal 2008
Net sales	(¥ billion)	897.2	908.0	922.1
Operating income	(¥ billion)	41.0	46.2	35.8
Ordinary income	(¥ billion)	41.8	48.7	35.8
Net income	(¥ billion)	18.6	23.1	16.7
Net income per share	(¥)	25.70	32.37	23.49
Total assets	(¥ billion)	990.0	1,024.8	1,035.9

(Note) From the 131st term (fiscal 2006), consolidated financial statements were prepared based on "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Implementation Guidance No. 8)

2. Segment overview

Operating Results

(¥ million)

		132nd term FY2007	133rd term FY2008	Change (%)
Energy & Electric Systems	Net Sales	587,712	490,395	83.4
	Operating income	23,859	10,706	44.9
	(Operating margin)	(4.1%)	(2.2%)	
Electronic Devices	Net Sales	184,805	141,626	76.6
	Operating income	8,162	(31,022)	-
	(Operating margin)	(4.4%)	(-)	
Retail Systems	Net Sales	158,699	136,423	86.0
	Operating income	2,709	(475)	-
	(Operating margin)	(1.7%)	(-)	
Others	Net Sales	51,652	48,866	94.6
	Operating income	2,454	2,777	113.2
	(Operating margin)	(4.8%)	(5.7%)	
Sub-total	Net Sales	982,870	817,313	83.2
	Operating income	37,186	(18,015)	-
Eliminate/Corporate	Net Sales	(60,697)	(50,675)	-
	Operating income	(1,302)	(840)	-
Total	Net Sales	922,172	766,637	83.1
	Operating income	35,883	(18,855)	-
	(Operating margin)	(3.9%)	(-)	

Energy & Electric Systems Group

(Main Businesses)

Drives

Drive systems, general-purpose inverters, servomotor systems, motors, uninterruptible power supplies, transport equipment and systems

Automation

Sensors, information systems, instrumentation plant systems, industrial instruments, controllers, radiation control systems, energy solutions

Industrial Plant Engineering

Industrial power supplies, electrical machinery equipment for facilities, cleanroom facilities

Electric Power Systems

Thermal power plant equipment, hydraulic power plant equipment, nuclear-power related-equipment

Plant Facility Construction

Installation work for electrical equipment, air-conditioning, and water supply and drainage

Electric Distribution & Control (ED&C) Components

Magnetic contactors, pushbuttons and indicator lights, molded-case circuit breakers, earth-leakage circuit breakers, gas detectors, energy management equipment

Net sales in this overall segment in fiscal 2008 declined by 16.6% from the previous year to ¥490.3 billion, and operating income was 55.1% lower at ¥10.7 billion.

Operational focus of the segment

By merging the previous ED&C･Drive Systems Group into the Energy & Electric Systems Group, this segment has newly positioned the areas of drives and automation as the Group's core business driver. Along with strengthening the business portfolio, this is intended to bolster development capabilities in the areas of water environments and electric distribution and control (ED&C) equipment, and expand the business with a view toward global growth through measures including the establishment of a joint venture.

Field-by-field overview

The drive business experienced lower demand for inverters and other component products, and both net sales and operating income declined as a result.
The automation business also recorded lower sales and operating income. Although large projects for electric power companies like radiation management systems were on track, the declines reflected the sale of the information systems business.

The industrial plant engineering business had solid results from major projects like large-scale rectifiers overseas and clean room facilities for LCD plants, but with the removal of the water environment company from the scope of consolidation, both net sales and operating income declined.

Net sales and operating income at the electric power systems business both rose from the previous year on large overseas projects for geothermal power generation equipment.

The plant facility construction division had lower sales and operating income, as business slowed because of the weaker economy.

The ED&C equipment business experienced a large drop in demand from machinery manufacturers, its main customer group, from a sharp decline in production in the domestic and overseas manufacturing industries, and both net sales and operating income declined as a result.

Electronic Devices Group
(Main Businesses)
Semiconductors
Power ICs, IGBT modules, power discrete devices, hybrid devices, pressure sensors
Magnetic Disks
Aluminum and glass magnetic disks, aluminum substrates
Imaging Devices
Photoconductive drums, peripheral imaging devices

Net sales in this overall segment in fiscal 2008 declined by 23.4% to ¥141.6 billion, and operating income fell by ¥39.1 billion to a ¥31.0 billion loss.

Operational focus of the segment
This segment is particularly impacted by drastic changes in its market environment, compounded by the rapid pace of technological innovation.

During fiscal 2008, the semiconductor business introduced new products for automotive applications, developed and organized large-capacity modules to change the product portfolios in wind power generation and railway-use products, strengthened the sales network to expand overseas businesses, and commenced mass production at overseas facilities. The magnetic disk business was engaged in full-scale production of 2.5-inch glass media (250GB/disc) and 3.5-inch aluminum media (500GB/disc). The entire division also began restructuring to reorganize manufacturing centers and reduce fixed costs.

Field-by-field overview
The semiconductor business had significantly lower sales as demand declined from reduced capital investment and customers adjusted inventories and production. Operating income also fell by a wide margin, as reduced production from lower demand was compounded by increased depreciation and amortization expenses accompanying facility expansion, falling prices and the yen's appreciation.

The magnetic disk business recorded a large decline in sales on weak HDD demand from the second half. With lower sales and production, price drops, increased depreciation and amortization expenses, and a stronger yen, operating income also fell by a wide margin.

The photoconductor business recorded growth in sales volume, but with price declines and a stronger yen sales and operating income both fell from the previous year.

Retail Systems Group
(Main Businesses)
Vending Machines, Food Service Equipment
Vending machines, beverage dispensers, tea servers
Currency Handling Systems
Coin mechanisms and bill validators, automatic change dispensers, contactless IC card systems
Cold-chain Equipment
Freezing and refrigerated showcases, energy-saving systems for retail premises, modularized store construction systems

Net sales in this overall segment in fiscal 2008 declined 14.0% from the previous year to ¥136.4 billion, and operating income was ¥3.1 billion lower, falling to a ¥0.4 billion operating loss.

Operational focus of the segment
The segment worked to raise earnings from vending machines and cold-chain equipment with the aim of "strengthening profitability" and "expanding operations in growth areas," and also to expand the currency-handling equipment business, which consists primarily of automated change dispensers and electronic money equipment.

Field-by-field overview

The vending machine and food equipment business saw solid demand for environmentally friendly food and beverage vending machines, but with the end of demand for upgrading cigarette vending machines with age identification equipment and a sharp market deterioration from the second half, sales declined. Operating income also fell, reflecting lower sales as well as higher prices for steel materials.

Although orders for automated change dispensers remained strong at the currency-handling equipment business, the weaker market and restrained investment resulted in lower sales. On the other hand, operating income improved on progress in reducing SG&A expenses and other cost-cutting efforts.

The cold-chain equipment business was affected by the weak market in the food retailing industry, and sales declined. The business turned to profitability at the operating income level, however, on measures to strengthen the business through higher efficiency from thorough project management and enhanced engineering capabilities, and fixed cost reductions.

Others

(Main Businesses)

Real estate operations, insurance agency services, travel agency services, financial services, printing and information-related services, research and development, personnel and administration, financial and accounting, staffing services, intellectual property services, manufacturing and sales of printed circuit board, etc

Net sales in this overall segment in fiscal 2008 declined 5.4% from the previous year, to ¥48.8 billion, but operating income rose 13.2% to ¥2.7 billion.

3. Group Research and Development Activities

Research and development spending totaled ¥30.3 billion, centered on development of components, and solutions for their use, based on the key theme of “Energy and the Environment.”

Key development activities are described below.

In the power electronics business of the Energy and Electric Systems Group, we developed and began sales of a high-voltage drop/dip compensator with a 40% smaller footprint, using a high energy density lithium-ion capacitor. For the Chinese market, we also introduced a series of 10kVA output high-pressure inverters, which contribute significantly to energy conservation when used in running pumps and fans.

In the new energy business, we worked to further improve the quality and productivity of our film substrate solar cells, while also improving their output.

In the measuring equipment business, we commercialized a gas analysis device, the ZSU-7, capable of simultaneous continued measurement of CO_2 and six other components, including NOx and SO_2, monitoring of which is required under the Air Pollution Control Act.

In the components business, we commercialized a system to support energy conservation activities, developing an energy monitoring unit with Web server functionality, along with standard package software for building power monitoring systems using this unit.

In the power semiconductor business within the Electronic Devices Group, we commercialized a High Power Module for the industrial infrastructure and wind power and other new energy segments, capable of handling maximum current of 3600A, along with a sixth generation IGBT module that contributes to efforts to make smaller, more efficient power conversion systems. For automotive electronic devices, we commercialized a high tolerance MOSFET that works to improve fuel consumption. We also commercialized a quasi-resonance power control IC, the FA5571A, which enables configuration of high efficiency power sources for flat panel televisions, which are moving toward increasingly low power consumption, and a new line of high efficiency, low noise power ICs, the M-Power.

In the vending machine and food equipment segment of the Retail Systems Group, we worked to expand our use of low-energy technology in our main can vending machine models, and all of our key models are now environmentally friendly. We were also able to further reduce power consumption by 60% in our cup vending machines by using CO_2, a natural refrigerant.

In the cold chain business, we worked on developing energy-conserving models of our key showcase products, focusing on compatibility with air conditioning systems, and those products are now undergoing field testing.

In the field of new enterprises, in July 2008 our phosphate fuel cell generator was the first to receive certification as an emergency power under the Fire Defense Law. Under normal conditions, this highly efficient, 100kW power generator can supply both power and heat, contributing to energy conservation and lowering of CO_2 emissions. During an emergency, it can switch from grid-connected operation to independent operation in as little as 40 seconds, and work as a power supply for fire-fighting equipment. We also completed development of a new model which incorporates all peripheral equipment in a single unit, and plan to begin shipment of that product in the second half of fiscal 2009.

In the field of core technology, we continue to work on enhancing individual core technologies, while also working to speed up our product development and design process by building a technology platform for electronics, and the results of those efforts have been gradually rolled out within the Group.

4. Group Capital Investment

While we had initially planned for capital investments totaling ¥47.4 billion, with the sudden alteration in the business environment from the second half of this year, we undertook a complete review of our investments, narrowing them down to essential investment deals centering on strategic investments related to energy and the environment, and going forward with a total of ¥33.4 billion in investments.

Key investments were as follows.

In the Energy and Electric Systems Group, Wuxi Fuji Electric FA Co., Ltd. built a new plant to accommodate expansion of the power electronics business in China. In the solar cell business, Fuji Electric Systems Co., Ltd. invested in improving its solar battery cell defect rate and boosting production capacity at its main Kumamoto plant. At the Chiba plant, production lines were added to prepare for commercialization of fuel cell technology.

In the industrial-use IGBT module segment of the Electronic Devices Group, we established Fuji Electric Semiconductor (Malaysia) Sdn. Bhd. as an overseas production site, building an integrated production line for semiconductor chip production and module assembly. In the disk media business, we moved ahead with vertical integration of aluminum and glass media production facilities at Fuji Electric Device Technology locations in Matsumoto, Yamanashi, and at Fuji Electric (Malaysia) Sdn. Bhd. However, given the sudden changes in the business environment from November of last year, we froze or postponed most capital investments in the industrial-use IGBT module and disk media segments.

In the Retail Systems Group, we invested in production facilities and molding equipment at Fuji Electric Retail Systems Co., Ltd. plants in Mie and Saitama, for production of low-energy, environmentally-friendly vending machines with CO_2 refrigerant units that use no CFCs, and vending machines with heat pumps.

In addition to the above, in the Research and Development Group, Fuji Electric Advanced Technology Co., Ltd. introduced equipment to enhance solar cell productivity and power generation efficiency.

5. Group Financing

In the first half of the period, the Group issued its ¥10.0 billion in its 23rd round of unsecured straight bonds as a means of avoiding the risk of future interest rate inflation, with funds raised allocated to the redemption of corporate bonds and other uses.

With direct funding markets in disarray in the second half of the period, financing activities centered on indirect funding, as we worked to ensure greater liquidity.

A portion (¥3.0 billion) of the euro-denominated convertible corporate bonds with preemptive rights (issue amount of ¥30.0 billion) maturing in 2016 were redeemed by purchase in December of 2008. To accommodate possible investor requests for early redemption (June 2, 2009), we also moved financing through long-term loans up to the end of the period.

As a result, our consolidated financial obligations as of the end of March, 2009 totaled ¥416.0 billion, with cash and deposits of ¥85.4 billion, leaving net financial obligations at ¥330.7 billion (a drop of ¥3.4 billion from the previous period).

6. Initiatives to Protect the Environment

Since its founding, the Fuji Electric Group has worked to provide society with products and technologies that focus on pursuit of the minimum resource and energy use, while delivering maximum efficiency, and our entire Group is devoted to minimizing the environmental impact of our business activities.

In the current period, as measures against global warming gain greater attention as a common issue for all people, we have established base unit (the amount of CO_2 emitted in the course of a particular activity) controls on CO_2 emissions in our production activities, setting a new target for total emissions which calls for CO_2 emissions in fiscal 2010 to drop 6% over fiscal 2006 levels.

In April of this year, we also laid out our Group Environmental Vision 2020, a long-term plan targeting Group environmental protection efforts.

7. Initiatives to Contribute to Society

In line with our corporate philosophy of acting as good corporate citizens in our global society, and based on business conditions in the current period, Fuji Electric Group carefully reviewed the content and objectives of its various activities.

In July of last year, we established a dedicated organization to ensure consistent implementation across the entire Group, and in November of last year, working with the town of Nagomi, Kumamoto Prefecture, with which the Fuji Electric Group has been involved in rural mountain recovery efforts since 2006, we held the Fuji Electric Environmental School, a project to help nurture the next generation of environmental conservationists, in which 37 local elementary school students participated. We also continued our sponsorship of the Togenkyo Marathon, held by the city of Minami Alps in Yamanashi prefecture, and all of our offices continue to be active as corporate citizens of their local communities.

8. Group Issues to be Addressed

We expect the management environment in which the Group operates to see some economic lift as a result of the Green New Deal efforts in the U.S. and other large-scale economic measures being put in place around the world, but the likelihood is strong that the cooling of the global economy will continue for some time to come.

The outlook for the domestic economy calls for a continued drop in exports and production in fiscal 2009, due to the stagnant economy overseas, with a real recovery not expected until fiscal 2010 and beyond, but we believe uncertainty will remain high over that period.

Under these circumstances, the most urgent management issue before the Group, in addition to the emergency measures we have taken in response to the abrupt change in markets in fiscal 2008, is to achieve a cost structure which can ensure sustainable profits even in the midst of sluggish demand. At the same time, we must work to build an optimal business portfolio that takes into account future market trends over the mid- to long-term.

Drastic Changes in Operating Environment
Response of Emergency Measures (Reductions of total expenses and inventories)
End of FY2008
Long-term and static nature of demand slump
Response of Rebuilding Earnings Base (Above total expenses reduction + business structural reform)
Start of FY2008
End of FY2009
Changes in Medium- and Long-term Market Trends
Response of Overhauling Business Portfolio
FY2008
Start initiatives
Overcome Current Crisis and Build Base for Sustained Future Development.

Management Policies for Fiscal 2009 and Fiscal 2010

Based on the following fundamental policy, the Fuji Electric Group is working to achieve the following management targets in fiscal 2009 and fiscal 2010.

Restore profitability in FY2010 by positioning FY2009 as the final year for structural reform.

Rebuild a strong earnings base by lowering the break-even point for sales

In fiscal 2008, the Fuji Electric Group started to implement emergency measures in response to the sudden drop in demand: the cutting of total costs, the reduction of inventories by the temporary closure of plants and operational adjustments, and the carrying out of a business structural reform to drastically reorganize our business activities.

In fiscal 2008 and fiscal 2009, we will focus on booking the temporary costs to accomplish these aims, and during fiscal 2009 we will work to complete the following measures, thereby lowering the sales break-even point (the level of sales needed to balance profit and loss).

Magnetic Disks
・Shift production from Japan to Malaysia
(In fiscal 2008, completed consolidation of development and operations in Japan.)
Targets of lowered fiscal 2009 sales break-even points (Note 1): -25%

Semiconductors
・Shift production from Japan to Malaysia and the Philippines
・Halve production sites in Japan
(In fiscal 2008, completed closing down of PDP driver IC business.)
Targets of lowered fiscal 2009 sales break-even points (Note 1): -27%

ED&C Equipment
・Realign the production organization in Japan and shift some production to China
Targets of lowered fiscal 2009 sales break-even points (Note 1): -12%

Drives
・Accelerate shift of production of general-purpose products (motors and inverters) to China
・Close down unprofitable businesses
Targets of lowered fiscal 2009 sales break-even points (Note 1): -28% (Note 2)

Automation
・Consolidate production operations in Japan and shift some production overseas
・Close down unprofitable businesses
Targets of lowered fiscal 2009 sales break-even points (Note 1): -28% (Note 2)

Notes: 1. Percentage change for fourth quarters of both fiscal years, compared to 100% in fiscal 2008.
2. Percentage change for component products.

The following shows the expected effect to be achieved by our business structural reform, total cost cutting and thorough reduction of other costs.

Structural Reform Cost
FY2008 ¥18.4 billion
FY2009 ¥7.0 billion
Expected Effect
Structural Reform Cost + Total Cost Cutting
Cost Reduction, etc.
Plan for FY2009
¥70.0 billion
¥43.0billion
¥27.0 billion

Preserve financial base and move free cash flow into a profit

To preserve funding by executing this business structural reform, in fiscal 2009 we aim to move free cash flow into a profit by continuing the following policies from fiscal 2008.

Curb capital investment and research and development costs, and concentrate on core fields

・Capital investment: ¥19.9 billion (Down 40% YoY)
・Research and development costs: ¥23.9 billion (Down 21% YoY)

Improve asset efficiency

・Liquidation of real estate
・Promotion of early collection of accounts receivable
・Reduction of inventories by improving supply chain

Fiscal 2009 performance outlook and fiscal 2010 recovery prospects

In fiscal 2009, we expect the incurring of a net loss to be unavoidable. This is mainly because we project that the slump in demand to continue, net sales will drop further and on the profit front we will book an operating loss centered on semiconductors, magnetic disks and ED&C equipment.

The Fuji Electric Group will complete the business structural reform, total cost cutting and thorough reduction of other costs during fiscal 2009. As a result, in fiscal 2010 we will extract the maximum benefit of lowering the break-even point, and move into a profit by booking net income through improved profitability without relying on net sales.

Fiscal 2009 Performance Outlook

(¥ billion)

	Fiscal 2008 results	**Fiscal 2009 forecast**	Change
Net sales	766.6	**690.0**	-10%
Operating loss	(18.8)	**(12.0)**	6.8 improvement
Ordinary loss	(20.7)	**(17.0)**	3.7 improvement
Net loss	(73.3)	**(17.0)**	56.3 improvement

[Achieving Earnings Without Relying on Size of Sales]
(¥ billion)
Net sales
Sales break-even point

FY2007	922.1	848.0
FY2008	766.6	809.0
FY2009 (Plan)	690.0	719.0
FY2010 (Target)		680.0

Recover profitability

Creating a "New Fuji Electric"

Overhaul the business portfolio

Channel resources into the businesses centered on Energy and the Environment.

In addition to reinforcing the earnings base, we are at the same time overhauling our business portfolio so that it is aligned with market trends for medium- to long-term growth.

The issues of "Energy and the Environment" are important matters for all mankind, and at the same time, we foresee huge (green) markets being created going forward in conjunction with a "Green New Deal" and other economic measures being taken by various countries around the world.

Since its establishment, the Fuji Electric Group has built up expertise and a track record as a "manufacturer that pursues products and technologies that provide maximum efficiency while consuming a minimum of resources and energy." We therefore see these new markets as holding tremendous potential.

Our goal is to overhaul our business portfolio for growth focusing on "Energy and the Environment."

[Our Target Business Portfolio]
Focus Businesses
Growth Businesses
Stable Businesses
Business to be Reconstructed
Environment Solution
Drive & Automation
Semiconductors
Create system products that utilize semiconductors
Alternative Energy
Photovoltaic Power Generation Systems
Geothermal Power Generation
Electric Power Systems
Industrial Plant Engineering
Vending Machines
Increase collaboration
ED&C Equipment
Water Environment*
Magnetic Disks
*Equity-method Affiliate

Overhaul the style of management

Moving from a mass-volume production mass-volume sales company to becoming a "high-added value creation" company.

Organizational changes to overhaul the business portfolio and rebuild unprofitable businesses
Specifically, we are working to strengthen the "Energy and the Environment" businesses by integrating the semiconductor business, which to date has focused on stand-alone products with the aim of being "the foremost specialist in the industry," into the Energy & Electric Systems Group (Fuji Electric Systems Co., Ltd.).

Going forward, the Group will handle a variety of systems and equipment like power supply and solar battery systems for green markets where growth is expected, including "green iDCs" to reduce the power consumption and environmental impact of data centers, and next-generation "smart grid" electrical power networks.

The Group's semiconductors emphasize high-efficiency, low-loss electrical power conversion, and this integration is intended to expand and strengthen the "Energy and the Environment" businesses by further enhancing the high efficiency and low energy use of the components and systems into which they are installed. (See Figure 1 below.)

Rebuilding the magnetic disk business is the Group's top management priority, and a specialized company structure that is aligned with the special features of the business, namely "the necessity of making large investments in development and production" and "the drastically fast speed at which the environment changes," is being created.

Furthermore, as an extra measure in this restructuring, the holding company will directly participate in operational execution, with the holding company president (Group CEO) serving concurrently as the president of the specialized company. Having this authority will facilitate swift, strategic, and far-reaching decision making from an overall Group perspective. (See Figure 2 below.)

Organizational changes for management that is market-oriented and emphasizes R&D
The manufacturing industry's operating environment suggests that product cycles are set to become even shorter as a result of increased commoditization.

The Group will therefore merge its five wholly-owned domestic sales companies into Fuji Electric Systems Co., Ltd., to provide one-stop solutions that package components and systems in tune with the needs and issues of individual customers, while at the same time developing sophisticated solution-based marketing that encompasses both service and engineering functions. (See Figure 3 below.)

We will also reduce divergence between markets and management by building a supply chain that keeps all business activities – including marketing, production, procurement, and development – consistent with market changes.

We will also merge research and development companies into the holding company. Along with increasing the cohesiveness of Group management by concentrating R&D and new business creation functions at the holding company, this will align technological strategies with Group management strategies and expedite the process from research to commercialization. (See Figure 4 below.)

The New Business Framework From October 2009 Onwards
Fuji Electric Holdings Co., Ltd.
R&D
Accelerate commercialization
Strengthen cohesiveness
Holding company president (Group CEO)
As president also, directly contributes to management
Integration
Pursue synergies
Fuji Electric Systems Co., Ltd. (Energy & Electric Systems Group)
Various systems and components for social infrastructure
Semiconductors
Merger
Wholly owned sales companies (5 companies)
Fuji Electric Device Technology Co., Ltd.
Magnetic Disks
Specialization
Semiconductors
Fuji Electric FA Components & Systems Co., Ltd.
Joint venture with France Schneider Electric
ED&C Equipment
Promote cooperation with Schneider
Sales company
Reorganize existing company as sales company for ED&C equipment
Fuji Electric Retail Systems Co., Ltd.
Vending Machines
Currency Handling Systems
Cold-chain Equipment
Fuji Electric Advanced Technology Co., Ltd.
R&D

We are also implementing these management reforms to overcome the current difficult market environment while also fostering the creation of a “New Fuji Electric” focused on “Energy and the Environment,” thereby focusing all our efforts on recovering our base as a company that continues to evolve with society.

Towards these ends, we will greatly appreciate the continued understanding and support of all of our shareholders going forward.

[Matters Concerning Dividends]

1. Policies relating to decisions on the dividend of surplus (funds) etc.

The Fuji Electric Group's basic policy in its business activities is to provide products, services and solutions, focusing on "quality manufacturing," "original technologies," and "an honest, open and hardworking attitude" to achieve maximum efficiency with minimum consumption of resources in the area of electrical energy and related fields. This is intended to contribute to the development of a recycling-based society and to the long-term development of the company based on the concept of "energy and the environment," and to raise corporate value.

We intend to return profit gained through these business activities to shareholders, while at the same time maintaining adequate consolidated shareholders' equity to secure internal reserves for strengthening our operating base, conducting research and development, capital spending, making use of human resources, and other investments to increase corporate value over the medium to long term.

The amount of dividends to be paid from retained earnings is determined in light of the above business cycle, and it is the Company's intention to pay a stable and continuous dividend that comprehensively takes into consideration consolidated results for the corresponding fiscal year, R&D and capital investment plans for future growth, and the operating environment.

The acquisition of treasury stock is also used as a flexible mechanism to supplement dividends when warranted by the cash flow position.

Moreover, in accordance with the capital strategy prescribed by Article 459, Paragraph 1 of the Company Law, this action shall be conducted with a view to strengthening consolidated shareholders' equity.

Also in accordance with Article 459, Paragraph 1 of the Company Law, this will be decided by resolution of the Board of Directors, or the Ordinary General Meeting of Shareholders.

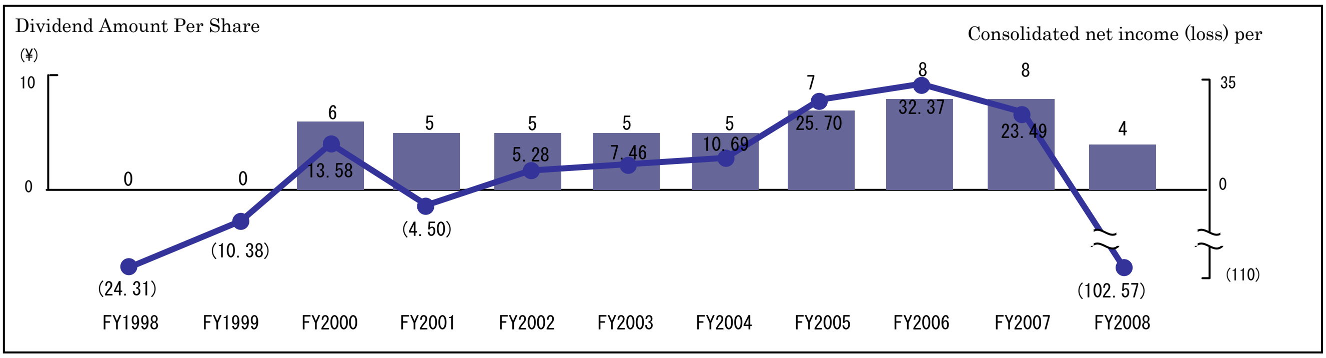
2. Year-end dividend for fiscal year ended March 31, 2008

As described earlier in "Business Overview" on page 1, the first half of fiscal 2008 saw a large decline in operating income, mainly at the Electronic Device Group, from price drops and the yen's appreciation, but in view of retained earnings carried over, the Company paid an interim dividend of ¥4.0 per share on December 2, 2008.

From the beginning of the second half, however, the financial crisis that began in the United States rapidly intensified, leading to a global rapid slowdown in demand, and the Company was forced to record a consolidated net loss of ¥62.5 billion for the six-month period. Consolidated shareholders' equity also fell significantly, by ¥65.4 billion from the end of the first half to ¥122.0 billion as of the fiscal year end.

In light of this situation, the Company is giving the highest priority to quickly rebuilding consolidated shareholders' equity, and regrets to inform shareholders that it decided not to pay a year-end dividend at the meeting of the Board of Directors held on May 22, 2009.

Dividend Chart



[Remuneration for Directors and Auditors]

1. Policy on the determination of remuneration

Remuneration for the Company's Directors and Auditors should be in line with the expectations of the shareholders, allowing for the acquisition and retention of top talent along with incentives to improve performance. The Company will determine remuneration systems and remuneration levels for Directors and Auditors corresponding to their respective duties.

The Company undertakes frequent reviews as to the appropriateness and the necessity of revision of these systems and levels, taking into account changes in the business environment and objective data from outside.

(1) Executive Directors

Since Executive Directors are charged with a duty to improve consolidated results for each fiscal year and realize mid-to-long term improvement in corporate value, their remuneration is structured and managed as follows.

i) Base remuneration

Base remuneration shall be paid as a monthly financial sum determined in advance, applicable to that senior management rank. A portion of the remuneration of Executive Directors, applicable to that senior management rank, shall be contributed to the Director Shareholding Association to share the economic interests of shareholders and as an incentive to make management aware of share value.

ii) Executive performance remuneration

Executive performance remuneration shall only be paid in instances in which dividends are paid to all shareholders from retained earnings. The total amount of executive performance remuneration shall be within one percent of the consolidated net income for the fiscal year prior to the date of payment in order to make the linkage with consolidated results for each fiscal year more transparent.

(2) Non-executive Directors and Auditors

A manager charged with the duty of supervising the execution of duties across a major business segment may be appointed as a Non-executive Director of Fuji Electric. A Non-executive Director participates in important managerial decision-making of the Fuji Electric Group and synchronizes the execution of duties for the business segment of which they are in charge. As needed, a Non-executive Director shall report about the execution of duties for the business segment of which they are in charge to the Board of Directors, and shall be responsible for increasing the Group managerial supervision conducted by the Board of Directors. Accordingly, remuneration for Non-executive Directors shall be paid as base remuneration as a monthly financial sum determined in advance.

Performance-linked remuneration for Non-executive Directors shall be paid by the applicable operating company based on the consolidated business results for the fiscal year and on a performance evaluation of the segment of which the Non-executive Director is in charge.

(3) Outside Directors and Auditors

Remuneration for outside Directors and Auditors shall be paid as base remuneration as a monthly financial sum determined in advance, applicable to their senior management rank, since outside Directors and Auditors are charged with the duty of supervising or auditing the execution of duties across the entire Group.

Outside Directors and Auditors may acquire stock in their Company at their own discretion.

2. Payment of remuneration for Directors and Auditors for fiscal 2008

Based on the above "1. Policy on the determination of remuneration", the following remuneration shall be paid to Directors and Auditors for fiscal 2008.

(1) Performance-linked remuneration

Performance-linked remuneration shall not be paid in view of the substantial deterioration of our consolidated business performance in fiscal 2008, as described earlier in "Business Overview" on page 1.

(2) Base remuneration

The base remuneration paid to Executive Directors, Non-executive Directors (charged with the duty of supervising the execution of duties across a major business segment) and Outside Directors shall be reduced as follows.

i) To set an example by leadership in light of the accelerated promotion of business structural reform, including the appropriate adjustment of the number of personnel and personnel costs, the following reductions were made in the monthly remuneration paid for January and February 2009.

President and Representative Director: 20% reduction
Executive Vice President and Representative Director: 10% reduction
Directors: 5% reduction
In addition to the above, Executive Directors will voluntarily return 5% of their monthly remuneration.

ii) In addition to the above, to clarify managerial responsibility for the circumstances resulting in the forecast that a fiscal 2008 year-end divided will not be paid, the following reductions will made in the monthly remuneration paid from the fiscal year ended March 31, 2009 onwards.

President and Representative Director: 30% reduction
Executive Vice President and Representative Director: 20% reduction
Directors: 15% reduction
Outside Directors: 10% reduction
In addition to the above, Executive Directors and Outside Directors will voluntarily return 15% and 10% of their monthly remuneration, respectively.

Total Remuneration Paid to Directors and Auditors for Fiscal 2008

	Payees (number of persons)	Payment (¥ Million)
Directors	14	300
(Outside)	(3)	(19)
Auditors	7	83
(Outside)	(4)	(20)

Notes: 1. The above payees include two Directors and two Auditors (of which one was an Outside Auditor) who retired on June 24, 2008.

2. In addition to the above payment, in accordance with the resolution passed at the 131st Ordinary General Meeting of Shareholders held on June 26, 2007, the following final payments were made as retirement benefits to the two Directors and two Auditors (of which one was an Outside Auditor) who retired on June 24, 2008.

Two Directors: ¥69 million
Two Auditors: ¥20 million (of which ¥3 million paid to one Outside Auditor)

3. As described earlier in "1. Policy on the determination of remuneration" on page 15, a portion of the base remuneration of Executive Directors shall be contributed to the Director Shareholding Association with the obligation to acquire treasury stock. The following table shows the amount contributed to the Director Shareholding Association, including voluntary contributions, together with the amount of treasury stock acquired.

	Contribution to Director Shareholding Association (Millions of yen)	Treasury stock acquired (Thousands of shares)
Directors	42	378
Auditors	11	57

[Corporate Overview]

Stock information (as of March 31, 2009)

1. Authorized shares: 1,600,000,000
2. Issued and outstanding shares: 746,484,957
3. Number of shareholders: 57,991 (a increase of 7,724 from the end of the previous term)
4. Shareholdings by type of shareholder

Classification	Number of shareholders (persons)	Number of shares (shares)	Ratio of shareholding (%)
Financial institutions/Securities firms	148	295,183,679	39.54
Other domestic corporations	670	138,555,323	18.56
Foreigners	342	95,516,715	12.80
Individuals and others	56,831	217,229,240	29.10
Total	57,991	746,484,957	100.00

(Note) 1. "Individuals and others" includes treasury shares stock.

5. Major ten shareholders

Name	Capital contribution to the Company	
	Number of shares (1,000s)	Ratio of shareholding (%)
FUJITSU LIMITED	74,333	10.40
Japan Trustee Services Bank, Ltd. (Trust Account)	50,832	7.11
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,980	6.57
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	34,702	4.86
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 LTD	13,421	1.88
FURUKAWA CO., LTD.	11,025	1.54
Sompo Japan Insurance Inc.	9,851	1.38

(Notes) 1. The above major ten shareholders include the shareholders holding over 10% of the number of issued and outstanding shares (excluding treasury stock).
2. Treasury stock of 31,780,605 shares is excluded from the above list of major shareholders.

Type of Bonds With Stock Acquisition Rights (as of March 31, 2009)

Fuji Electric Holdings Co., Ltd. Euro yen convertible bonds maturing 2016 with stock acquisition rights

Issued date	Total amount of issued price	Total amount of remaining price	Conversion price
June 1st, 2006	¥30.0 Billion	¥26.98 Billion	¥968

(Notes) 1. The owners of these bonds with stock acquisition rights possess the right to request Fuji Electric Holdings to redeem the bonds before maturity at 100% of the face value on June 2, 2009 and June 1, 2012.
2. Based on this right, during the exercisable period from April 3, 2009 to May 3, 2009 Fuji Electric Holdings was requested to redeem before maturity ¥25,970 million of bonds on the redemption date of June 2, 2009.

Status of Directors and Auditors

1. Directors and Auditors

Name	Position or responsibility in the Company, or main occupation	
Haruo Ito	President and Representative Director General manager of Business Structural Reform Department	
Katsushi Nakayama	Executive Vice President and Representative Director General manager of Business Planning Department, and of the Fuji Electric Group CSR Promotion Office	
Michihiro Kitazawa	Executive Vice President and Representative Director General manager of Technology & Business Strategy Department	
Eisuke Masada	Outside Director	
Tadashi Kudo	Outside Director	
Hiroaki Kurokawa	Outside Director	
Mitsunori Shirakura	Part-time Director	In charge of Energy & Electric Systems segment
Hisao Shigekane	Part-time Director	In charge of Electronic Devices segment
Hiroshi Nishigaki	Part-time Director	In charge of Retail Systems segment
Takamichi Hamada	Director	Senior Executive Officer Deputy general manager of Technology & Business Strategy Department (in charge of business strategy), supporting expansion of Drive business and commercialization of organic EL & fuel cells
Masanori Tsuji	Director	Executive officer General manager of Monotsukuri Planning Department and deputy general manager of Fuji Electric Group CSR Promotion Office
Keiji Sato	Director	Executive officer Deputy general manager of Business Planning Department (in charge of business planning and finance)
Katsumi Yoshida	Standing Auditor	
Keiichi Hirata	Standing Auditor	
Tsuyoshi Nagahama	Outside Auditor	
Yuzuru Fujita	Outside Auditor	
Hiroshi Wada	Outside Auditor	

(Notes) 1. The financial, accounting and other expertise possessed by each auditor is as follows:

- Standing Auditor Katsumi Yoshida is highly knowledgeable about financial and accounting matters, which he has gained from his longstanding career in the Group including top positions in corporate management.
- Standing Auditor Keiichi Hirata is highly knowledgeable about human resources, labor and overall management operations, which he has gained from his longstanding career in the Group in many areas of management, including manager of a listed subsidiary, human resources and general affairs.
- Outside Director Tsuyoshi Nagahama is highly knowledgeable about legal, financial and accounting matters, which he has gained from his career as an attorney of law working in areas including corporate legal matters, merger and acquisition, securities transaction, and legal matters about finance.
- Outside Director Yuzuru Fujita is highly knowledgeable of financial and accounting matters and overall corporate management, which he has gained from his career in a financial institution, where he served as a representative director.
- Outside Director Hiroshi Wada is highly knowledgeable of financial and accounting matters and overall corporate management, which he has gained from his career in a manufacturing company, where he served as vice president and a director in charge of management operations.

2. The responsibilities of two Directors have been changed as described below since April 1, 2009.

Hisao Shigekane	In charge of Electronic Devices segment, general manager of Technology Strategy Office, Technology & Business Strategy Department
Takamichi Hamada	Deputy general manager of Technology & Business Strategy Department (in charge of business strategy), Supports Business Expansion in China

2. Material Concurrent Responsibility and Representative Status of Directors and Auditors

(1) Directors

Name	Responsibility and representative status
Haruo Ito	Outside Director, FUJITSU LIMITED Director(part-time), Fuji Electric FA Components & Systems Co., Ltd.
Michihiro Kitazawa	Director (part-time), Fuji Electric Advanced Technology Co., Ltd.
Eisuke Masada	Chairman, Electric Technology Research Association Chairman, Railway Technical Research Institute
Tadashi Kudo	Trustee, Mizuho Bank,Ltd. Outside Director, Meiji Seika Kaisha, Ltd. Outside Auditor, ITOCHU Corporation Outside Auditor, The Furukawa Electric Co., Ltd. Director (part-time),Asahi Mutual Life Insurance Company
Hiroaki Kurokawa	Senior Advisor, FUJITSU LIMITED
Mitsunori Shirakura	President and Representative Director, Fuji Electric Systems Co., Ltd. Outside Auditor, NOHMI BOSAI LTD.
Hisao Shigekane	President and Representative Director,, Fuji Electric Device Technology Co., Ltd.
Hiroshi Nishigaki	President and representative director,Fuji Electric Retail Systems Co., Ltd.
Masanori Tsuji	Outside Director, FUJI LOGISTICS CO., LTD. Director,(part-time), Fuji Electric Advanced Technology Co., Ltd.
Keiji Sato	Outside Auditor, FUJI LOGISTICS CO., LTD. Outside Auditor , FUJI ELECTRIC ENGINEERING & CONSTRUCTION CO .,LTD.

(Notes)

1. On March 31, 2009, Tadashi Kudo retired as Trustee to Mizuho Bank, Ltd. On April 1, 2009, he was appointed Special Advisor to Chuo Fudosan Co., Ltd.
2. On March 31, 2009, Michihiro Kitazawa and Masanori Tsuji both retired as Part-time Director of Fuji Electric Advanced Technology Co., Ltd.
3. On May 20, 2009, Eisuke Masada retired as Chairman to Electric Technology Research Association.

(2) Auditors

Name	Responsibility and representative status
Katsumi Yoshida	Auditor (part-time), Fuji Electric Systems Co., Ltd.
Keiichi Hirata	Auditor (part-time), Fuji Electric Device Technology Co., Ltd. Auditor (part-time), Fuji Electric Retail Systems Co., Ltd.
Tsuyoshi Nagahama	Attorney, Of Counsel, of Anderson Mori & Tomotsune Outside Auditor, COMPUTER ENGINEERING & CONSULTING LTD.
Yuzuru Fujita	Chairman and Representative Director, Asahi Mutual Life Insurance Company Fuji Electric Holdings has concluded a fund contribution contract with Asahi Mutual Life Insurance Company. Outside Director, FUJI KYUKO CO., LTD. Outside Auditor, ADEKA CORPORATION Outside Auditor, The Yokohama Rubber Company, Limited Outside Auditor, ZEON CORPORATION Outside Auditor, NIPPON EXPRESS CO., LTD. Outside Auditor, The Furukawa Electric Co., Ltd. Outside Auditor, Nippon Light Metal Company, Ltd. Chairman, United World Colleges Japan
Hiroshi Wada	Special Advisor, The Furukawa Electric Co., Ltd. Outside Director, ASAHI-SEIKI MANUFACTURING CO., LTD.

(Notes) 1. On December 31, 2008, Tsuyoshi Nagahama retired as Partner to Anderson Mori & Tomotsune. On January 1, 2009, he was appointed Of Counsel to it

2. On March 15, 2009, Hiroshi Wada retired as Special Advisor to The Furukawa Electric Co., Ltd.

3. Status of Outside Directors and Outside Auditors

(1) Major activities

① Main activities of outside directors

Name	Attendance at Board of Directors meetings	Opinions offered and participation in decisions about business execution
Eisuke Masada	12 of the 13 meetings	Offered opinions concerning business strategies and operating framework for the Group in the future, and business activities overall, based principally on his viewpoint and considerable insight as an expert in electrical engineering. The following are the main matters about which he offered opinions in the course of the Company's decision-making about business execution: ・Strengthening operations to quickly grasp market and customer trends ・Business strategy in the semiconductor field
Tadashi Kudo	12 of the 13 meetings	Offered opinions concerning the financial situation of the Group, the necessity of risk management in budget execution, concerns about worsening discipline in the Group accompanying the lowering of performance targets, and business activities overall, based on his extensive experience as a manager in financial institutions and considerable insight. The following are the main matters about which he offered opinions in the course of the Company's decision-making about business execution: ・Initiatives to reduce inventories ・Maintaining discipline in the Group after lowering of performance targets
Hiroaki Kurokawa	10 of the 10 meetings	Offered opinions concerning the best form of management execution to ensure the Group's business recovery, future business strategies for the Group and business activities overall, based on his extensive experience as a manager in the electronic communications equipment manufacturing industry and considerable insight. The following are the main matters about which he offered opinions in the course of the Company's decision-making about business execution: ・Strengthening operations to quickly grasp market and customer trends ・Initiatives to reduce inventories ・The need to include outside directors in the reduction of directors' remuneration following the forecast that a fiscal 2008 year-end dividend will not be paid

② Main activities of outside auditors

Name	Attendance at Board of Directors meetings Attendance at Board of Auditors meetings	Opinions offered
Tsuyoshi Nagahama	13 of the 13 meetings 6 of the 6 meetings	Offered opinions at meetings of the Board of Directors concerning the Group's compliance and other matters, and at the Board of Auditors concerning confirming the appropriateness of business activities overall from the viewpoint of ensuring legal compliance, based on his specialized viewpoint as a lawyer and considerable insight.
Yuzuru Fujita	10 of the 13 meetings 6 of the 6 meetings	Offered opinions concerning the Group's disclosure of information, and at the Board of Auditors concerning confirming the appropriateness of business activities overall from the viewpoint of ensuring legal compliance, based on his extensive experience as a manager in financial institutions and considerable insight.
Hiroshi Wada	10 of the 10 meetings 5 of the 5 meetings	Offered opinions concerning the Group's compliance and other matters, and at the Board of Auditors concerning confirming the appropriateness of business activities overall from the viewpoint of ensuring legal compliance, based on his extensive experience as a manager in the manufacturing industry and considerable insight.

(2) Outline of Limited Liability Agreement with Outside Directors

The Company concluded an agreement, based on laws and the Articles of Incorporation of the Company, with both Outside Director and Outside Auditor, to limit the liability for damages caused to the Company by non-performance of their duties. The Outside Director and Outside Auditor shall pay the Company whichever is the a higher amount of 6 million or the minimum liability based on the Company Law. The liability limitation described above shall be limited to cases where the Outside Directors and the Outside Auditor performed the duties that became the cause of liability in good faith and without gross negligence.

After concluding the agreement, the Company will set articles to provide instruction limiting the duties of Outside Directors to duties of due diligence and providing guidance on executing these duties sincerely and will do its best to ensure the propriety of the duties of Outside directors.

Matters related to Accounting Auditor

1. Designation of accounting auditor ERNST & YOUNG SHINNIHON LLC

(Note) On July 1, 2008, Ernst & Young ShinNihon transitioned to a limited liability structure, and accordingly changed its name to ERNST & YOUNG SHINNIHON LLC.

2. Accounting auditor remuneration for the period

Category	Payment amounts (¥ million)
(i)Remuneration and other amounts payable by the Company for the period	70
(ii) Total profit on cash and other financial assets payable by the Company and its subsidiaries	354

(Note) In the audit contract between the Company and the accounting auditor, no distinction is made in the amounts of auditing fees under the Commercial Code and audit fees under the Securities and Exchange Law. For this reason, no distinction can be made and the sum of these two is entered in the total amount under (i) above.

3. Non-audit services

The Company and its subsidiaries paid compensation to the accounting auditor for advisory services related to internal control regarding financial reporting; that is, services (non-audit services) other than those stipulated in Article 2, Paragraph 1, of the Certified Public Accountant Law.

4. Policy for determining Independent Auditor dismissal or non-reappointment

If any matters or circumstances surrounding the Independent Auditor apply to any of the items under Article 340, Paragraph 1 of the Commercial Code, and the Board of Auditors deems dismissal appropriate, the Independent Auditor will be dismissed.

If the Company for any reason deems it appropriate to dismiss or chooses not to reappoint the Independent Auditor, at the request of the Board of Auditors or with its concurrence, such dismissal or non-reappointment becomes a matter for the general shareholders meeting.

[The Fuji Electric Group]

Group companies (As of March 31,2009)

Fuji Electric Holdings Co., Ltd. (Holding Company)

Energy & Electric Systems Group

Fuji Electric Systems Co., Ltd.

Fuji Electric FA Components & Systems Co., Ltd.
Wuxi Fuji Electric FA Co., Ltd.
Fuji Electric FA Europe GmbH
Fuji Electric Motor Co., Ltd.
Fuji Electric FA Services Co., Ltd.
Fuji Electric Motor (Dalian) Co., Ltd.
Atai Fuji Electric Co., Ltd.
Fuji Electric Hi-Tech Corp.
Fuji IT Co., Ltd.
Fuji Electric IT Solutions Co., Ltd.
Fuji Eletctric F-Tech Co., Ltd.
Fuji Electric Instrumentation Co., Ltd.
Fuji Electric Instruments Co., Ltd.
Asahi Keiji Co., Ltd.
Azumi Fuji Co., Ltd.
Hakko Electronics Co., Ltd.
Fuji Electric Thermo Systems Co., Ltd.
Fuji Electric Chiba Tech. Co., Ltd.
Ibaraki Fuji Co., Ltd.
Shanghai Fuji Electric Switchgear Co., Ltd.
Tottori Manufacturing Electric Co., Ltd.
Fuji Denki Sosetsu Co., Ltd.
Fuji Gas Turbine Research Center Co., Ltd.
Fuji Electric (Shanghai) Co., Ltd.
Fuji Electric Corp. of America
Chichibu Fuji Co., Ltd.
Fuji Electric Dalian Co., Ltd.
Fuji Electric FA Singapore Private Ltd.
Fuji Electric FA Taiwan Co., Ltd.
Fuji Electric (Asia) Co., Ltd.
Fuji Electric Enginieering & construction Co., Ltd.
Fuji Electric Technica Co., Ltd.
Japan AE Power Systems Corporation*
METAWATER Co., Ltd.*

Electronic Devices Group

Fuji Electric Device Technology Co., Ltd.

Hokuriku Fuji Co., Ltd.
Iiyama Fuji Co., Ltd.
Omachi Fuji Co., Ltd.
Fuji Electric Matsumoto Mechanics Co., Ltd.
Fuji Electric Philippines, Inc.
Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.
Fuji Electric (Malaysia) Sdn. Bhd.
Fuji Electric (Shenzhen) Co., Ltd.
Fuji Electric Device Technology America, Inc.
Fuji Electric Device Technology Europe Gmb
Fuji Electric Device Technology Hong Kong Co., Limited.
Fuji Electric Taiwan Co., Ltd.
Fuji Electric Singapore Private Ltd.

Retail Systems Group

Fuji Electric Retail Systems Co., Ltd.

Shinshu Fuji Electric Co., Ltd.
Hoei Plastics Co., Ltd.
Mie Fuji Co., Ltd.

Others

〈R&D Companies〉
Fuji Electric Advanced Technology Co., Ltd.

〈Shared Service Companies〉
Fuji Life Corp.
Fuji Electric Information Service Co., Ltd.
Fuji Brain Trust Co., Ltd.,
Fuji Electric Finance and Accounting Support Co., Ltd.
Fuji Techno Survey Co., Ltd.

〈Logistics Companies〉
Fuji Logistics Co., Ltd.*

〈Shared sales companies〉

Fuji EIC Co., Ltd.
Hoei Denki Company Ltd.
Chubu Fuji Electric. Co., Ltd.
Kyusyu Fuji Electric Co., Ltd.
Hokkaido Fuji Electric Co., Ltd.
Tohoku Fuji Electric Co., Ltd.
Nishinihon Fuji Electric Co., Ltd.
Hoei Hong Kong Co., Ltd.

〈Manufacturing & Sales Companies〉

Fuji Electric Exas Co., Ltd.

(Notes) 1. In the segments of Energy and Electric Systems, Electronic Devices, and Retail Systems the companies inside the rectangles (core companies) have the powers to execute orders
2. Companies marked with an asterisk (*) are accounted for under the equity//method affiliates.
3. The following changes occurred among consolidated subsidiaries during fiscal 2008.
New consolidated subsidiaries: Fuji Electric FA Components & Systems Co., Ltd. (former name: Schneider Electric Co., Ltd.), Fuji Electric FA Services Co., Ltd., Hoei Hong Kong Co., Ltd., METAWATER Co., Ltd.*
Excluded from consolidation: Fuji Electric Assets Management Co., Ltd. (former name: Fuji Electric FA Components & Systems Co., Ltd.), FFC Limited, FFC Systems, Fuji Electric Water Environmental Systems Co., Ltd., Fuji Electric Power Engineering & Service Co., Ltd.
4. The following changes occurred on April 1, 2009:
・On April 1, 2009, Fuji Electric Motor Co., Ltd. was integrated into Fuji Electric Systems Co., Ltd.
・On April 1, 2009, Fuji Electric Singapore Private Ltd. integrated the Drive & Automation businesses of Fuji Electric FA Singapore Private Ltd., and changed its company name to Fuji Electric Asia Pacific Co., Ltd.
・On April 1, 2009, Fuji Electric Corp. of America integrated Fuji Electric Device Technology America, Inc. by an absorption merger, and changed its company name to Fuji Electric America Co., Ltd.

Important subsidiaries of the corporate group

Company name	Fuji Electric Systems Co., Ltd		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of various equipment and systems related to social infrastructure for industries, public works, energy, transportation, etc., and related service provision		
Net sales (¥ Million)	261,169	Net assets (¥ Million)	47,816
Operating income (¥ Million)	10,411	Capital (¥ Million)	25,000
Net income (¥ Million)	6,421	Number of employees	5,558
Company name	Fuji Electric Device Technology Co., Ltd.		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of semiconductor devices, storage devices		
Net sales (¥ Million)	110,119	Net assets (¥ Million)	(5,806)
Operating income (¥ Million)	(27,419)	Capital (¥ Million)	10,000
Net income (¥ Million)	(37,288)	Number of employees	1,854
Company name	Fuji Electric Retail Systems Co., Ltd.		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of vending machines, food service equipment, monetary service equipment, cold-chain equipment, etc., and related service provision		
Net sales (¥ Million)	135,728	Net assets (¥ Million)	37,557
Operating income (¥ Million)	(407)	Capital (¥ Million)	9,789
Net income (¥ Million)	(2,667)	Number of employees	2,364
Company name	Fuji Electric Advanced Technology Co., Ltd.		
The Company's capital contribution	100%		
Major business	Research and development of basic technologies, new technologies and new products		
Net sales (¥ Million)	10,172	Net assets (¥ Million)	545
Operating income (¥ Million)	351	Capital (¥ Million)	450
Net income (¥ Million)	(481)	Number of employees	464

Note: Fuji Electric Systems Co., Ltd., Fuji Electric Device Technology Co., Ltd. and Fuji Electric Retail Systems Co., Ltd. are operating companies (core operating companies) for the business segments of Energy and Electric Systems, Electronic Devices, and Retail Systems, respectively. Each core company possesses the operating authority and responsibility for results over the entire segment.

Fuji Electric Advanced Technology Co., Ltd. is the company conducting research and development for the Fuji Electric Group.

Important Corporate Realignments

- On April 1, 2008, Fuji Electric Water Environmental Systems Co., Ltd. implemented an absorption-type merger with NGK Water Environment Systems Co., Ltd. to establish a combined company, METAWATER Co., Ltd. (The Fuji Electric Group owns 50%.)
- On June 1, 2008, all the shares of FFC Limited possessed by Fuji Electric Systems Co., Ltd. (which had owned 60% of FFC Limited) were transferred to FUJITSU LIMITED.
- On October 1, 2008, the electric power distribution and control systems businesses of Fuji Electric FA Components & Systems Co., Ltd. (which had changed its company name to Fuji Electric Assets Management Co., Ltd. in October 2008 and was integrated in to Fuji Electric Systems Co., Ltd. by an absorption-type merger in March 2009) were split off to Schneider Electric Co., Ltd. to establish the combined company (Fuji Electric FA Components & Systems Co., Ltd.). (The Fuji Electric Group owns 63%.)
- Fuji Electric Systems Co., Ltd. and Fuji Electric Hi-Tech Corp. made a basic agreement with TDK-Lambda Corporation, a wholly owned subsidiary of TDK Corporation, to integrate the uninterruptible power system (UPS) business conducted by Fuji Electric Systems Co., Ltd. and TDK-Lambda Corporation into Fuji Electric Hi-Tech Corp., which conducts an internal power supply business, by October 1, 2009.

  Fuji Electric Systems Co., Ltd. plans to own a majority stake of the company after the integration.

On May 22, 2009, after having received audit reports from their respective Boards of Auditors, Fuji Electric E&C Co., Ltd., Fuji Electric Sosetsu Co., Ltd. and Furukawa Engineering & Construction Inc. resolved to integrate on October 1, 2009, with Fuji Electric E&C Co., Ltd. as the surviving company, and concluded the merger contracts.

The integration of these three companies, each with differing strengths in their respective business fields, is aimed at expanding their businesses in the form of an integrated facilities engineering company. (The Fuji Electric Group plans to own 44% of the company.)

Main facilities of the Group (as of March 31, 2009)

1. The Company

Head office	1-1 Tanabe Shinden, Kawasaki-ku, Kawasaki
Administrative office of the head office	1-11-2 Ohsaki, Shinagawa-ku, Tokyo (Gate City Ohsaki East Tower)

(Note) The above head office is the registered head office, and actual operations have been conducted in the administrative office of the head office.

2. Energy & Electric Systems Group

Domestic facilities

Production facilities	Suzuka, Kobe, Azumino, Hino, Ichihara , Kawasaki, Nankan-machi Kumamoto, Otawara
Sales facilities	Shinagawa-ku (Tokyo), Sapporo, Sendai, Saitama, Chiba, Toyama, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka, Naha

Overseas facilities

Wuxi Fuji Electric FA Co., Ltd. (China), Fuji Electric FA Europe GmbH (Germany), Fuji Electric Motor (Dalian) Co., Ltd. (China), Atai Fuji Electric Co.,Ltd. (Taiwan), Shanghai Fuji Electric Switchgear Co., Ltd.(China), Fuji Electric FA (Shanghai) Co., Ltd. (China), Fuji Electric Corp. of America, Fuji Electric Dalian Co., Ltd. (China), Fuji Electric FA Singapore Private Ltd., Fuji Electric FA Taiwan Co., Ltd. (Taiwan), Fuji Electric FA (Asia) Co., Ltd. (China)

3. Electronic Devices Group

Domestic facilities

Production facilities	Matsumoto, Minami Alps
Sales facilities	Shinagawa-ku (Tokyo), Osaka, Nagoya

Overseas facilities

Fuji Electric Philippines, Inc., Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.、Fuji Electric (Malaysia) Sdn. Bhd., Fuji Electric (Shenzhen) Co., Ltd. (China), Fuji Electric Device Technology America, Inc., Fuji Electric Device Technology Europe GmbH (Germany), Fuji Electric Device Technology Hong Kong Co., Limited, Fuji Electric Taiwan Co., Ltd., Fuji Electric Singapore Private Ltd.

5. Retail Systems Group

Production facilities	Yokkaichi, Konosu, Ueda
Sales facilities	Chiyoda-ku(Tokyo), Sapporo, Sendai, Yokohama, Kanazawa, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka

6. Others, Common

Production facilities	Hino, Matsumoto, Ichihara, Kawasaki
Sales facilities	Chuo-ku (Tokyo), Osaka, Nagoya, Fukuoka, Sapporo, Sendai, Hiroshima

Overseas facilities

Fuji Electric Holdings (Shanghai) Co., Ltd. (China), Hoei Hong Kong Co., Ltd (China)

Employees of the Group (as of March 31, 2009)

Business group	Number of employees (persons)	Year-on-year change (persons)
Energy & Electric Systems	13,238	-2,035
Electronic Devices	5,108	-780
Retail Systems	2,694	+14
Others	1,613	-40
Entire Company (common)	146	+6
Total	22,799	-2,835

(Note) 1. Employees included in the "entire company (common)" represent those who cannot be classified into specific groups.
2. The number of employees of the Company at year-end is 146 (a increase of 6 persons from the end of the previous year).

Major lenders (as of March 31, 2009)

Name of Lenders	Balance of Loans (¥ Million)
Mizuho Corporate Bank,Ltd.	38,408
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	28,554
The Chiba Bank, Ltd.	13,100
Resona Bank, Limited.	10,700

Basic Policy on System of Internal Controls

Based on the regulations of Article 362, Section 5 of Company Law, the Board of Directors formulated the following plan for constructing an internal control system, as provided in Article 362, Section 4, Item 6 of the Company Law and Article 100, Section 1 of the Ordinance for Enforcement of the Company Law.

1. Purpose

The basic management policy of the Fuji Electric Group is to develop generation-leading, innovative technologies that incorporate cutting-edge environmental features, while at the same time deepening relationships of trust with local communities, customers, business partners and other stakeholders as a good corporate citizen of the global community. The Group also seeks to satisfy customers and contribute to society by providing socially beneficial products and businesses, and in doing so, maximizing Group corporate value and fulfilling management responsibilities entrusted by shareholders.

In order to actualize this basic management policy, as the holding company for the Fuji Electric Group, the Company will endeavor to develop a system for ensuring proper administration of business.

2. System for Ensuring Proper Administration of the Company and the Fuji Electric Group

(1) System for ensuring that directors and employees carry out their duties in accordance with the law and the Articles of Incorporation

(i) The Fuji Electric Group's management system uses a pure holding company structure in order to completely divide Group management and oversight from business execution, clarify the authority and responsibilities of both functions, and reinforce corporate governance. The organizational structure consists of a holding company (the Company), which is responsible for management and oversight, and operating companies, which carry out the business execution function. Details on the structure follow below.

- The holding company structure serves to separate the management/oversight function from the business execution function. Consequently, the Company has adopted the auditor governance model.
- In order to clarify the authority and responsibilities of the holding company and the operating companies, holding company Directors do not concurrently hold positions as core company Directors.

  However, with the aim of enhancing Group strategies, strengthening initiatives concerning future issues (internal control, environmental problems, etc.), strengthening functions that supervise business execution, accelerating the speed of decision-making, and of strengthening the accountability of the Board of Directors for reporting to shareholders and other stakeholders, the President of a core company may be appointed as a Director of the holding company after receiving the approval of the General Meeting of Shareholders.
- In order to clarify management responsibilities and respond rapidly to changes in the operating environment, the term of office of Group company Directors is set at until the Ordinary General Meeting of Shareholders corresponding to the final fiscal year ending within one year of appointment.
- In order to ensure the effectiveness of audits of operating companies by the Company, the Company's full-time Auditors are appointed to serve as Auditors for core companies.

(ii) Managers at the Company and Group companies are required to repeatedly explain and ensure full awareness of management principles applicable to the entire Fuji Electric Group as well as the spirit behind the Fuji Electric Charter of Corporate Behavior, which serves as a code of behavior for all executives and employees.

(iii) The company will establish and promote a compliance system as follows, based on the "Fuji Electric Group Compliance Regulations" and the "Fuji Group Compliance Program."

- The Group Compliance Promotion Committee is chaired by the Company's President and Representative Director. It strives to ensure full compliance with laws and social norms pertaining to the Fuji Electric Group.
- The Fuji Electric Group Compliance Program systematizes internal rules, daily monitoring, auditing, education and other areas for each law and regulation connected with the business activities of the Fuji Electric Group.
- Legal training is conducted for all full-time executives of Group companies and compliance education is conducted for employees based on the Fuji Electric Group Compliance Program.

- The Business Ethics Helpline facilitates communication between Group company employees and the President of the Company, the Group's holding company, using a route that is independent of normal lines of communication. This is intended to prevent actions that violate the law, Articles of Incorporation, and Group or internal rules before they occur and aid early discovery of such actions.
- The establishment and promotion of the above systems also enable each Group company to provide an organized response aimed at rejecting antisocial forces and groups that threaten public order or the safety of private citizens.

(iv) Internal auditing divisions at the Company and core companies under the jurisdiction of their respective companies' presidents conduct audits of their own companies and their companies' subsidiaries. In addition, in order to ensure the effectiveness of internal auditing of the Group as a whole, information on various activities is shared at the Group Auditing Committee, which consists of members of internal auditing divisions at the Company and core companies, and the Fuji Electric Group Internal Auditing Subcommittee, which is made up of members of internal auditing divisions at principal Group companies.

(2) System for saving and managing information pertaining to Director performance

The Fuji Electronic Group Document Management Regulations will be formulated in order to accurately save and manage records of important business execution by the Fuji Electric Group at Group companies and to ensure that Directors and Auditors acquire knowledge of the records. The regulations establish procedures for Directors, Auditors and managers involved in saving and storing records regarding access to the information. The Company's Auditors are also consulted in advance with regard to formulating, amending, or eliminating regulations.

(3) Regulations for managing loss-related risk and other systems

(i) The Fuji Electric Group Risk Management Regulations will be formulated in order to systematically manage operational risks faced by the Fuji Electric Group. Based on these regulations, Group companies will establish appropriate risk management systems for their business divisions (including their subsidiaries). In addition, a system for managing specific Group-wide risks will be established for the Group as a whole. The system involves the creation of departments in the Company to manage each type of risk.

(ii) The Company's internal auditing division audits risk management progress at core companies and reports the results to the Company's president.

(iii) Based on the Fuji Electric Group Emergency Response Guidelines, Directors in charge of crisis management are designated and a communication system and response headquarters are established for when emergency situations occur. These measures are intended to minimize the impact of emergency situations on the Group.

(4) System for ensuring effective business execution by Directors

(i) Decision-making authority and responsibilities with respect to business execution within the Group will be clarified in accordance with resolutions of the Board of Directors that define and determine executive duties for Directors, Regulations of the Board of Directors and Fuji Electric Group Management Regulations.

(ii) An Executive Committee has been established as a permanent corporate body to advise the Company's president. It is made up of the Company's full-time Directors, the President of each core company and other individuals. The committee deliberates on important matters pertaining to Group management and formulates reports. The Company's Representative Director communicates the deliberations and reports of the Executive Committee to the Company's Board of Directors.

(iii) In order to formulate annual and medium-term management plans for the Group as a whole and to share information within the Group, the Execute Committee and the Company's Board of Directors confirm, evaluate and review progress for each business division on a monthly basis.

(5) System to ensure trustworthy financial reporting

The Company has formulated "Internal control management regulations regarding the financial reporting of the Fuji Electric Group" to ensure the appropriateness of documents and other information related to financial settlements of the Company and the Fuji Electric Group as stipulated by the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended). Based on these regulations, each Group company has built internal controls regarding financial reporting, endeavors to appropriately conduct evaluations and reporting, and reports the results of evaluations to its Board of Directors.

(6) System for ensuring the proper administration of the Company and the Fuji Electric Group

(i) The respective roles to be played by each Group company under the pure holding company structure are clarified in accordance with the Fuji Electric Group Management Regulations and efforts are made to optimize operations for the Group as a whole.

(ii) As the holding company, the Company has responsibility for maximizing corporate value for the Group as a whole and works to enhance systems to ensure proper administration from the perspective of the entire Group for the items discussed above.

The Company will request the formulation of a basic policy regarding the establishment of a system that ensures each Group company conducts appropriate business activities as stipulated by the Company Law, and will work to ensure the effectiveness of these systems.

(7) Matters pertaining to employees assisting Auditors and their independence from Directors

Auditors may request the assistance of employees from internal auditing divisions or management planning divisions as necessary. Employees carrying out this work may do so independently of instructions or orders from Directors.

(8) System for reporting to Auditors by Directors and employees and other matters pertaining to reporting to Auditors

The Regulations on Reporting to Auditors by Directors and Employees will be established to ensure Auditors acquire information sufficient for them to fulfill their duties. The regulations establish specific methods for ensuring Auditors have opportunities to attend important meetings where decisions are made on business execution, for distributing regular reports and important documents to Auditors, and for making it possible for Auditors to otherwise collect information on Directors' performance of their duties.

(9) Other systems to ensure audits by Auditors are conducted efficiently

(i) The Company actively recruits outside Auditors and, as stated in 1) above, appoints the Company's full-time Auditors to serve as Auditors at core companies in order to ensure the effectiveness of audits by the Company as the holding company for the Group.

(ii) The Fuji Electric Group Board of Auditors is made up of auditors affiliated with the Company and core companies. The Fuji Electric Group Auditor Committee is made up of auditors from large companies within the Group, as defined by the Company Law. The board and the committee work to communicate auditing policies that pertain to the Group as a whole. The Auditing Liaison Committee comprises Auditors from the Company and core companies, members of internal audit divisions, and accounting auditors. This committee is involved in strengthening communication among all auditing bodies and ensuring the effectiveness of auditing practices for the Group as a whole.

Basic policy on control of the Company

1. Details of the basic policy

The Group's corporate mission is laid down in the Fuji Electric Group's Corporate Philosophy: "We 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' and 'seek harmony with the environment.' Our management policy to fulfill our mission entails our commitment to: (1) Customer Satisfaction and Expectation: With innovative technologies and a dedication to customer service, we strive to satisfy the needs of our customers and anticipate their future requirements. (2) Growth and Profitability: We are committed to grow as a firm, sustaining responsible operations and profits. In so doing, we can share these benefits with our stockholders, our corporate members and the societies in which we live. (3) Individuality: People are the source of our strength. We respect individuality, and challenge one another to realize our full potential."

In implementing this philosophy, the Fuji Electric Group continues to amass unique technologies, experience and know-how, and strives to develop and maintain good relations with various stakeholders, including customers, partners, communities, and employees. These are Fuji Electric Group's precious tangible and intangible assets, the corporate DNA, and resources that support the creation of corporate value for the Group.

Based on that philosophy, the Company strives to manage in line with changes in the environment. The Company recognizes that the most effective countermeasures against share purchases that could damage the corporate value of the Group are increasing corporate value in the mid-to-long term vision and further raising the share of profits to shareholders, and strives to realize those aims.

Furthermore, the Company is actively engaging in a range of IR activities to ensure that the Fuji Electric's stock price is properly understood. The Company will strive to further deepen understanding of the Group by issuing reports on its performance including quarterly financial reports and holding plant tour programs for the shareholders.

The Board of Directors recognizes that the free trade of shares by shareholders is a reality as a listed company, and believes that the question of whether or not large-scale purchases of shares in the Company by specific individuals should be permitted is a matter that should ultimately be delegated to the shareholders.

However, corporate acquisitions undertaken to profit unduly from selling a company's stock at the highest price do occur. The Board of Directors does not believe that any party who engages in any such large-scale share purchases of the Group's stock or tables proposals which do not contribute to the corporate value of the Group or the mutual benefit of the shareholders are suitable parties to control the Company's finances and the determination of its business policy.
At this point in time, no specific threat related to large-scale purchases of the Company's shares has emerged. Moreover, the Company has not yet put in place any specific preventative measures (so-called "poison pill") against the emergence of a takeover threat.

However, the Board of Directors will, as a managerial duty to the shareholders, establish an internal system to install measures against any large-scale purchases of the Company's shares that threaten the Group's corporate value or the mutual benefit of the shareholders.

2. The Fuji Group's measures to realize the Basic Policy

(1) Initiatives to improve corporate value of the Fuji Electric Group

The business performance of the Fuji Electric Group has significantly deteriorated mainly due to the drastic worsening of the business environment in fiscal 2008. Our current target is to recover profitability by fiscal 2010, and to achieve this we will rebuild our earnings base and strengthen our financial framework by means of reducing total expenses and implementing business structural reform. At the same time, we will position "Energy and the Environment" as a core domain for medium- and long-term growth, and clarify the measures needed to realize this business policy. The overriding aim of our efforts is to make an early recovery of the Group's corporate value together with achieving a sustained improvement in the future.

(2) Measures to prevent control of the Company by undesirable parties as described in the Basic Policy

The Company will, based on 1. Details of the Basic Policy above, strive to establish an internal system in view of any potential or actual purchases of the Company's shares that threaten the Group's corporate value or the mutual benefit of the shareholders.

Specifically, the Company will very carefully monitor daily trading movements and shareholder changes and at the same time put in place a first-response manual for contingencies, and establish a framework for collaboration with external experts. The Company will determine specific preventative measures in a timely and appropriate manner, and strive towards the enhancement of internal systems.

Furthermore, the Company will continue to consider the introduction of a "poison pill," from the viewpoints of ensuring and increasing the Group's corporate value or the mutual benefit of the shareholders, based on the opinions and judgments of the legal system and the relevant authorities, social trends, and the opinions of our stakeholders.

3. The decisions and rationale of the Board of Directors regarding the measures above

The Board resolved at the meeting of the Board of Directors on April 26, 2007 that the measures referred to in 2. above are means (1) to maintain and enhance the corporate value of the Group over the mid-term, and (2) to establish internal systems to respond to large-scale purchases of the Company's shares that threaten the Group's corporate value or the mutual benefit of the shareholders. Hence, the Board of Directors confirmed that these measures comply with the basic policy in 1., and neither measure represents a threat to the mutual benefit of the shareholders or a means to maintain the members of the current top management team in their positions.

This resolution was unanimously resolved under plenary attendance of Directors and Auditors (including Outside Directors and Outside Auditors). Further, the resolution was unanimously agreed upon at t he Board of Auditors Meeting on the same day, provided that the measures described in 2 above are properly taken.

(Notes) 1. Amounts less than a unit are rounded down in the Business Report.

2. In the number of shares in the Business Report, odd lot share amounts of less than one thousand (1000 shares) are rounded down.

3. In this Business Report, the terms "the Fuji Electric Group" and "the Group" shall mean "Corporate Group," as defined in Article 120, Paragraph 2 of the Company Law enforcement rules.

4. From the fiscal year under review, the number of business segments has been changed from five to four. The figures for the previous fiscal year for each business segment have been restated to conform to the business segments after this change.

5. The business object in the future, stated in the Business Report is calculated based on given assumptions that we assess to be reasonable at the time of writing the Business Report. The description may differ from the actual results, and we cannot guarantee the accuracy of the content.

Consolidated Balance Sheets

(as of March 31, 2009)

[Assets]	(￥Million)
Current assets	**463,721**
Cash and time deposits	85,467
Notes and accounts receivable, trade	178,948
Products and finished goods	53,601
Work in process	66,203
Raw materials and supplies	30,770
Deferred tax assets	9,463
Other current assets	39,869
Allowance for doubtful accounts	(601)
Noncurrentassets	**444,850**
Tangible fixed assets	**194,552**
Buildings and structures	84,411
Machinery, equipment and delivery equipment	34,706
Tools, furniture and fixtures	5,944
Land	34,719
Leased assets	9,587
Construction in progress	25,183
Intangible fixed assets	**10,621**
Software	5,381
Other	5,239
Investments and other assets	**239,676**
Investment securities	178,221
Long-term loans	2,287
Prepaid pension costs	46,975
Deferred tax assets	3,621
Other	9,829
Allowance for doubtful accounts	(1,259)
Bond issue expenses	369
Bond issue expenses	369
Total assets	**908,941**

[Liabilities]	(￥Million)
Current liabilities	**473,602**
Notes and accounts payable, trade	121,115
Short-term loans	131,902
Commercial paper	53,000
Accrued expense	37,731
Income taxes payable	2,691
Advance received	57,421
Other current liabilities	69,740
Noncurrent liabilities	**289,225**
Bonds payable	146,980
Long-term loans payable	84,201
Deferred tax liabilities	36,561
Allowance for retirement benefits	8,715
Allowance for director and auditor retirement benefits	862
Other	11,904
Total liabilities	**762,828**
[Net assets]	
Capital stock	**122,083**
Common stock	**47,586**
Capital surplus	**46,734**
Retained earnings	**34,850**
Treasury stok	**(7,088)**
Valuation and translation adjustments	**8,258**
Unrealized gains on securities, net of taxes	**10,751**
Differed gains or losses on hedges	**(60)**
Foreign currency translation adjustments	**(2,431)**
Minority interests in consolidated subsidiaries	**15,771**
Total net assets	**146,113**
Total liabilities and net assets	**908,941**

Consolidated Statements of Income

(from April 1, 2007 to March 31, 2008)

	(￥Million)	(￥Million)
Net sales		766,637
Cost of sales		644,477
Gross profit		122,160
Selling, general and administrative expenses		141,015
Operating Loss		(18,855)
Non-operating income		
Interest and dividend income	4,669	
Miscellaneous income	3,529	8,198
Non-operating expenses		
Interest expenses	5,771	
Miscellaneous expenses	4,340	10,112
Ordinary Loss		(20,769)
Extraordinary income		
Gain on sales of fixed assets	187	
Gain on sales of investment securities	86	
Gain on change in equity	2,293	
Gain on insurance adjustment	607	
Other	222	3,396
Extraordinary loss		
Loss on disposal of fixed assets	1,977	
Loss on valuation of investment securities	3,700	
Business structural reform expenses	18,489	
Other	5,139	29,308
Net loss before adjustments of income taxes		**(46,681)**
Corporate, inhabitant and business tax	4,732	
Adjustments of income taxes	22,694	27,426
Loss for minority shareholders		(800)
Net loss		**(73,306)**

Consolidated Statement of Changes in Net Assets

(￥Million)

	Shareholders' Equity				
	Capital stok	Capital surplus	Retained earnings	Treasury stock	Total shareholders'
Balance as of March 31, 2008	47,586	46,734	116,478	(7,072)	203,727
Increase (decrease) due to accounting change at overseas subsidiary			(3,025)		(3,025)
Changes during the fiscal year					
Dividends from surplus			(5,717)		(5,717)
Net loss for the year			(73,306)		(73,306)
Purchase of treasury stocks				(57)	(57)
Disposal of treasury stocks		0		41	41
Change reflecting change in scope of consolidation			422		422
Changes during the fiscal year in items other than shareholders' equity (net)					-
Total changes during the fiscal year (net)	-	0	(78,602)	(16)	(81,644)
Balance as of March 31, 2009	47,586	46,734	34,850	(7,088)	122,083

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on avaiable-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2008	52,032	820	(2,145)	50,707	8,820	263,255
Increase (decrease) due to accounting change at overseas subsidiary				-		(3,025)
Changes during the fiscal year						
Dividends from surplus				-		(5,717)
Net loss for the year				-		(73,306)
Purchase of treasury stocks				-		(57)
Disposal of treasury stocks				-		41
Change reflecting change in scope of consolidation				-		422
Changes during the fiscal year in items other than shareholders' equity (net)	(41,281)	(880)	(285)	(42,448)	6,950	(35,497)
Total changes during the fiscal year (net)	(41,281)	(880)	(285)	(42,448)	6,950	(114,116)
Balance as of March 31, 2009	10,751	(60)	(2,431)	8,258	15,771	146,113

Important basic matters for the preparation of consolidated financial statements

1. Matters related to the range of consolidation
   (1) Number of consolidated subsidiaries
   66 companies (Names of main companies: Fuji Electric Systems Co., Ltd., Fuji Electric FA Components & Systems Co., Ltd., Fuji Electric Device Technology Co., Ltd., Fuji Electric Retail Systems Co., Ltd.)

   Two companies were added to the scope of consolidation in the fiscal year under review, reflecting their increased importance: Fuji Electric Motor Services Co., Ltd. (which changed its company name to Fuji Electric FA Services Co., Ltd.) and Hoei Hong Kong Co., Ltd. The two companies of FFC Limited and FFC Systems were excluded, accompanying a transfer of equity, and consolidated subsidiary Fuji Electric Power Services Co., Ltd. was absorbed into Fuji Electric Water Environmental Systems Co., was excluded from consolidation due to discontinuation accompanying an absorption-type merger to form a jointly controlled company, and the surviving company is an equity-method

   Schneider Electric Co., Ltd., the surviving company of an absorption split to form a subsidiary, was added to consolidation, and changed its company name to Fuji Electric FA Components & Systems Co., Ltd. Consolidated subsidiary Fuji Electric FA Components & Systems Co., Ltd., which was split off, changed its company name to Fuji Electric Assets Management Co., Ltd., and was absorbed into Fuji Electric Systems Co., Ltd.

   (2) Names of main non-consolidated subsidiaries
   Fuji Relate Co., Ltd.
   Total assets, net sales, net income and retained earnings of non-consolidated subsidiaries are small amounts individually, and not material to the consolidated financial statements as a whole.

2. Matters related to the application of equity method
   (1) Number of affiliates to which the equity method is applicable
   3 companies (Fuji Logistics Co., Ltd., Japan AE Power Systems Corporation, METAWATER Co., Ltd.)

   METAWATER Co., Ltd. was added, accompanying the formation of a joint-control company.

   (2) Since non-consolidated subsidiaries and affiliates (Korea FA System Co., Ltd., etc.), to which the equity method is not adopted, were not material to net income and retained earnings individually and as a whole, investments in these companies were accounted for using the cost method, rather than the equity method.

3. Matters related to the fiscal years of consolidated subsidiaries
   Some consolidated subsidiaries' fiscal year end are end of December. Those companies, conducted the provisional settlement of accounts on the Company's consolidated settlement date.

4. Matters related to accounting policies
   (1) Valuation of major assets
   ① Securities
   Other securities
   For those with market value:
   Stated at market value based on market prices, etc. at year-end. (Valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.)
   For those without market value:
   Stated at cost as determined by the moving average method.
   ② Inventories
   a) Products and work-in-process
   Principally evaluated at cost determined by the individual or gross average method (the value to be carried on the balance is calculated by reducing the book value due to the decline in profitability).
   But products of certain consolidated subsidiaries are stated based on the latest purchase cost method.

   b) Raw materials and supplies
   Stated at cost as determined by the last purchase cost method.
   (Change in accounting policy)
   From the fiscal year under review, Fuji Electric adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). As a result of this change, the operating loss and ordinary loss both increased ¥3,936 million, and net loss before adjustments for income taxes increased ¥5,571 million

   ③ Derivatives
   Stated at cost as determined by the last purchase cost method.

   (2) Depreciation of major fixed assets
   ① Tangible fixed assets (excluding leased assets)
   Tangible fixed assets are principally depreciated by the declining balance method.
   However, buildings (except buildings for facilities) acquired on or after April 1, 1998 are depreciated by the straight-line

   ② Leased assets
   Leased assets are amortized under the straight-line method based on the lease term as the useful life and residual value of
   Fuji Electric applies the method for ordinary operating lease transactions to financial leases other than those that transfer ownership rights that started before March 31, 2008.

(3) Standards for recording major allowances

① Allowance for doubtful accounts

To provide for possible bad debt losses, the Company records an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables.

② Allowance for retirement benefits

To provide for payments of retirement benefits of employees, the Company records an amount recognized to have accrued at year-end based on estimated amounts of retirement benefit obligations and pension assets at year-end.

Differences arisen due to the change of accounting standards are expensed over 10 years.

Past service liabilities are expensed based on the straight-line method using years less than the average remaining service period of employees at the time of the accrual.

An actuarial difference is expensed based on the straight-line method from the fiscal year following its accrual over an average remaining service period of employees at the time of the accrual.

③ Allowance for director and auditor retirement benefits

To provide for payments of retirement benefits of directors and auditors, the Company and consolidated subsidiaries records an amount recognized to have accrued at year-end based on estimated amounts of retirement benefit obligations based on internal rules.

(4) Standards for the conversion of important foreign currency assets or liabilities to the Japanese currency

Foreign currency receivables and payables are converted to yen based on the spot exchange rate at year-end, and conversion gain or loss is recorded in the income statement.

Also, assets, liabilities, revenues and expenses of foreign subsidiaries are converted to yen based on the spot exchange rates at the year-ends of these foreign subsidiaries, and conversion gains or losses are included in the foreign exchange translation adjustment of the net assets.

(5) Important hedge accounting

Fuji Electric applies deferred hedge accounting. When a foreign-exchange contract fulfills certain deferred-accounting conditions, gains or losses are deferred. When an interest-rate swap fulfils certain special-accounting conditions, special

(6) Other important matters for the preparation of consolidated financial statements

① Accounting for consumption taxes

Consumption taxes are accounted for based on the tax exclusion method.

② Adoption of the consolidated tax payment system

The Company adopts the consolidated tax payment system.

5. Matters related to the valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are valued using the full mark-to-market method.

6. Matters related to the amortization of consolidated adjustment account

Consolidated adjustment account is equally amortized over 5 years.

7. Change in important basic matters for the preparation of consolidated financial statements

(Accounting treatment for lease transactions)

From the fiscal year under review, Fuji Electric adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revised March 30, 2007) and now accounts for financial leases other than those that transfer ownership rights as ordinary sale and purchase transactions. Fuji Electric had previously accounted for these leases according to the method for ordinary operating lease transactions. This change had an immaterial effect on profit and loss.

Fuji Electric continued to apply the method for ordinary operating lease transactions to financial leases other than those that transfer ownership rights that started before the fiscal year under review.

(Accounting treatment of overseas subsidiaries for preparing consolidated financial statements)

From the fiscal year under review, Fuji Electric adopted "Accounting Treatment of Overseas Subsidiaries in Preparation of Consolidated Financial Statements" (ASBJ Practical Response Report No. 18, May 17, 2006) and made the necessary adjustments to the consolidated settlement.

As a result of this change, the operating loss increased ¥112 million, and the ordinary loss and net loss before adjustments for income taxes both decreased by ¥4,386 million.

Notes to consolidated balance sheets

1. Pledged assets and liabilities related to pledged assets

Pledged assets:

Cash and time deposits	¥60	million
Buildings and structures	¥22,788	million
Machinery, equipment and delivery equipment	¥16	million
Land	¥15,182	million
Investment securities	¥208	million
Total	¥38,256	million

Liabilities related to the above pledged assets:

Notes and accounts payable, trade	¥26	million
Short-term loans	¥7,450	million
Long-term borrowings	¥6,321	million
Total	¥13,797	million

2. Accumulated depreciation of tangible fixed assets ¥251,536 million

3. Contingent liabilities (guarantee of debts)

Guaranteed debts for loans from financial institutes

For employees	¥4,118	million
3 other companies	¥10,273	million
Total	¥14,392	million

4. Endorsement for transfer of notes and accounts receivable ¥19 million

Note to Consolidated Statements of Income

The business structural reform expense booked under extraordinary loss in the Consolidated Statements of Income is an expense to promote the reform of Fuji Electric's business structure. The main components are ¥8,299 million related to personnel adjustments, ¥4,665 million related to fixed assets, and ¥4,552 million related to inventories.

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of shares outstanding, and the class and total number of treasury shares

(Thousand shares)

	Number of shares as of March 31, 2008 132nd term FY 2007	Number of shares increased during shares increased during FY 2008	Number of shares decreased during shares increased during FY 2008	Number of shares as of March 31, 2009 133rd term FY 2008
Issued shares				
Common share	746,484	—	—	746,484
Total	746,484	—	—	746,484
Treasury shares				
Common shares	31,743	218	182	31,780
Total	31,743	218	182	31,780

Notes 1. Increase in treasury shares of common shares by 218 thousand is due to buy-back of fractional shares.
2. Decrease in treasury shares of common shares by 182 thousand are due to sales of fractional shares to shareholders.

2. Notes to dividend

(1) Amount of dividend paid

Resolution	Class of shares	Amount of dividend (Million yen)	Dividend per share (yen)	Entitlement date	Effective date
Ordinary General Meeting of Shareholders as of May 22, 2008	Common shares	2,858	4.0	March 31, 2008	June 3, 2008
Meeting of the Board of Directors as of October 30, 2008	Common shares	2,858	4.0	September 30, 20078	December 2, 2008

(2) Dividends, of which the entitlement date was in the year ended March 31, 2008 and the effective date will be in the next fiscal year

Not applicable.

Per share information

(1) Net assets per share	¥182.37
(2) Net loss per share	(¥102.57)

Note regarding material subsequent events

Due to the exercise of the put option as regards the euro-denominated convertible corporate bonds with preemptive rights maturing in 2016, ¥25,970 million of bonds will be redeemed before maturity on June 2, 2009, and the amount remaining after redemption will be

Non-Consolidated Balance Sheet

(as of March 31, 2009)

[Assets]	(¥Million)
Current assets	**107,887**
Cash and time deposits	16
Short-term loans receivable	102,801
Accounts receivable-others	3,990
Others	1,079
Noncurrent assets	**249,839**
Tangible fixed assets	**1,529**
Buildings	938
Land	332
Other	259
Intangible fixed assets	60
Software	44
Other	15
Investments and other assets	**248,249**
Investment securities	134,330
Affiliates’ shares	108,162
Capital contributions	388
Long-term loans receivable	6,000
Other	866
Provision of allowance for investment los	(1,498)
Assets brought forward	**369**
Bond issue expenses	369
Total assets	**358,097**

[Liabilities]	(¥Million)
Current liabilities	**35,568**
Commercial paper	32,000
Income taxes payable	218
Other current liabilities	3,349
Nocurrent liabilities	**159,651**
Corporate bonds	146,980
Deferred tax liabilities	12,620
Allowance for retirement benefits	3
Long-term accrued liabilities	47
Total liabilities	**195,220**
[Net assets]	
Shareholders' equity	150,290
Capital stock	**47,586**
Capital surplus	**56,817**
Capital reserve	56,777
Other capital surplus	40
Retained earnings	**53,168**
Profit reserve	11,515
Other retained earnings	41,653
Voluntary reserve	26,793
General reserve	14,859
Treasury stock	**(7,281)**
Unrealized gain on securities, net of taxes	**12,586**
Valuation and translation adjustments	**12,586**
Total Net assets	**162,876**
Total liabilities and shareholders’ equity	**358,097**

Non-Consolidated Statement of Income

(from April 1, 2008 to March 31, 2009)

[Ordinary profit and loss]	(￥Millions)	(￥Millions)
Operating profit and loss		
Operating revenue		15,141
Operating expenses		11,312
Operating income		**3,829**
Non-operating profit or loss		
Non-operating income		
Interest and dividend income	4,955	
Miscellaneous income	357	5,313
Non-operating expenses		
Interest expenses	2,161	
Miscellaneous expenses	123	2,285
Ordinary income		**6,857**
[Extraordinary profit or loss]		
Extraordinary loss		
Loss on disposal of fixed assets	182	
Loss on valuation of stocks of affiliates	251	
Provision of allowance for investment loss in affili	1,108	
Other	90	1,634
Net income before income taxes		**5,222**
Corporate, inhabitant and business tax	(7)	
Adjustments of income taxes	657	649
Net income		**4,573**

Non-Consolidated Statement of Changes in Net Assets

(￥Million)

	Shareholders' Equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2008	47,586	56,777	40	56,817	11,515	26,793	16,004	54,312	(7,265)	151,450
Changes during the fiscal year										
Cash dividends				-			(5,717)	(5,717)		(5,717)
Net income				-			4,573	4,573		4,573
Repurchase of treasury shares				-				-	(57)	(57)
Disposal of treasury shares			0	0				-	41	41
Net changes in items other than shareholders' equity during the fiscal year				-				-		-
Total changes during the non-consolidated fiscal year	-	-	0	0	-	-	(1,144)	(1,144)	(16)	(1,160)
Balance as of March 31, 2009	47,586	56,777	40	56,817	11,515	26,793	14,859	53,168	7,281	150,290

	Valuation and translation adjustments		
	Net unrealized gain on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance as of March 31, 2008	51,060	51,060	202,511
Changes during the fiscal year			
Cash dividends		-	(5,717)
Net income		-	4,573
Repurchase of treasury shares		-	(57)
Disposal of treasury shares		-	41
Net changes in items other than shareholders' equity during the fiscal year	(38,474)	(38,474)	(38,474)
Total changes during the non-consolidated fiscal year	(38,474)	(38,474)	(39,634)
Balance as of March 31, 2009	12,586	12,586	162,876

Notes to non-consolidated financial statements

Notes to the matters related to the important accounting policy

(1) Securities are valued as follows.

①Stocks of subsidiaries and affiliates

Stated at cost as determined by the moving average method

②Other securities

For those with market value

Stated at market value based on market prices, etc. at year-end. (Valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.)

For those without market value

Stated at cost as determined by the moving average method

(2) Method of depreciation

The declining balance method is used for depreciation of tangible fixed assets.

But the Company uses the straight-line method for buildings acquired on or after April 1st 1998 (excluding building

(3) Accounting for significant allowances and reserves

① Allowance for retirement benefits

As for allowance for retirement benefits, the Company records an amount recognized to have accrued at year-end based on estimated amounts of retirement benefit obligations and pension assets at year-end, in order to provide for payments of such retirement benefits of employees.

Past service liabilities are expensed based on the straight-line method using years less than the average remaining service period of employees at the time of the accrual. An actuarial difference is expensed based on the straight-line method from the fiscal year following its accrual over an average remaining service period of employees at the time of the accrual.

② Allowance for investment loss to subsidiaries and affiliates

The allowance for investment loss reserve shall be funded in conformity with the financial conditions.

(4) Important matters that form the basis for the creation of other accounting documents

① Accounting process for consumption tax etc.

The method used depends on the tax system.

② Application of the consolidated tax payment

The consolidated tax payment system is applied.

Change in important basic matters for the preparation of financial statements

(Accounting treatment for lease transactions)

From the fiscal year under review, Fuji Electric adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revised March 30, 2007) and now accounts for financial leases other than those that transfer ownership rights as ordinary sale and purchase transactions. Fuji Electric had previously accounted for these leases according to the method for ordinary operating

Because there are no leased transactions to be accounted for as ordinary sale and purchase transactions that started on or after April 1, 2008, this change had no effect on profit and loss.

Fuji Electric continued to apply the method for ordinary operating lease transactions to financial leases other than those that transfer ownership rights that started before the fiscal year under review.

Notes to non-consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets ¥1,736 million

2. Contingent liabilities (guarantee of debts)

Debt-servicing guarantees against borrowings from financial institutions

Fuji Electric (Malaysia) Sdn. Bhd.	¥27,869	million
Fuji Electric Finance and Accounting Support Co., Ltd.	¥26,484	million
METAWATER Co., Ltd.	¥9,503	million
Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.	¥8,211	million
Fuji Electric Philippines, Inc.	¥3,133	million
Fuji Electric Exas Co., Ltd.	¥1,864	million
For employees	¥3,901	million
other	¥536	million
Total	¥81,504	million

3. Receivables from and payables to affiliates

Short-term receivables from affiliates	¥106,294 million
Long-term receivables from affiliates	¥5,425 million
Short-term payables to affiliates	¥2,415 million

Notes to Statements of income

Transaction with affiliates

Operating revenue	¥15,141 million
Operating expenses	¥7,489 million

Notes to Statement of Changes in Net Assets

Class and total number of treasury shares outstanding as of March 31, 2009

Common shares	31,780,605 shares

Tax effect accounting

Significant components of the Company's deferred tax assets and liabilities

(1) Deferred tax assets

Loss carried forward	¥4,523 million
Investment securities	¥423 million
Allowance for retirement benefits	¥342 million
Tangible fixed assets	¥46 million
Others	¥1,126 million
Gross deferred tax assets	¥6,462 million
Less valuation allowance	(¥6,462) million
Total deferred tax assets	- million

(2) Deferred tax liabilities

Unrealized gain on securities	(¥8,638) million
Investment securities	(¥3,616) million
Gain on establishment of pension trust fund	(¥366) million
Gross deferred tax liabilities	(¥12,620) million
Net deferred tax assets (liabilities)	(¥12,620) million

Fixed assets using under financial lease contracts

In addition to fixed assets recorded on the balance sheets, the Company uses certain electronics devices and computers based on finance lease contracts which do not transfer ownership.

(1) Amounts equivalent to acquisition costs, accumulated depreciation and year end balance of leased items

(￥Millions)

	Acquisition cost equivalent	Accumulated depreciation equivalent	Year end balance equivalent
Tools, implements and equipment	40	24	15
Total	40	24	15

(2) Year end balance equivalents of unexpired lease expenses

Within 1 year	¥8 million
Over 1 year	¥8 million
Total	¥16 million

(3) Lease paid, depreciation equivalents and interest paid equivalents.

Lease paid	¥12 million
Depreciation equivalents	¥11 million
Interest paid equivalents	¥0 million

(4) Computation method of depreciation equivalents

Depreciate by regarding lease term as useful life and using straight-line method without leaving any residual value.

(5) Computation of interest equivalents

The difference between the total lease payment amount and acquisition cost of leased items is taken as interest equivalents and interest method is used to allocate to each semi-annual accounting period.

Related party transactions

Subsidiaries and affiliates

(￥Millions)

	Company name	Voting rights ratio holding (held by)	Relationship of related parties	Detail of transaction	Transaction Amount	Account name	Year end balance
Subsidiary	Fuji Electric Systems Co., Ltd.	Holding directly 100%	Acceptance of entrusted research and development Interlocking directorate	Receiving revenue from Group operations (Note 1)	1,916	-	-
				Receiving revenue on entrusted research (Note 2)	3,363	–	–
Subsidiary	Fuji Electric Advanced Technology Co., Ltd.	Holding directly 100%	Consignment of research and development Interlocking directorate	Paying consigned research costs (Note 3)	4,840	–	–
Subsidiary	Fuji Electric Finance and Accounting Support Co., Ltd.	Holding directly 100%	Loan of funds	Loan of funds (Note 4)	64,000	Short-term loans	102,800
				Recovery of loans	82,000	Long-term loans	5,000
				Receipt of interest on loan (Note 5)	1,261	Receivable -others	31
			Providing guarantees on liabilities	Guarantees on liabilities (Note 5)	26,484	–	–
Subsidiary	Fuji Electric (Malaysia) Sdn. Bhd.	Holding indirectly 100%	Providing guarantees on liabilities	Guarantees on liabilities (Note 6)	27,869	–	–
Subsidiary	Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.	Holding indirectly 100%	Providing guarantees on liabilities	Guarantees on liabilities (Note 7)	8,211	–	–
Affiliate	METAWATER Co., Ltd.	Holding indirectly 50%	Providing guarantees on liabilities	Guarantees on liabilities (Note 8)	9,503	–	–

Condition of transactions and determination policy for condition of transactions

Notes

1. Revenue from Group operations from Fuji Electric Systems Co., Ltd. is recorded on the Company’s accounting books since this is business for the whole group.
   In addition to revenue from Group operations from Fuji Electric Systems Co., Ltd., revenues from consolidated subsidiaries from Fuji Electric FA Components & Systems Co., Ltd, Fuji Electric Device Technology Co., Ltd. and Fuji Electric Retail Systems Co., Ltd. are also recorded on the Company’s accounting books by the same method.
2. Revenue on entrusted research from Fuji Electric Systems Co., Ltd. is recorded on the Company’s accounting books together since they are basic research for whole group and static research and development of new business and new products. Revenue on entrusted research from Fuji Electric FA Components & Systems Co., Ltd, Fuji Electric Device Technology Co., Ltd., and Fuji Electric Retail Systems Co., Ltd. also recorded on the Company’s accounting books together by the same method as Fuji Electri
3. Consigned research costs to Fuji Electric Advanced Technology Co., Ltd is paid sourcing Revenue on entrusted research listed
4. Interest rate of the loan to Fuji Electric Finance and Accounting Support Co., Ltd. is decided considering the interest rate in the financial market.
5. The guarantees are provided for commercial paper, lease liabilities and borrowing of
6. The guarantees are provided for Fuji Electric (Malaysia) Sdn. Bhd.’s borrowing from banks
7. The guarantee is provided for Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.’s borrowing from banks
8. The guarantee is a joint guarantee with NGK Insulators, Ltd. for factoring liabilities of METAWATER Co., Ltd

Per share information

(1) Net assets per share	¥227.89
(2) Net income per share	¥6.40

Note regarding material subsequent events

Due to the exercise of the put option as regards the euro-denominated convertible corporate bonds with preemptive rights maturing in 2016, ¥25,970 million of bonds will be redeemed before maturity on June 2, 2009, and the amount remaining after redemption will be¥1,010