

Business Strategy of Industrial Solutions

August 18, 2010

Fuji Electric Holdings Co., Ltd.

1. Business Outline

2. Market Trends

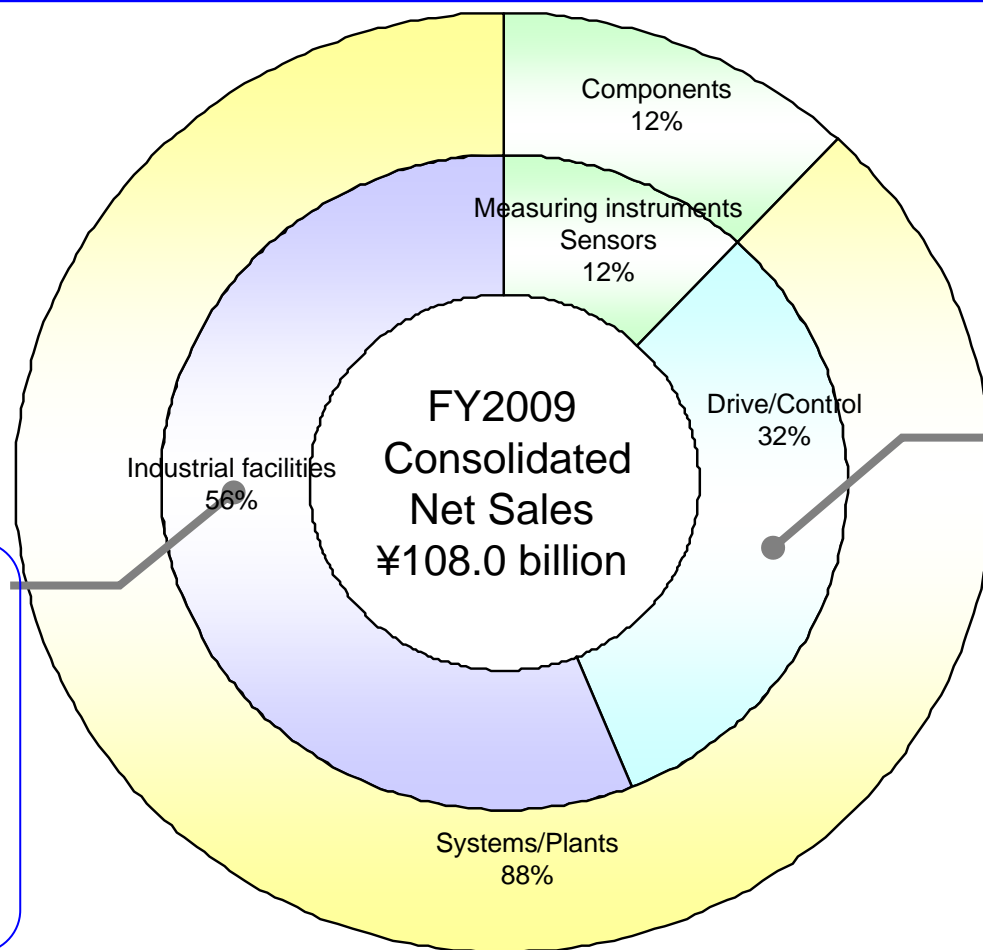
3. Business Policies

4. Growth Strategies

5. Performance Trends / Targets

Business Organization

Contributing to energy saving and improved productivity through safe and environmentally friendly solutions born out of fusing Fuji Electric's quality products and plant technologies



Industrial facilities

- Proposing optimal power supplies and power receiving and distribution substation equipment for industrial facilities
- Providing improved reliability by offering maintenance, replacement, etc.

Drive/Control

- Proposing energy saving and rationalization solutions for production and manufacturing facilities
- Providing improved reliability by offering maintenance, replacement, etc.

Major Products

Providing environmentally friendly products and energy saving products, as well as those that are safe and secure

Drive/Control



Plant control systems



Safety instruments



PLC



Plants utilizing electrical power



High-voltage inverters
(No.1 domestic share)

Major fields: all areas of the iron and steel, chemical plants, and food and drug industries, etc.

Measuring instrument / sensors



Measuring instruments



Gas analyzers
(No. 1 domestic share)



Various sensors



Temperature adjustment instruments

Major fields: all areas of the iron and steel and social fields

Industrial facilities



Electronic furnace power supplies



High-capacity rectification equipment
(No.2 global share)



Heating units for induction furnaces



High-voltage drop/dip compensators



molded-case transformers
(No.1 domestic share)

Major fields: all areas of the iron and steel, smelting and refining of non-ferrous metals, and chemical plant industries, etc.

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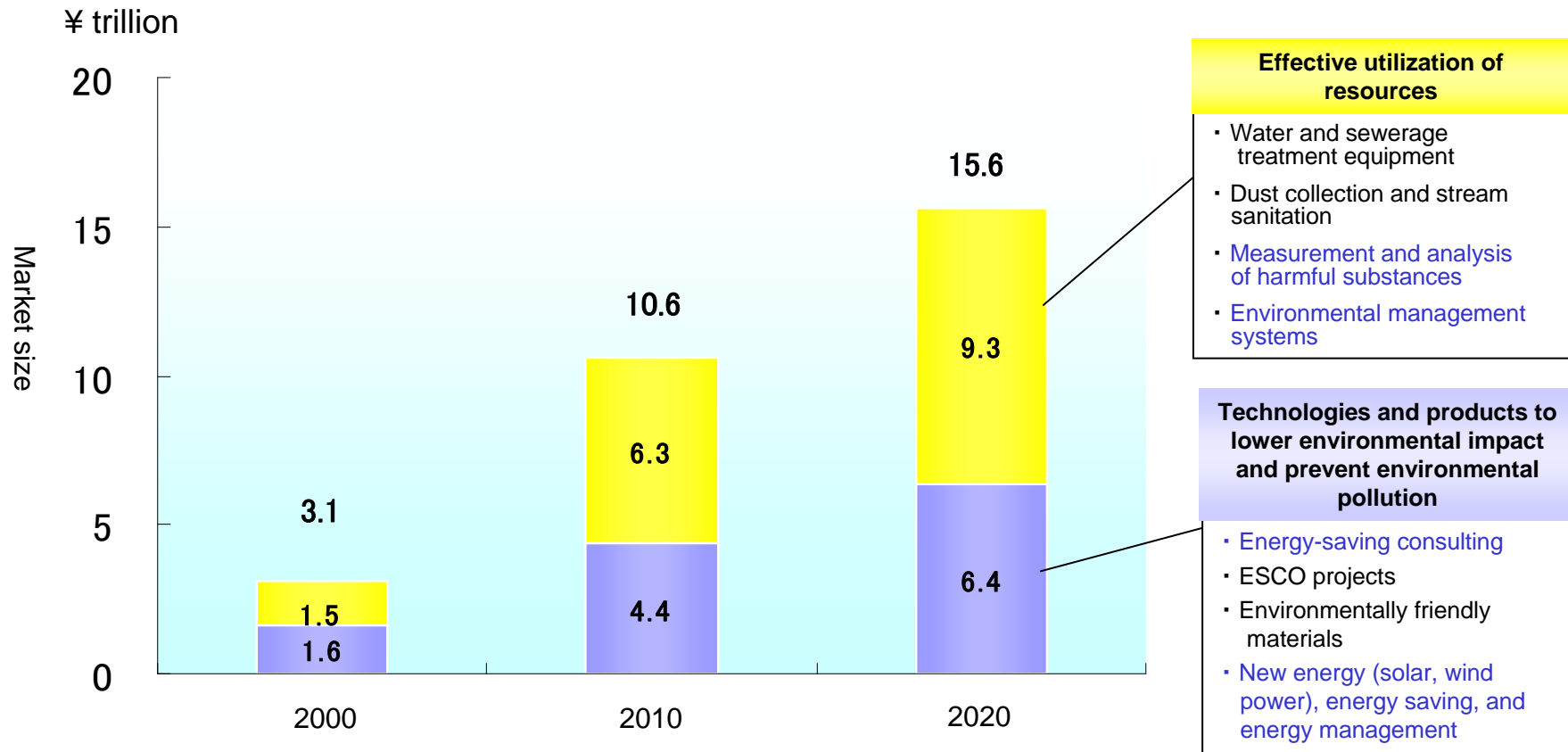
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Size of the Environment and Energy Saving Market

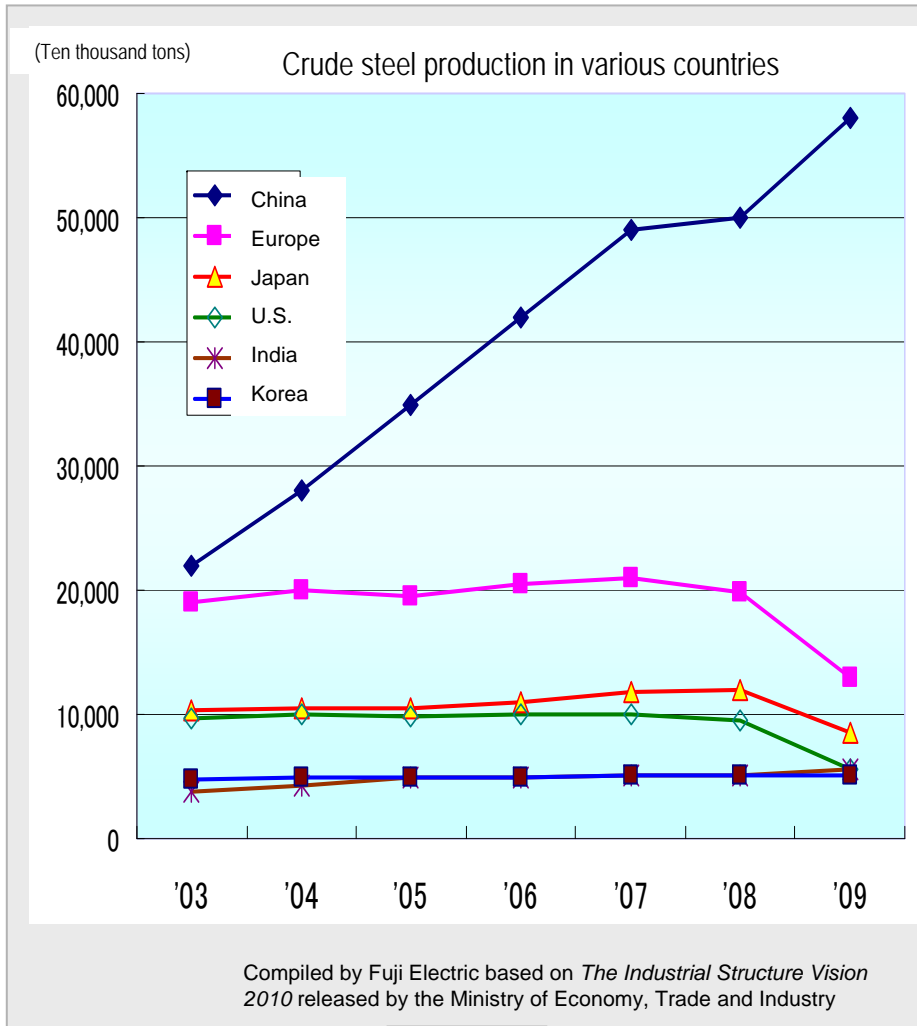
Projected change of size of the environment and energy saving market (Domestic)



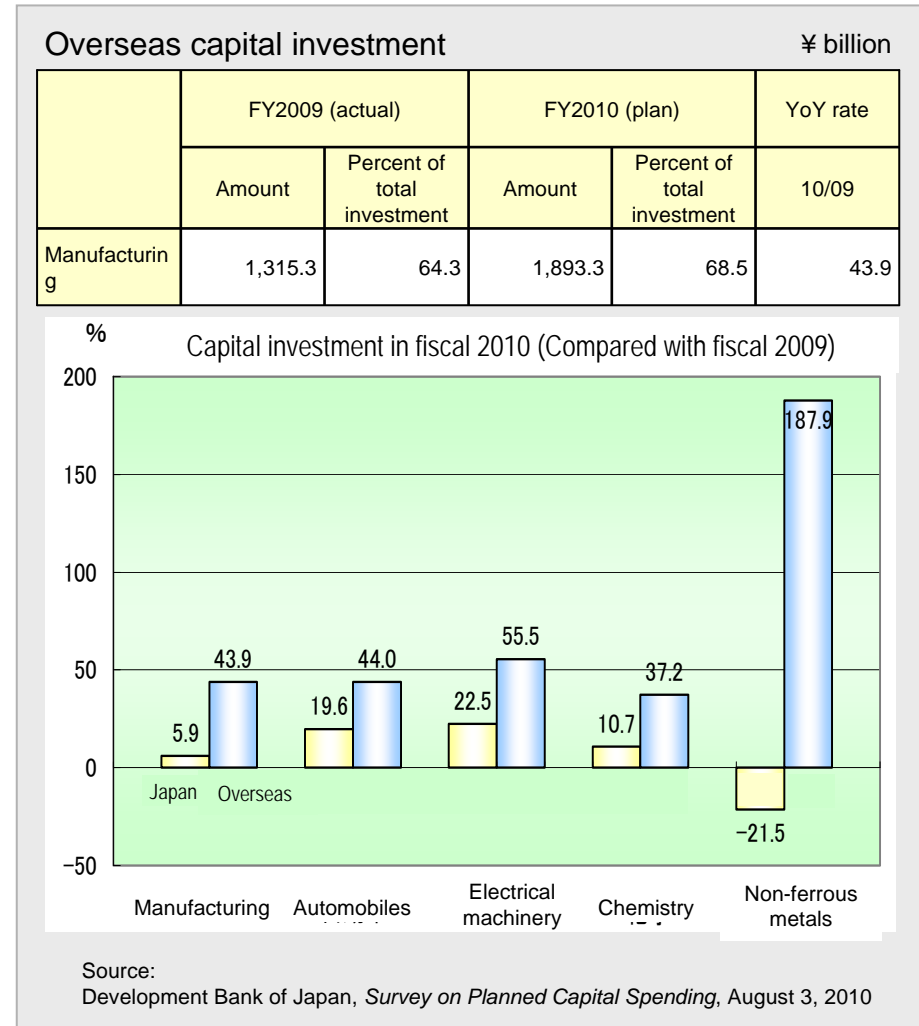
Rate of average annual growth of the environment and energy saving market
2000 → 2020: 8.4%

* Compiled by Fuji Electric based on data released by various ministries and other government offices

Market Trends Related to Overseas Operations



Rapid growth of production in China and India



Overseas capital investment by domestic companies increased for the first time in 3 years

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Basic policy

Aiming to realize a low-carbon society and to improve customer satisfaction; we will contribute to environmental friendliness, energy saving, and improved production efficiency by integrating quality products, engineering, control technologies, and maintenance

Key measures

- ◆ Enhancing factory solutions
 - ⇒ Reduce plant energy consumption and improve production efficiency by consolidating power electronics, measuring instruments, and control systems
- ◆ Expanding overseas operations
 - ⇒ Expand the plant business by focusing on China and Asia, and introducing quality products (high-capacity rectification equipment, high-voltage inverters, etc.)

Optimizing all areas of factory operation = factory solutions

Domestic

- Growing need for energy saving and environmental measures geared toward creating a low-carbon society
- Revised Energy Saving Law, improved CSR
 - ⇒ Increased capital investment related to energy saving and the environment

Overseas

- Focused on China and Asia
- Reinforced production facilities
 - Enhanced compatibility with energy saving and the environmental friendliness
 - ⇒ Increased demand for industries related to materials
 - ⇒ Increased introduction of environmentally friendly products (Government measures)

Key high-value-added products

Highly reliable systems/technologies

Plant engineering that has achieved strong results

Maintenance and services that provide security

Core technologies

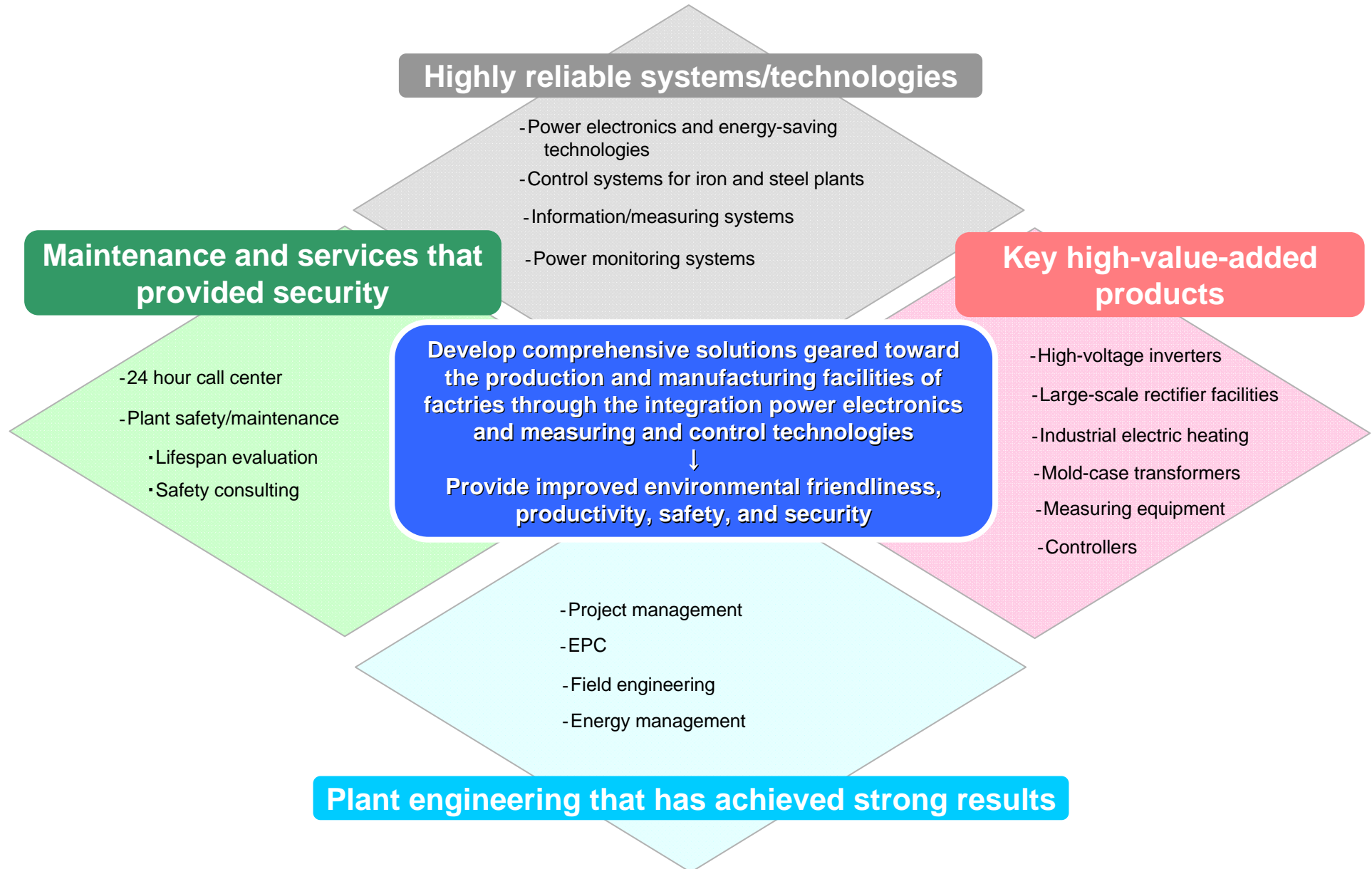
Power electronic technologies

Measuring/control technologies

Energy-saving technologies

Induction heating technologies

Business Strengths



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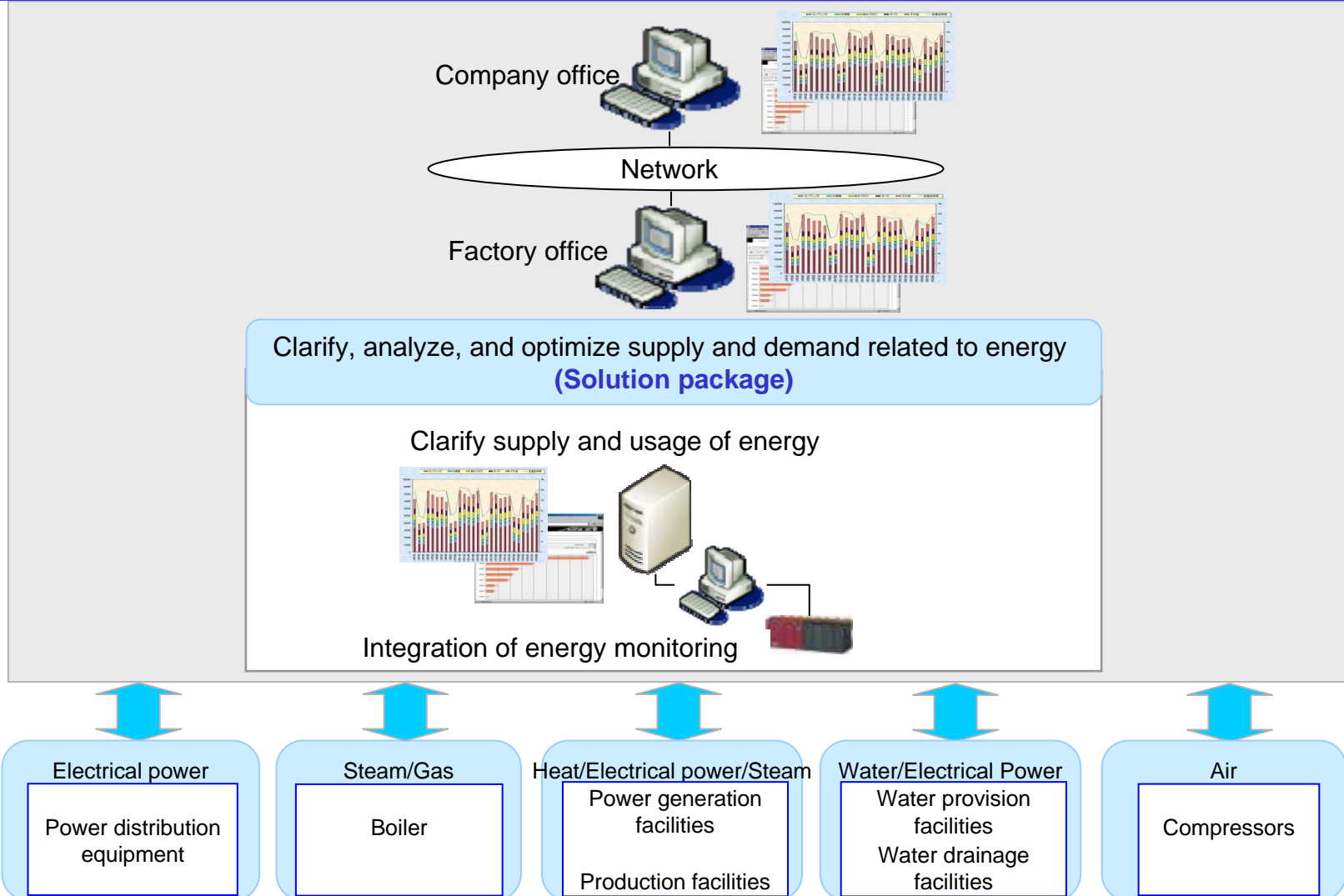
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Proposing solution packages that realize the overall optimization of operations

Comprehensively providing production management, quality improvement, and energy-saving PDCA : Plan (Clarify) – Do (Analyze) – Check - Act

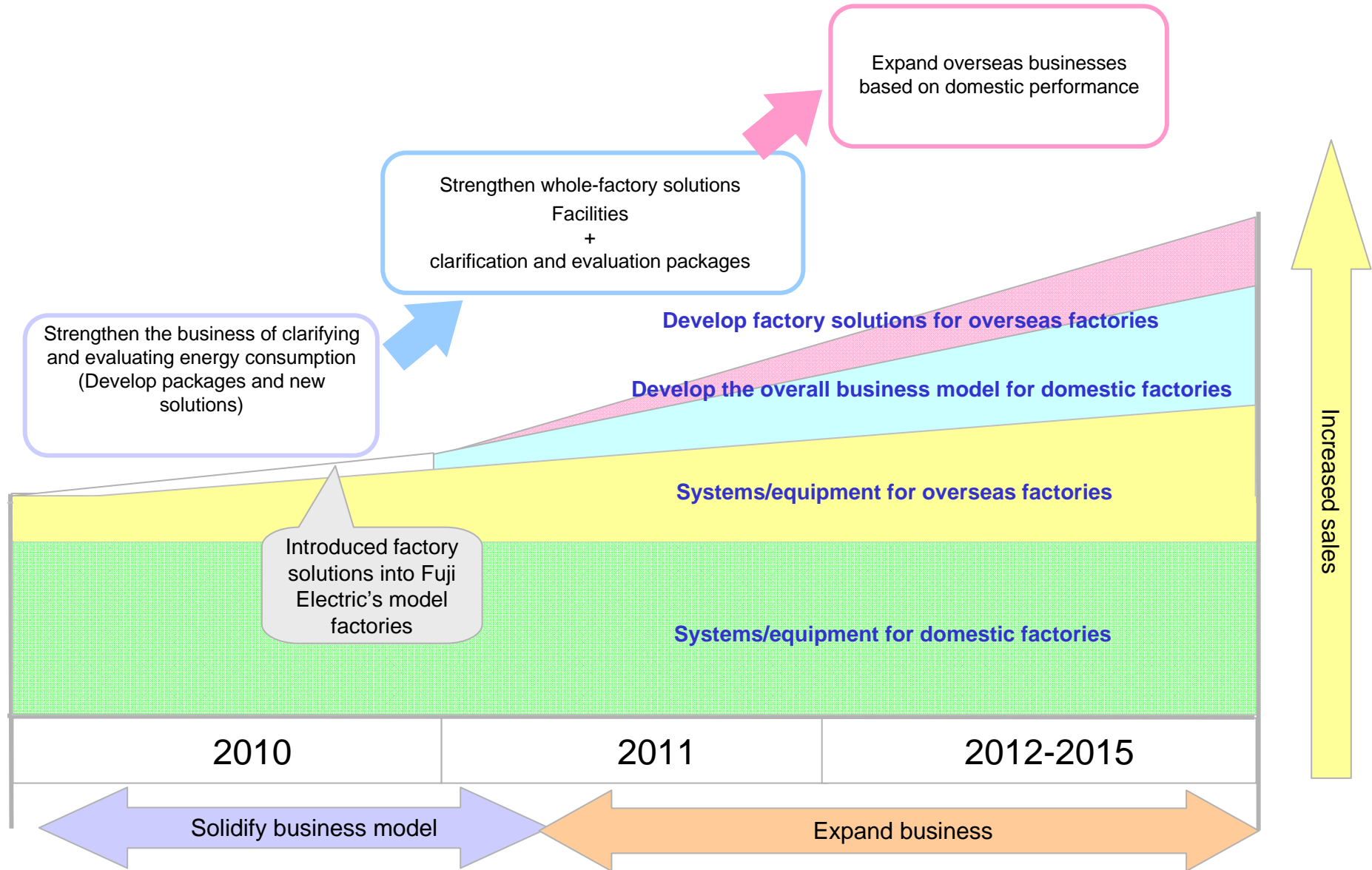


Provide solutions that maximize customers' profit through the cycle of Measure - Analyze - Check - Act

Overview of Factory solutions—energy-saving business model

| Steps | Measure | Analyze | Check | Act | | | |
|-------------------------------|--|--------------------------|--|---|---------------|-----------------------|--------------------------|
| Customer profit | <ul style="list-style-type: none"> Clarification of energy consumption Compliance with laws and improved corporate value | | <ul style="list-style-type: none"> Simplification of reports Acceptance toward ideas for energy saving measures Clarification of the effects of energy saving | <ul style="list-style-type: none"> Reduction of energy consumption (energy saving) | | | |
| Value provided by the Company | Measuring instruments | Analytical systems | Support for compiling reports Energy-saving consulting | Energy-saving facilities | | | |
| Overall business model | <p>Offer one-stop support ranging from sales of measuring and analytical instruments to introduction of energy-saving facilities (Whole-factory energy-saving solutions)</p> | | | | | | |
| Individual business model | <p>Provide the optimal business model matched to customer needs</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">Clarification</td> <td style="width: 33%;">Evaluation/Consulting</td> <td style="width: 33%;">Energy-saving facilities</td> </tr> </table> | | | | Clarification | Evaluation/Consulting | Energy-saving facilities |
| Clarification | Evaluation/Consulting | Energy-saving facilities | | | | | |
| Strengths of the Company | <ul style="list-style-type: none"> Possesses competitive products ranging from measuring instruments to those used to act on issues uncovered Sales systems compatible with comprehensive solutions | | | | | | |

Growth Strategy 2: Strategies to Expand Factory Solutions



Bolstering overseas plants focused on China and Asia

< Target Regions >

China
Asia
Middle East

<Key initiatives>

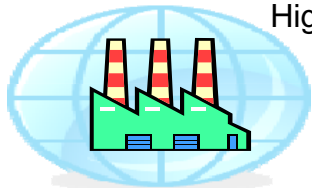
- ◆ Accelerate overseas expansion by leveraging quality products and plants
 - Sales of high-capacity rectification equipment (Aluminum refining, soda electrolysis field)
 - Expand sales of high-voltage inverters in China and Asia
- ◆ Develop factory solutions business overseas



High-capacity rectification equipment



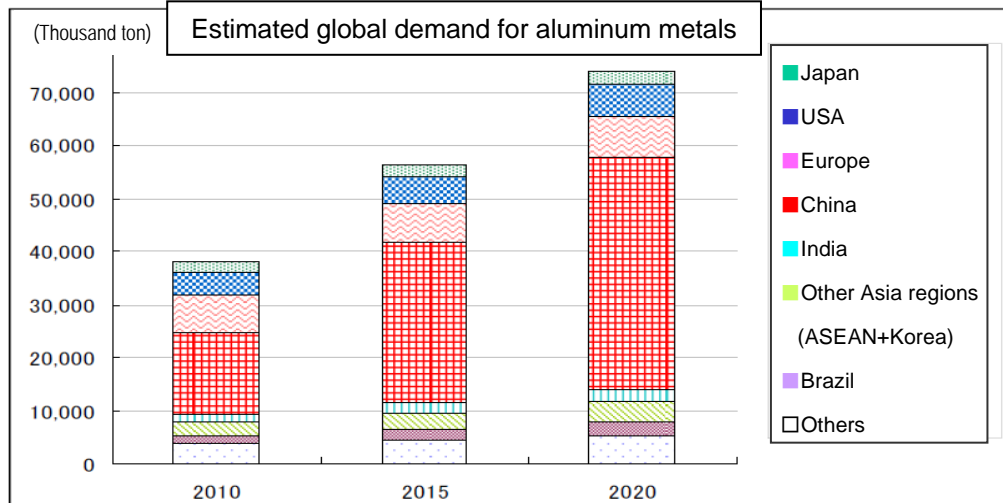
High-voltage inverters



Factory solutions



Expanding sales of high-capacity rectification equipment



Source: Japan Aluminum Association (data as of June 23, 2010)

- Demand for aluminum expected to increase greatly, particularly in China
- Large-scale projects and demand to replace aged facilities expected to increase due to the recovering performance of major aluminum smelters



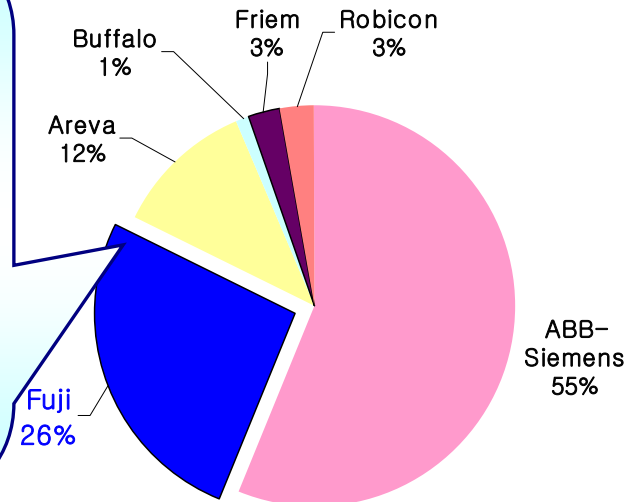
Large-scale capital investment for overseas facilities predicted for the next several years



Australia— High-capacity rectification equipment for aluminum smelter

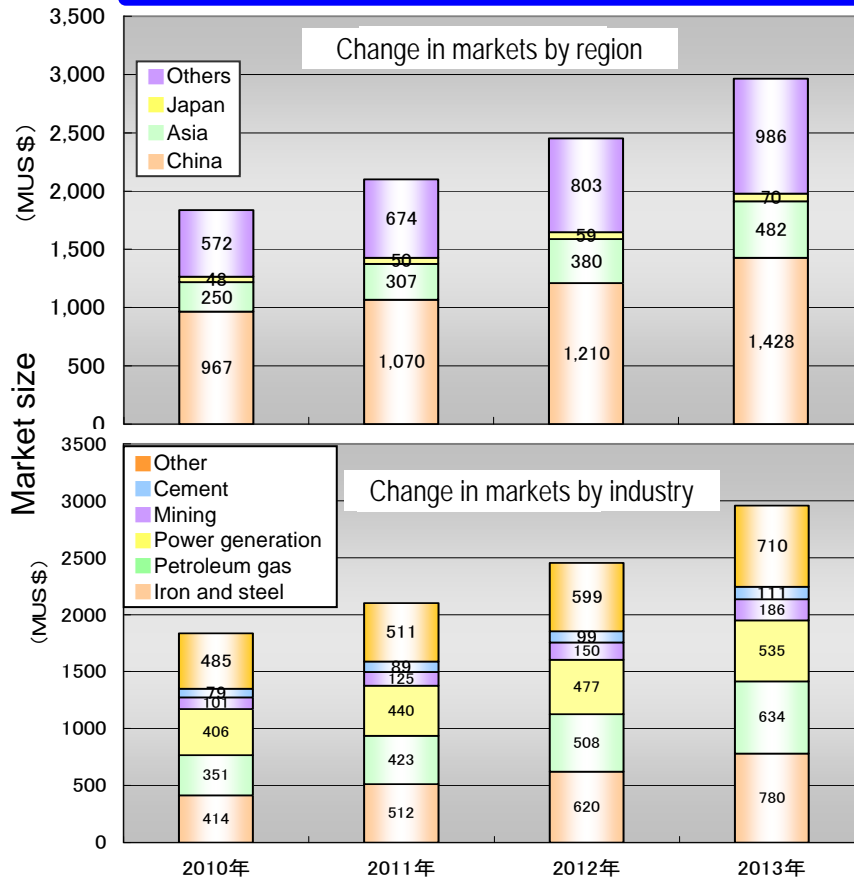
Strengths of the Company

- ◆ Capable of manufacturing equipment with high capacity
 - World's highest capacity for a single unit
- ◆ Impressive delivery performance
 - Delivers to countries around the world
 - Highly evaluated for local process management
- ◆ Highly reliable equipment



Share of S-Former (1990-2009)
Capacity = 45.6GW

Develop overseas high-voltage inverter operations



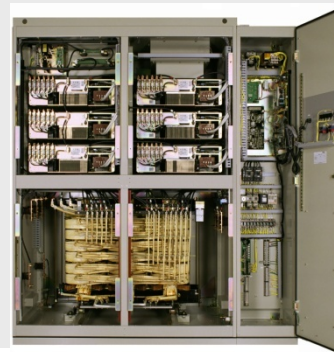
Source: IMS Research 2010

<Targets>

- Asian regions, particularly China
- Improving the energy-saving qualities of high-voltage generators for facilities for the iron and steel, cement, petroleum and gas industries

<Strength of the Company>

- ◆ Products that do not burden power supplies and electric motors
 - The Company's proprietary control methods limit harmonics and power surges
- ◆ Advanced power electronics technologies
 - Use of IGBTs manufactured in-house



<Measures to expand operations>

- ◆ Bolster production at Chinese factories (Wuxi Fuji Electric)
- ◆ Enhance sales and engineering services

Accelerate the expansion of the overseas factory solutions business by utilizing high-voltage inverters as a key product

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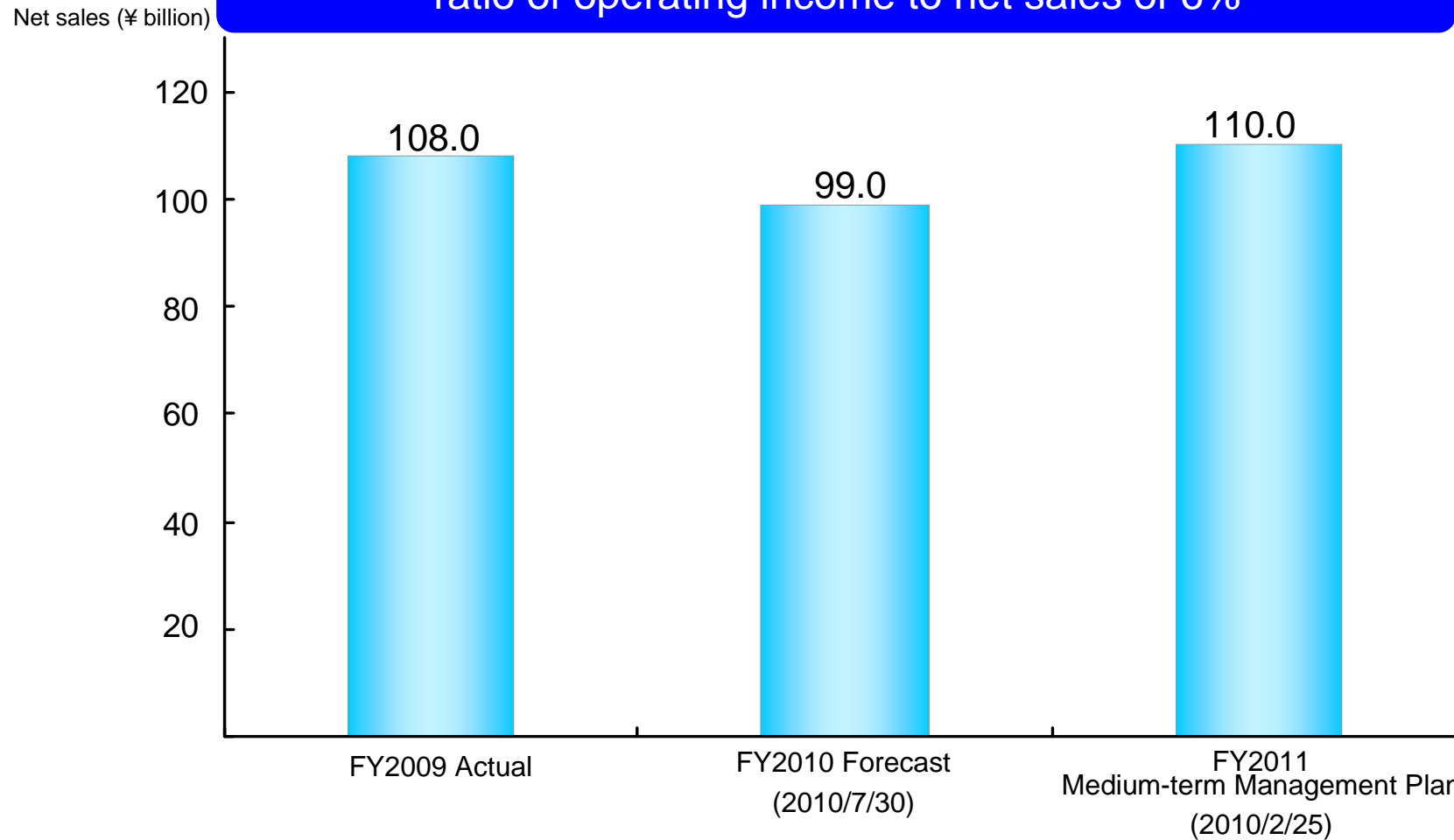
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Performance Trends / Targets

FY2011 Medium-term Management Plan
 Aim for net sales of ¥110.0 billion and ratio of operating income to net sales of 6%



| Ratio of Operating Income | FY2009 Actual | FY2010 Forecast | FY2011 Medium-term Management Plan |
|---------------------------|---------------|-----------------|------------------------------------|
| | 4% | 2% | 6% |

Disclaimer

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