

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2001	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 11,711	¥ 13,454	\$ 88,055
Short-term investments (Notes 2, 4 and 7)	0	200	0
Trade receivables (Note 2):			
Subsidiaries and affiliates	52,406	58,579	394,031
Others	77,302	106,739	581,225
Allowance for doubtful receivables	(740)	(1,135)	(5,570)
Inventories (Notes 2 and 5)	78,502	87,953	590,263
Advance payments to suppliers	8,461	7,283	63,620
Deferred income taxes (Note 11)	5,107	3,231	38,398
Other current assets	32,178	36,220	241,912
TOTAL CURRENT ASSETS	264,927	312,524	1,991,934
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 6 and 7):			
Land	15,578	15,767	117,130
Buildings and structures	118,905	117,465	894,025
Machinery and equipment	236,748	234,368	1,780,050
Construction in progress	7,073	3,299	53,188
	378,304	370,899	2,844,393
Less accumulated depreciation	(257,958)	(247,592)	(1,939,536)
NET PROPERTY, PLANT AND EQUIPMENT	120,346	123,307	904,857
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 2, 4 and 7):			
Subsidiaries and affiliates	68,734	58,409	516,799
Other	296,835	115,770	2,231,849
Long-term loans receivable	379	448	2,857
Deferred income taxes (Note 11)	—	775	—
Prepaid pension expense	23,298	—	175,180
Other investments and other assets	9,171	8,545	68,931
Allowance for doubtful receivables	(1)	(2)	(8)
TOTAL INVESTMENTS AND OTHER ASSETS	398,416	183,945	2,995,608
	¥ 783,689	¥ 619,776	\$ 5,892,399

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Note 7)	¥107,685	¥ 78,985	\$ 809,662
Current portion of long-term debt (Note 7)	42,059	40,477	316,233
Trade payables:			
Subsidiaries and affiliates	93,431	112,477	702,490
Others	48,037	50,899	361,185
Advances from customers	44,003	45,191	330,850
Accrued income taxes (Notes 2 and 11)	290	3,540	2,185
Accrued expenses	38,486	40,313	289,373
Other current liabilities	15,503	12,815	116,541
TOTAL CURRENT LIABILITIES	389,494	384,697	2,928,519
LONG-TERM DEBT (Note 7)	91,907	90,066	691,030
DEFERRED TAX LIABILITIES (Note 11)	71,677		538,926
LIABILITY FOR SEVERANCE PAYMENTS	—	5,578	—
TOTAL LIABILITIES	553,078	480,341	4,158,475

CONTINGENT LIABILITIES (Note 12)

SHAREHOLDERS' EQUITY (Notes 8 and 14):

Common stock, without par value:			
Authorized—1,600,000,000 shares			
Issued— 715,080,369 shares as of March 31, 2002	47,586	—	357,790
715,080,369 shares as of March 31, 2001	—	47,586	—
Capital surplus	38,397	38,397	288,704
Legal reserve	11,515	11,077	86,580
Retained earnings	39,430	42,375	296,470
Unrealized gain on other securities, net of taxes	93,695	—	704,475
Treasury stock—at cost—43,678 shares as of March 31, 2002	(12)	—	(95)
TOTAL SHAREHOLDERS' EQUITY	230,611	139,435	1,733,924
	¥783,689	¥619,776	\$5,892,399

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended March 31, 2002, 2001 and 2000	Millions of yen			Thousands of U.S. dollars (Note 3)
	2002	2001	2000	2002
NET SALES (Note 2)	¥469,338	¥509,809	¥515,391	\$3,528,861
COST OF SALES (Note 9)	384,778	410,432	426,991	2,893,069
GROSS PROFIT	84,560	99,377	88,400	635,792
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	78,456	84,161	87,261	589,894
OPERATING INCOME	6,104	15,216	1,139	45,898
NON-OPERATING INCOME (EXPENSES):				
Interest and dividends income	4,020	4,311	5,627	30,226
Interest expense	(3,107)	(3,755)	(4,543)	(23,359)
Other, net	(720)	355	(680)	(5,417)
	193	911	404	1,450
ORDINARY INCOME	6,297	16,127	1,543	47,348
EXTRAORDINARY INCOME (LOSS), NET (Note 10)	223	221	(16)	1,681
INCOME BEFORE INCOME TAXES	6,520	16,348	1,527	49,029
INCOME TAXES (Notes 2 and 11)	2,869	6,555	299	21,572
NET INCOME	¥ 3,651	¥ 9,793	¥ 1,228	\$ 27,457

	Yen			U.S. dollars (Note 3)
	2002	2001	2000	2002
PER SHARE AMOUNTS:				
Net income (Note 2)	¥ 5.11	¥ 13.69	¥ 1.71	\$ 0.038
Cash dividends	5.00	6.00	—	0.037

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

NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Thousands		Millions of yen				
	Number of shares of common stock	Common stock	Capital surplus	Legal reserve (Note 8)	Retained earnings (Note 9)	Unrealized gain on other securities, net of taxes	Treasury stock
BALANCE AT MARCH 31, 1999	715,080	¥ 47,586	¥ 38,397	¥ 11,077	¥ 25,143	¥ —	¥ —
Net income for the year	—	—	—	—	1,228	—	—
Increase resulting from adoption of tax-effect accounting method	—	—	—	—	6,211	—	—
BALANCE AT MARCH 31, 2000	715,080	¥ 47,586	¥ 38,397	¥ 11,077	¥ 32,582	—	—
Net income for the year	—	—	—	—	9,793	—	—
BALANCE AT MARCH 31, 2001	715,080	¥ 47,586	¥ 38,397	¥ 11,077	¥ 42,375	—	—
Net income for the year	—	—	—	—	3,651	—	—
Transfer to legal reserve	—	—	—	438	(438)	—	—
Cash dividends	—	—	—	—	(6,078)	—	—
Bonuses to directors	—	—	—	—	(80)	—	—
Change in the current period of unrealized gain on other securities, net of taxes	—	—	—	—	—	93,695	—
Purchase and sales of treasury stock	—	—	—	—	—	—	(12)
BALANCE AT MARCH 31, 2002	715,080	¥ 47,586	¥ 38,397	¥ 11,515	¥ 39,430	¥ 93,695	¥(12)

	Thousands of U.S. dollars (Note 3)						
BALANCE AT MARCH 31, 2001	\$ 357,790	\$ 288,704	\$ 83,287	\$ 318,607	\$ —	\$ —	\$ —
Net income for the year	—	—	—	27,457	—	—	—
Transfer to legal reserve	—	—	3,293	(3,293)	—	—	—
Cash dividends	—	—	—	(45,700)	—	—	—
Bonuses to directors	—	—	—	(601)	—	—	—
Change in the current period of unrealized gain on other securities, net of taxes	—	—	—	—	—	704,475	—
Purchase and sales of treasury stock	—	—	—	—	—	—	(95)
BALANCE AT MARCH 31, 2002	\$357,790	\$288,704	\$86,580	\$296,470	\$704,475	\$(95)	\$(95)

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

Note 1

BASIS OF PREPARING NON-CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Inventories

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

b. Securities

Prior to April 2001, all applicable securities are classified as investment securities in subsidiaries and affiliates and other securities, depending on management's intent, and accounted for as follows:

- i) Investment securities in subsidiaries and affiliates are stated at cost determined by the moving-average method.
- i i) Other securities not classified as either held-to-maturity debt securities or trading securities are stated at cost determined by the moving-average method.

Effective April 1, 2001, the Company adopted a new valuation method relating to marketable securities classified as other securities. Under the new valuation method, marketable securities classified as other securities are carried at fair market value, with the unrealized gain or loss, net of taxes, reported in a separate component of shareholders' equity.

As a result, unrealized gain on available-for-sale securities as compared with the prior method, increased by ¥93,695 million (\$704,474 thousand) and deferred tax liabilities by increased ¥68,127 million (\$512,235 thousand).

c. Depreciation

Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998. The range of useful lives is from 7 to 50 years for buildings and from 5 to 13 years for machinery and equipment.

d. Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

e. Retirement Benefits

The Company has contributory funded pension plans and unfunded retirement benefit plans as defined benefit plans.

Under the employees' retirement plans, prior to April 1, 2000, the Company set up a liability for retirement allowances for unfunded retirement benefit plans at 40% of the amount which would be required if all employees voluntarily terminated their employment at the balance sheet date, while payments to contributory funded pension plans are charged to income when made.

Effective April 1, 2000, the Company adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The prior service cost is amortized by the straight-line method over the expected remaining working lives of the then-active employee participants.

The actuarial gains and losses are amortized by the straight-line method over the expected remaining working lives of the then-active employee participants from the next period in which they arise, respectively.

f. Research and Development Costs

Research and development costs are charged to income as incurred.

g. Leases

Finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are accounted for by the method that is applicable to ordinary operating leases.

h. Revenue Recognition

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

i. Income Taxes

The provision for income taxes is computed based on the pretax income included in the non-consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

j. Foreign Currency Transactions

Prior to April 1, 2000, short-term receivables and payables denominated in foreign currencies were translated into Japanese yen at the current exchange rates at each balance sheet date, while long-term receivables and payables denominated in foreign currencies were translated at historical rates.

Effective April 1, 2000, the Company adopted a revised accounting standard for foreign currency transactions. In accordance with the revised standard, all short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of operations to the extent that they are not hedged by forward exchange contracts.

k. Derivatives and Hedging Activities

The Company enters into derivative financial instruments ("derivatives"), including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

Effective April 1, 2000, the Company adopted a new accounting standard for derivative financial instruments and a revised accounting standard for foreign currency transactions. Under these standards,

- a) All derivatives are recognized as either assets or liabilities and measured at fair value, and
- b) Forward contracts applied for forecasted transactions are measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed if the forward contracts qualify for hedge accounting.

Trade receivables and trade payables denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting.

Prior to April 1, 2000, forward contracts applied for forecasted transactions are not recognized as either assets or liabilities in the Company's financial statements.

l. Accounting for Consumption Taxes and Excise Tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying non-consolidated statements of operations.

m. Treasury Stock

Prior to April 1, 2001, treasury stock was included in "Other current assets" as an assets.

Effective April 1, 2001, such stock is presented as a separate component of shareholders' equity in accordance with the new disclosure requirement for treasury stock.

n. Net Income per Share

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

Diluted net income per share is not disclosed because it is anti-dilutive.

Cash dividends per share presented in the accompanying non-consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

Note 3

U.S. DOLLAR AMOUNTS

The U.S. dollar amounts included in accompanying non-consolidated financial statements and notes thereto represent the arithmetic results of translating yen into dollars at ¥133=U.S.\$1, the approximate exchange rate at March 31, 2002. The U.S. dollar amounts are presented solely for the convenience of the reader outside Japan.

Note 4

SECURITIES

The carrying amounts and aggregate fair values of investment securities in subsidiaries and affiliates whose market values are available at March 31, 2002 and 2001 were as follows:

	Millions of yen					
	2002			2001		
	Carrying amount	Market value	Unrealized gain (loss)	Carrying amount	Market value	Unrealized gain (loss)
Subsidiaries	¥7,868	¥15,446	¥7,578	¥7,868	¥15,729	¥7,861
Affiliates	42	346	304	42	475	433
	¥7,910	¥15,792	¥7,882	¥7,910	¥16,204	¥8,294

	Thousands of U.S. dollars (Note 3)		
	2002		
	Carrying amount	Market value	Unrealized gain (loss)
Subsidiaries	\$59,158	\$116,135	\$56,977
Affiliates	316	2,602	2,286
	\$59,474	\$118,737	\$59,263

The carrying amounts and aggregate fair values of those securities at March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Carrying amounts	¥112,063	\$ 911,081
Fair value	465,089	3,781,211
Unrealized gain on available-for-sale securities	204,401	1,661,797
Deferred tax liabilities	148,623	1,208,317

Note 5

INVENTORIES

Inventories at March 31, 2002 and 2001 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Finished goods	¥41,254	¥47,390	\$310,187
Work in process	30,002	32,996	225,584
Raw materials	7,246	7,567	54,492
	¥78,502	¥87,953	\$590,263

Note 6

DEPRECIATION

Depreciation charges for the year ended March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Depreciation charges	¥18,917	¥20,810	\$142,233

Note 7

SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2002 and 2001 consisted of followings:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Loans, principally from banks	¥ 41,685	¥42,985	\$313,421
Commercial paper	66,000	36,000	496,241
	¥107,685	¥78,985	\$809,662

The weighed average interest rates on short-term borrowings at March 31, 2002 and 2001 were 0.30% and 0.53%, respectively.

Long-term debt at March 31, 2002 and 2001 consisted of followings:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Loans, principally from banks and insurance companies:			
Secured	¥ 6,100	¥ 4,312	\$ 45,865
Unsecured	7,866	6,231	59,142
Bonds :			
2.95% ¥ bonds due 2001	—	20,000	—
2.0% ¥ bonds due 2002	—	20,000	—
2.05% ¥ bonds due 2002	20,000	20,000	150,376
2.15% ¥ bonds due 2003	20,000	20,000	150,376
2.25% ¥ bonds due 2003	20,000	20,000	150,376
2.35% ¥ bonds due 2004	20,000	20,000	150,376
1.02% ¥ bonds due 2006	20,000	—	150,376
1.06% ¥ bonds due 2006	20,000	—	150,376
	133,966	130,543	1,007,263
Less: Portion due within one year	42,059	40,477	316,233
	¥ 91,907	¥ 90,066	\$ 691,030

The weighed average interest rates on loans, principally from banks and insurance companies at March 31, 2002 and 2001 were 1.88% and 2.22%, respectively.

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Marketable securities (included in short-term investments) and investment securities	¥ 1,005	¥ 53	\$ 7,556
Property, plant and equipment	12,023	3,793	90,399
	¥13,028	¥3,846	\$97,955

Note 8

SHAREHOLDERS' EQUITY

The Company is subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing the Company to repurchase treasury stock by a resolution of the shareholders at the general shareholders' meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders' meeting.

The Code permits the Company to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits the Company to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

Note 9

RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥26,022 million (\$200,169 thousand), ¥25,556 million and ¥26,239 million for the years ended March 31, 2002, 2001 and 2000, respectively.

Note 10

EXTRAORDINARY INCOME (LOSS), NET

Extraordinary income (loss), net for the year ended March 31, 2002, 2001 and 2000 comprised the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2002	2001	2000	2002
Extraordinary income				
Gain on securities contribution to employee retirement benefit trust	¥ 22,088	¥102,697	¥ —	\$ 166,080
Gain on sales of investment securities	14,487	7,752	21,165	108,925
Gain on sales of property, plant and equipment	6,046	2,150	11,072	45,465
Gain on sales of securities	—	—	19,280	—
Others	174	—	—	1,311
Extraordinary loss				
Recognized actuarial loss	(17,909)	—	—	(134,658)
Extra termination benefits	(10,000)	—	—	(75,190)
Loss on liquidation of subsidiaries and affiliates	(3,241)	—	—	(24,376)
Loss on sales or retirement of property, plant and equipment	(2,226)	—	—	(16,742)
Loss on restructuring production system	(2,105)	—	—	(15,834)
Charge for full amount of transitional obligations for retirement benefits	—	(96,716)	—	—
Loss on devaluation of investment securities	—	(9,815)	—	—
Extraordinary loss on the conversion of business structure	—	—	(42,735)	—
Loss on devaluation of marketable securities	(4,497)	—	(6,070)	(33,813)
Payments for amortization of past service costs	—	—	(2,728)	—
Others	(2,594)	(5,847)	—	(19,487)
	¥ 223	¥ 221	¥ (16)	\$ 1,681

Note 11

INCOME TAXES

The components of income taxes for the year ended March 31, 2002, 2001 and 2000 were as following:

	Millions of yen			U.S. dollars (Note 3)
	2002	2001	2000	2002
Current	¥ 420	¥4,650	¥ 0	\$ 3,158
Deferred	2,449	1,905	299	18,414
	¥2,869	¥6,555	¥299	\$21,572

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 42% for the years ended March 31, 2002 and 2001.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousand of U.S. dollars
	2002	2001	2002
Deferred tax assets:			
Investment securities	¥ 1,829	¥ 3,507	\$ 13,752
Liability for severance payments	48,034	—	361,157
Accrued employee benefits	1,929	2,695	14,504
Loss carried forward	1,800	—	13,534
Other	2,808	313	21,113
Total deferred tax assets	¥ 56,400	¥ 6,515	\$ 424,060
Deferred tax liabilities:			
Unrealized gain on other securities, net of taxes	¥ (68,127)	¥ —	\$(512,235)
Gain on securities contribution to employee retirement benefit trust	(52,535)	—	(395,000)
Retained earnings appropriated for tax deductible reserves	(2,258)	(2,429)	(16,980)
Special depreciation reserve	(50)	(80)	(373)
Total deferred tax liabilities	¥(122,970)	¥(2,509)	\$(924,588)
Net deferred tax assets (liabilities)	¥ (66,570)	¥ 4,006	\$(500,528)

Note 12

CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Guarantees	¥65,330	¥53,239	\$491,207

Note 13

LEASES

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, lease expense, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
	Machinery and Equipment	Machinery and Equipment	Machinery and Equipment
Acquisition cost	¥11,201	¥8,779	\$84,218
Accumulated depreciation	4,749	5,202	35,707
Net leased property	¥ 6,452	¥3,577	\$48,511

Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Due within one year	¥2,370	¥1,542	\$17,819
Due after one year	4,082	2,035	30,692
Total	¥6,452	¥3,577	\$48,511

Lease expense and depreciation expense under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Lease expense	¥1,893	¥1,890	\$14,233
Depreciation expense	1,893	1,890	14,233

The minimum rental commitments under noncancellable operating leases at March 31, 2002 were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 435	\$ 3,271
Due after one year	897	6,744
Total	¥1,332	\$10,015

Note 14

SUBSEQUENT EVENTS

a. On May 23, 2002, the Company announced to spin off the transformation of electrical energy business into Japan AE Power Systems Corporation on October, 1, 2002 which is a joint venture company established on July 1, 2001 by Fuji Electric Co., Ltd., Hitachi, Ltd. and Meidensha Corporation in accordance with the contract planned to be made on July 25, 2002.

b. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2002 were approved at the Company's shareholders meeting held on June 27, 2002:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Year-end cash dividends, ¥2.5 (\$0.019) per share	¥1,787	\$13,441
Bonuses to directors	60	451



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

We have audited the non-consolidated balance sheets of Fuji Electric Co., Ltd. as of March 31, 2002 and 2001 and the related non-consolidated statements of operations and shareholders' equity for each of the three years in the period ended March 31, 2002, expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying non-consolidated financial statements, expressed in yen, present fairly the financial position of Fuji Electric Co., Ltd. at March 31, 2002 and 2001, and the results of its operations for each of the three years in the period ended March 31, 2002, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.


As described in Note 2 to the non-consolidated financial statements, Fuji Electric Co., Ltd. has adopted the new accounting standard for valuation of marketable securities classified as other securities in the preparation of its non-consolidated financial statements for the year ended March 31, 2002.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the non-consolidated financial statements.

Tokyo Japan
June 27, 2002

A handwritten signature in cursive script that reads "Shin Nihon & Co.".

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



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