

### Overview of Operating Environment and Results for the Year Ended March 31, 2003

Activities in this business group cover logistics, information-related services, insurance agency services, financial services and R&D. These services are extended primarily to Fuji Electric and other members of the Fuji Electric Group.

Net sales increased 1.2% to ¥76.1 billion (US\$634 million) and operating income rose more than threefold to ¥2.0 billion (US\$17 million). Summaries of the core activities of the major companies in this business group are outlined below. All net sales and employee figures are for the year ended March 31, 2003.

#### Fuji Logistics Co., Ltd.

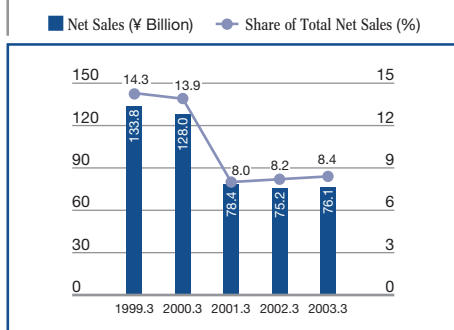
[Net Sales: ¥34.0 billion/Number of Employees: 803] \*On a consolidated basis

The core business of Fuji Logistics and its nine subsidiaries is logistics services such as transport, packaging and storage. These companies are also involved in international logistics, the sale of equipment for rationalizing distribution systems, processing products prior to their distribution, and real estate leasing. Logistics services are conducted based on the primary aim of becoming a company that makes a valuable and necessary contribution to society.

During the year, the distribution industry in Japan experienced a decline in transportation volumes as slumping capital expenditures affected shipments at manufacturers and construction companies. Fuji Logistics took numerous steps to achieve growth in line with its vision of becoming “A Dedicated Logistics Pioneer.” Actions were also guided by the management philosophy of serving as a company capable of helping customers implement innovations in every area of the logistics process. Among notable accomplishments were the signing of logistics outsourcing contracts with the Japanese subsidiary of a foreign maker of information systems, a trading company that handles video equipment for broadcasters, and a manufacturer of optical devices. Another highlight was the addition of a customer call center to the company’s existing 365-day, 24-

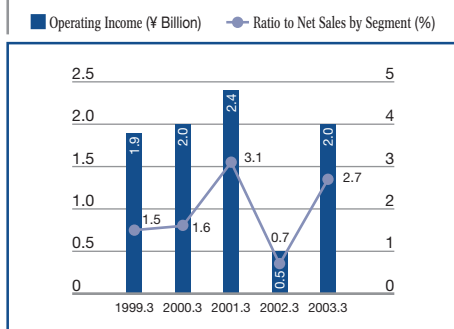
hour replacement parts service. By enhancing the quality of logistics services, this move will better enable Fuji Logistics to win new business. Operations were further aided by management reforms designed to raise efficiency and improve overall operational capabilities. This resulted in increases in both sales and earnings in logistics activities.

Net Sales  
Share of Total Net Sales



Note: Net Sales include inter-segment transactions.

Operating Income  
Ratio to Net Sales by Segment



#### Fuji Electric Information Service Co., Ltd.

[Net Sales: ¥16.9 billion/Number of Employees: 658]

Fuji Electric Information Service supplies IT services and solutions, including the operation and development of information systems. The company also offers visual solutions services drawing on superior design technology to create a range of catalogs and other media. In addition, this company provides a wide range of services and solutions for offices such as copying, binding and printing, as part of its extensive lineup of information services and solutions.

During the past fiscal year, the company faced a difficult market as Japanese companies stepped up efforts to hold down investments and cut costs. In response, additional streamlining measures were initiated and priority was placed on launching new businesses associated with the information sphere. This stance led to more IT-related activities, producing growth in catalog production and higher sales of nursing care products and devices.

Several important business sectors achieved solid successes: a high-speed support system providing the latest patent information to raise the efficiency of patent-related operations; new functions incorporated into the Karuwaza database information search software; new content production technology for an e-Learning IT-compatible education system; and the Web-compatible F-LINE accounting package, which was upgraded with a broader range of functions.

The net result of the above was an improvement in profitability despite a 3.9% decline in sales. Earnings were aided by efforts to lessen the company’s reliance on external vendors and a broad-based cost reduction campaign.

## Fuji Life Corp.

[Net Sales: ¥10.1 billion/Number of Employees: 150]

Fuji Life's activities include life and damage insurance agency operations, as well as real estate sales, leasing and brokerage services. It also offers domestic and overseas travel services and foreign exchange, in addition to office planning services, and support and sales relating to office equipment and gifts and other products. Other businesses are food (for lounges, lodges and other facilities), and nursing care and welfare services.

Amid difficult market conditions in the insurance industry during the past fiscal year, Fuji Life concentrated on upgrading services and conducting consulting-based sales. Specific actions included offering more comprehensive insurance policies, increasing sales from business transaction credit insurance and restructuring the life insurance sales system. In the real estate sector, conditions became even more challenging as official land assessment values in Japan fell for the twelfth consecutive year. During the fiscal year, Fuji Life sold 25 housing sites in Ichihara City, Chiba, and 16 sites at Fukiage in Saitama prefecture. In addition, leasing began at 38 newly constructed detached houses: 14 in Yokohama, 12 in Hino City, Tokyo, and 12 in Yokkaichi City, Mie prefecture. In the travel agency business, efforts focused on capturing more orders for business and group travel from customers outside the Fuji Electric Group, as well as on selling more travel packages created by Fuji Life.

Steady growth continued in the nursing care business as operations were shifted to a subsidiary called Fuji Life Carenet. Already operating a facility in the Tama area in suburban Tokyo, the company opened a new day-care center for the elderly, in Matsumoto, Nagano prefecture.

These activities led to increases in sales and earnings in the past fiscal year.

## Fuji Electric Finance and Accounting Support Co., Ltd.

[Net Sales: ¥2.3 billion/Number of Employees: 129]

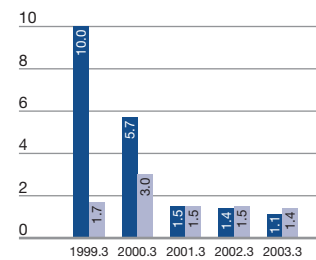
Fuji Electric Finance and Accounting Support is the primary provider of financial services to Fuji Electric Group companies. Activities cover many operations involving finance and accounting, including the provision of cash management systems (CMS), payment services for accounts payable, the extension of loans and the management of excess funds. This company also handles finance and accounting tasks on an outsourcing basis to raise the efficiency of administrative functions at Group companies.

As of March 31, 2003, the company's total assets were ¥173.4 billion, mainly consisting of ¥106.3 billion in factoring credit and ¥62.9 billion in loans to Group companies.

During the year, the company extended the use of CMS to more Group companies and introduced a system that predicts demand for funds at Group companies. This allows the company to procure and manage funds even more efficiently. In addition, this company offers a CMS-based payment service so that more salary and other payments by Group companies can be conducted at once. The factoring system was upgraded to allow use with the Internet, thus making this service more convenient for users. To supply lower-cost funds to Group companies, this company continued to use a variety of procurement methods, including bank loans, commercial paper and the sale of asset-backed securities.

### Plant and Equipment Investment (Including leases)/ Depreciation

■ Plant and Equipment Investment ■ Depreciation (¥ Billion)



### Number of Employees

