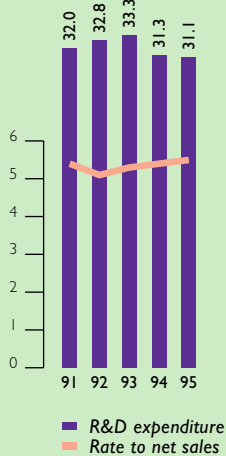


*Fuji Electric supplies numerous products that are of major importance to society: products that protect the environment or that support the advancements of contemporary society. This technology has been acquired through an enormous investment of both time and money.*

*We remain strongly committed to R&D. Nonconsolidated expenditures totaled ¥31,090 million in fiscal 1995, equal to 5.5% of net sales.*



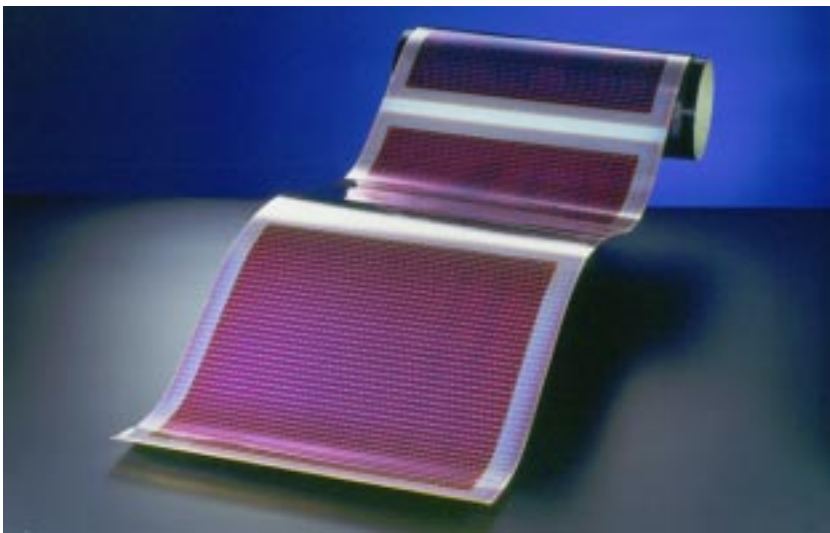
**R&D expenditures (¥ billions)  
& Rate to net sales (%)**



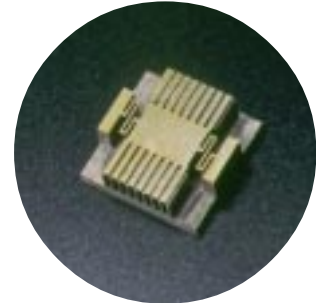
R&D activities focused on expanding basic and core technologies, upgrading electronics and information technology and developing unique products. Our R&D has created original products and systems in a timely fashion that meet market expectations and has developed basic technologies with substantial potential.

In basic research, Fuji Electric achieved a conversion efficiency of 8% in an experimental ultralightweight, flexible, amorphous silicon solar cell for electric power use, a promising clean energy source, by using plastic film as a substrate and an original series connection structure. In magnetic disks, a field noted for rapidly increasing minimization and increasingly higher density disks, the Company is researching fine media structure using magnetic force microscopes and has successfully analyzed noise characteristics.

In applied research, we completed the development of a revolutionary main-circuit large-capacity inverter that takes full advantage of a high-voltage-surge-resistant IGBT for use in such applications as direct-current electric trains. The Company developed a high-concentration ozone generator for advanced ozone water and sewage purification systems. We are also helping to ensure a safe and pure water supply with sewage treatment systems using biotechnology and a variety of water quality sensors. We contributed to factory automation and rationalization with the development of a field-bus LSI (large-scale integration) that is compatible with international standards and has practical applications in various hardware and software products.



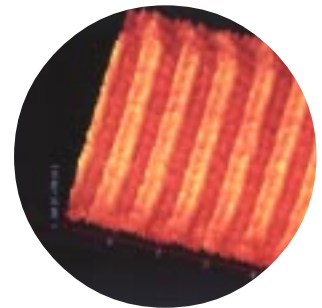
Fuji Electric is developing a flexible amorphous silicon solar cell that employs a plastic film substrate. The product has commercial potential to generate solar power on residential rooftops.



Our miniaturized machining technology for IC manufacturing is helping us develop micromachines. This extremely small but powerful actuator has potential uses in ultracompact measuring devices and robots.



We developed a high-concentration ozone generator for advanced ozone water and sewage purification systems.



Fuji Electric developed technology to observe fine media structure as small as 0.1  $\mu\text{m}$  in diameter with a magnetic force microscope. This will help us meet demand for dense magnetic disks.