

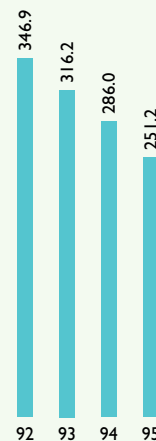
Sales by Group
(¥ billions)

Electrical Equipment



The Electrical Equipment group recorded orders of ¥272,717 million, down 5.4% with sales of ¥251,205 million, a decline of 12.2%. The group's orders accounted for

46.6% of total nonconsolidated orders, with sales making up 44.8% of net sales. Both sales and orders were below last year's levels due to the negative effects of the prolonged downturn in domestic private-sector capital investment.

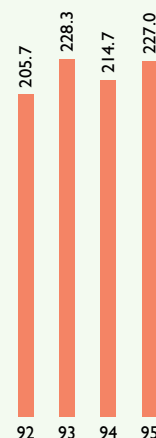


Control/Information Systems and Electronic Devices



The Control/Information Systems and Electronic Devices group recorded a 0.8% increase in orders to ¥228,635 million, while sales grew 5.7% to ¥226,976 million. The group

accounted for 39.1% of nonconsolidated orders and 40.4% of net sales. These strong results were largely due to brisk domestic and overseas demand for electronic devices.

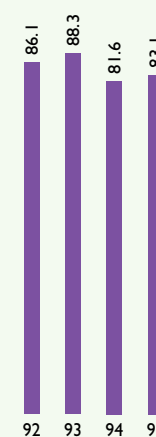


Consumer-related and Other Products



Orders for the Consumer-related and Other Products group during the fiscal year increased 2.9% to ¥83,297 million, while sales grew 1.9% to ¥83,084 million. The group

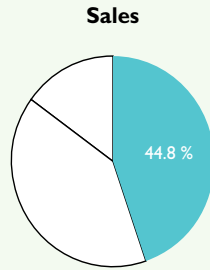
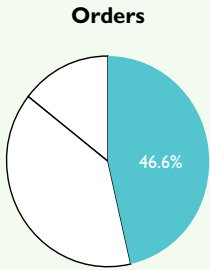
made up 14.3% of nonconsolidated orders and 14.8% of net sales. Within this group, sales of freezing and refrigerated showcases increased and card system sales recorded strong growth. Vending machine sales, however, declined slightly.



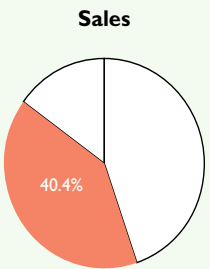
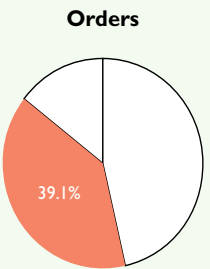
Certain products of the Electrical Equipment group and the Control/Information Systems and Electronic Devices group have been reclassified.

Orders and Sales by Group

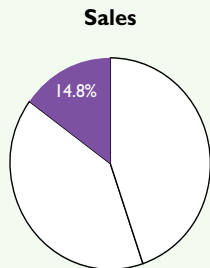
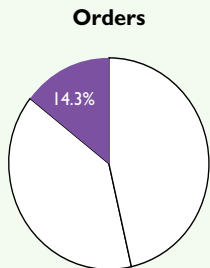
Main Products



- electric motors ● variable speed motors and inverters ● induction heating equipment ● induction furnaces ● industrial power supplies ● clean-room systems ● emergency power supplies ● uninterruptible power supplies for computers ● electrical equipment for ships ● electrical equipment for rolling stock ● transformers
- circuit breakers ● gas-insulated switchgears ● converters
- nuclear power plant equipment ● thermal power plant equipment
- hydroelectric power plant equipment ● power generation units
- new energy generating systems
- centralized supervisory control systems for electric power equipment
- computer control equipment for electric power plants ● induction motors
- geared motors ● brake motors ● fans ● pumps ● blowers ● magnetic contactors
- operation indicators ● industrial relays ● time delay relays ● gas detectors
- molded-case circuit breakers ● earth-leakage circuit breakers ● current-limiting fuses
- high-voltage distribution equipment ● cast-resin molded transformers
- programmable controllers
- programmable operation displays ● multiplex transmission systems
- general-purpose inverters ● servomotor systems ● induction heating inverters
- variable-speed controlled motors ● AC power regulators ● proximity limit switches ● optical sensors



- computer control equipment ● electric power distribution system simulators
- watt-hour meters ● radiation monitoring systems
- centralized supervisory control systems ● microcontrollers
- control systems for water supply and sewage treatment facilities
- remote control equipment ● ozone purification systems
- electrolytic dust collectors and ventilation systems ● FA systems
- FA personal computers ● automated call-receiving equipment ● laser devices
- video sensors
- industrial measuring equipment and instrumentation ● analyzers
- radiation monitoring equipment ● optical character readers ● hard disk drives
- magnetic disks
- photoconductive drums for copiers and printers ● bipolar power transistors
- thyristors ● silicon diodes ● integrated circuits ● power hybrid ICs ● surge absorbers ● semiconductor sensors ● switching power supply units

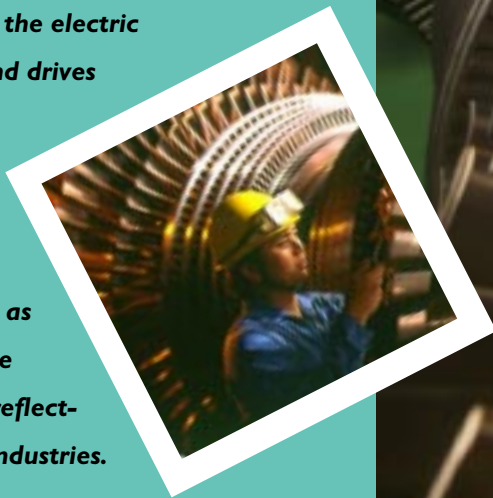


- vending machines ● coin and currency mechanisms ● bill validators ● currency systems
- beverage dispensers ● tea servers ● open freezing and refrigerated showcases
- hotel vendor systems ● refrigerators ● card systems ● ultrasonic diagnostic equipment ● water alkalizers

Electrical Equipment

Results for this group were negatively affected by the prolonged downturn in domestic private-sector capital investment, with both orders and sales below last fiscal year's results. Orders were down 5.4% to ¥272,717 million, accounting for 46.6% of total nonconsolidated orders; sales declined 12.2% to ¥251,205 million, accounting for 44.8% of the total.

The electrical equipment and machinery area received large overseas orders, and the energy area received large orders for all categories of electric power generation facilities, both from Japanese and overseas customers. In the electric distribution, control and drives area, orders increased sharply over the previous term for general-purpose programmable controllers as well as general-purpose inverters and motors, reflecting recoveries in user industries.



ELECTRICAL EQUIPMENT AND MACHINERY

Major products in the electrical equipment and machinery area are industrial power application systems, transportation systems and power transmission and distribution systems.

In industrial power application systems, Fuji Electric received large orders from overseas steel manufacturers for DC-arc furnaces, processing lines and basic oxygen furnaces. Domestic demand, however, was weak because of subdued private-sector capital investment. We used insulated gate bipolar transistor (IGBT) modules to reduce the weight and size of our 2,400 kVA-capacity uninterruptible power supplies (UPS), which have the highest capacity in the world. These products will help support key information-age technology. We also became the first in the world to use a flat-type metal-oxide semiconductor field-effect transistor (MOSFET) in a 500 kHz high-frequency inverter for induction heating.

In rail transportation systems, the creation of completely electric rail systems for the JR Group and other private railways is nearly finished, and related investment has peaked, curtailing order growth. Fuji Electric was able to complete development of a Self-Commutated Static Var-Compensator for stabilizing the electrical power systems of the Tokaido Shinkansen (bullet train) under increased loads.

In power transmission and distribution systems, the Company delivered a 500 kV, 1000 MVA ultra-high-voltage transformer to Chugoku Electric Power Co., Inc. and a 500 kV, 750 MVA transformer to Hokuriku Electric



Our Self-Commutated Static Var-Compensators help the Central Japan Railway achieve a stable electrical power system on its Tokaido Shinkansen (bullet train), despite increased loads.

Fuji Electric delivered a 500 kV, 1000 MVA ultra-high-voltage transformer and a digital, safeguard relay system for a 500 kV transformer to Chugoku Electric Power's Shin Nishi-Hiroshima Substation.



Fuji Electric's 2,400 kVA UPS units have the highest capacity in the world. IGBT modules help to reduce weight and size.



We received an order for three 33 MW large-capacity bulb turbine-generators for Guangxi Bailongton Hydroelectric Power Station in China. These bulb turbines are China's largest, and the generators are one of Fuji Electric's notable achievements in the field of overhung construction.

Power Co. Fuji Electric is utilizing 32-bit central processing units (CPUs) in 500 kV digital transformer safeguard relays. The Company is also developing and producing information control systems for computerized control systems and digital telecommunications and automated electric power distribution systems. However, the business environment is challenging due to restrained capital investment by electric power companies.

ENERGY

In the energy area, Fuji Electric develops, designs, manufactures and maintains atomic, thermal and hydroelectric power generating units and related equipment. The Company is also developing fuel cells as a clean energy source.

In atomic power, we received a large order for a nuclear fuel creation facility from Japan's Power Reactor and Nuclear Fuel Development Corporation. In thermal power, the Company received an order for three 77.5 MW geothermal units from the Philippine National Oil Company Energy Development Corporation for the Malitbog Geothermal Power Plant on Leyte Island, and completed delivery of a 300 MW thermal generator for the Electricity Generating Authority of Thailand's Mae Moh Thermal Power Station. In hydroelectric power, the Company received an order for three 33 MW large-capacity bulb turbine generating units from China's Guangxi Guiguan Hydroelectric Development Corporation Ltd. for the Guangxi Bailongton Hydroelectric Power Station. In fuel cells, we delivered a 5 MW fuel cell to a Japanese research association.

Fuji Electric delivered a 300 MW steam turbine-generator for Unit No. 13 of Thailand's Mae Moh Thermal Power Station. When this unit goes on-line, Mae Moh will be one of Thailand's largest power generation facilities.



ELECTRIC DISTRIBUTION, CONTROLS AND DRIVES

Major products in the electric distribution, control and drive area are such control equipment as magnetic contactors, push-button switches, programmable controllers, FA sensors, and PODs (programmable operation displays), as well as electrical distribution equipment, such as earth leakage circuit breakers, induction motors and associated equipment and inverters.

In control equipment, stable growth was supported by a recovery in demand for machine tools and machine-related equipment. The Company developed and began marketing the new MICREX-F70 Series of general-purpose programmable controllers, which are smaller than previous models and have faster processing speeds.

In drive controls, general-purpose inverters and motors recorded high sales growth, boosted by the recovery of distribution equipment and machine tool industries, as well as by strong demand from air conditioner and pump makers due to the hot summer. In general-purpose inverters, two state-of-the-art product lines were developed and marketed: the FRENIC 5000 G9/P9 Series, with high-performance torque features, and the easy-to-operate ultra-miniature FVR-C9 Series.



We introduced the new MICREX-F70 Series of general-purpose programmable controllers. They are smaller, faster and easier to operate—with more memory—than previous models.



The FVR-9 Series of inverters meet demand for easy-to-operate, compact and economical inverters. The FRENIC 5000 G9S/P9S Series are especially advanced inverters and meet UL/CSA international specifications.

Applications for our compact, high-pressure ring blowers extend beyond industry; they are used wherever quiet environmental control is required—from factories to hospitals.

Control/Information Systems and Electronic Devices

During the fiscal year, orders increased by 0.8% to ¥228,635 million, accounting for 39.1% of total nonconsolidated orders; sales grew 5.7% to ¥226,976 million, or 40.4% of net sales. The main reason for this performance was strong demand for electronic devices.

The plant control systems area received large orders for social infrastructure-related products, which the Company has emphasized in recent years. Orders were also received for electric power distribution systems for transportation terminals and public facilities. In the information equipment area, sales volume increased due to a strong market for our mainline magnetic disks. However, sales declined in value due to the appreciation of the yen and severe price competition.



PLANT CONTROL SYSTEMS

Fuji Electric's plant control systems area is composed of infrastructure-related products such as system controls and automated distribution systems for electric power, water treatment and water quality monitoring and tunnel ventilation systems; FA systems for large factories; and measuring control systems for a wide range of industrial plants.

In power systems, business expanded steadily, including the delivery of an integrated monitoring and control system to Chubu Electric Power Co. Inc.'s Matsumoto Control Station, which supplies power to northwest Nagano Prefecture.

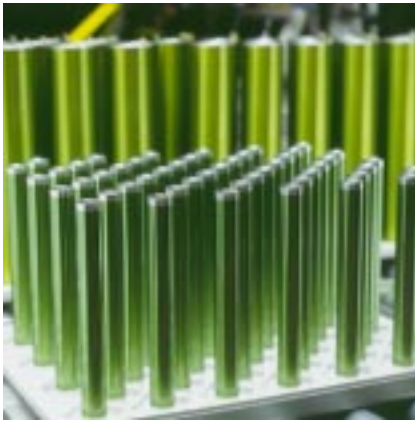
In public and infrastructure-related systems, we delivered a new monitoring and control system, FAINS-IX, to the Kawasaki City Sewerage Bureau and the Kitakyushu City Water Works Bureau. We received an order from the Okinawa Prefectural Enterprise Bureau for a desalination plant for seawater, which is a new field for us, and developed and marketed new products such as toxicant monitors. In recent years, we have placed increasing emphasis on systems that support the social infrastructure, such as distribution and public facilities. In this field, we received large orders for a new monitoring system, SOINS-IW, for the Aviation and Space Research Center and for a new administration system for an underground parking structure for Toyohashi City. We also obtained sizeable orders for power and distribution equipment for a container terminal for Kawasaki City and for the National Research Institute for Earth Science and Disaster Prevention building.



Fuji Electric's integrated monitoring and control system is helping Chubu Electric Power's Matsumoto Control Station distribute power in northwestern Nagano Prefecture.

Our new monitoring and control system, FAINS-IX, shown here at the Kawasaki City Sewerage Bureau, has greatly enhanced functions compared with previous systems.

Fuji Electric's new toxicant monitors contribute to a safe and pure water supply.



Our FAY-400 machine vision can detect minute defects. This multipurpose external inspection device is smaller and less expensive than previous models.

Our photoconductive drums are central components of copiers and printers. With a full lineup—from organic to selenium—Fuji Electric is the world leader in this field.

Our magnetic disks are installed by leading disk-drive makers throughout the world in PCs and workstations. Fuji Electric is a recognized leader in technology, quality, reliability and performance.

In instrumentation and control systems, there has been steady demand related to public investment in the construction and modernization of waste disposal facilities, in step with increased volumes and the changing nature of garbage. However, investment in the private sector remains weak. Fuji Electric developed its FAY-400 machine vision, which is capable of detecting minute defects.

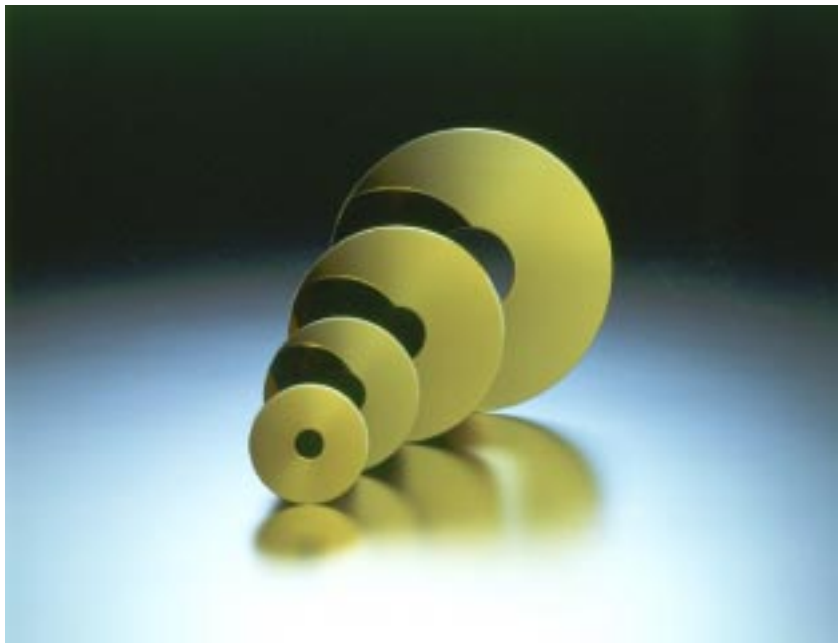
In measuring instruments, the strong yen has depressed exports and the domestic business slump has dampened capital investment. However, we introduced a graphic program controller, suited to small-lot production of many kinds of products, with a program pattern capability of 199 settings.

INFORMATION EQUIPMENT

Major products in the information equipment area are terminal equipment such as bill validators, computer peripheral equipment such as magnetic disks, copier and printer photoconductive drums, electroluminescent (EL) displays and other special electronic devices.

In computer peripheral components, we increased sales volume with new products and improved technology, while strengthening our manufacturing base for high-demand products such as compact high-volume magnetic disks. Nevertheless, the effects of the high yen and intensified price competition had a negative impact on sales.

In photoconductive drums and other electronic specialty appliances, the Company introduced an organic photoconductive drum with three times the



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sensitivity of previous models. This product is aimed at the growing market for office and personal copiers and printers. Overall sales, however, were weak due to falling prices for organic photoconductive drums and slack demand for selenium photoconductive drums.

ELECTRONIC DEVICES

The main products in the electronics devices area are power transistors, high-voltage silicon diodes and IC products.

Exports to the United States, where the market for personal computers was strong, and to Europe, have been favorable. Exports to Asia, where high growth in the semiconductor market is expected, were also strong. Combined with a stronger domestic market for industrial machinery, and increased demand for air conditioner parts due to an especially hot summer, this area improved sharply.

ICs, a strategic product for us, have seen strong demand for use in power supplies and auto-focus cameras. As a key component for multimedia products, we are developing and marketing small power-supply ICs that use Bi-CMOS technology. We also responded to the need for energy-efficient components for portable communications and information devices such as cellular telephones. In addition, we offered power devices which fulfill market requirements for both high efficiency and high functionality, including easy-to-use, low-loss third-generation IGBT modules (N Series) and PIMs (Power Integrated Modules) with modularized converters/inverters.



Original technologies have made us the market leader in high-voltage silicon diodes, which are used in the high-voltage resonant switching circuits of office automation equipment display screens and cathode-ray tubes.



Fuji Electric has developed its third-generation IGBT modules: the N Series. These low-saturation voltage, high-speed switching IGBTs have superior capability to withstand short circuits and fine switching wave forms.

Consumer-related and Other Products

Orders during the fiscal year increased 2.9% to ¥83,297 million, accounting for 14.3% of nonconsolidated orders. Sales increased 1.9% to ¥83,084 million, or 14.8% of net sales.

Sales of vending machines declined slightly due to weak market conditions, despite efforts to renew demand with new products based on fresh concepts. However, freezing and refrigerated showcases recorded sales growth, supported by brisk capital investment in the convenience store industry.

In the specialty appliances business, sales were favorable for card systems, including lift gate systems for ski resorts using our exclusive noncontact scanner technology.



VENDING MACHINES AND SPECIALTY APPLIANCES

Vending machines, coin- and currency-related equipment, freezing and refrigerated showcases, card systems and hotel vendors are the main products of the Consumer-related and Other Products group.

In mainline vending machines, we expanded our product lineup with new products: space- and energy-saving models; Interior Series/Phase II machines, which are designed to blend with room interiors; a revolutionary type of cup dispensing vending machine that can quickly mix beverage ingredients inside the cup; and vending machines for beverages and for food items, such as lunch boxes, for the new double-deck Shinkansen (bullet train) of the Tohoku and Joetsu lines. Despite the Company's active development and promotion of these new products, the market is mature and sales were down slightly from the previous year.

Sales of freezing and refrigerated showcases increased as we successfully met demand from the following sources: supermarket chains that opened new stores and renovated existing stores in line with the liberalization of the Large-Scale Retail Store Law; the renovation of convenience stores in major metropolitan areas; and new convenience stores in medium-sized cities.

In card systems, Fuji Electric continued to make deliveries to ski resorts of lift gate systems that use noncontact scanner cards with built-in ICs. We also delivered an admission gate system to health centers for Asaka City. As a result, our experience in leisure and resort facilities is steadily broadening.

The Company began the production of water alkalizers. And in hotel vendors, we introduced refrigerators that use an electronic refrigeration method instead of compressors. Eliminating both CFCs and running noise makes these machines both environmentally friendly and quieter. With the development of products like these, Fuji Electric is energetically meeting new demand.



Our Interior Series/Phase II vending machines have warm, sophisticated designs that blend with offices and other interior spaces.

Fuji Electric's card gate systems use prepaid card technology to automatically check people into health centers, such as this one in Asaka City. These systems allow access to be automatically controlled, and improve efficiency.



We introduced a new hotel-room refrigerator that eliminates CFCs and reduces running noise by using Peltier effect refrigeration instead of compressors.