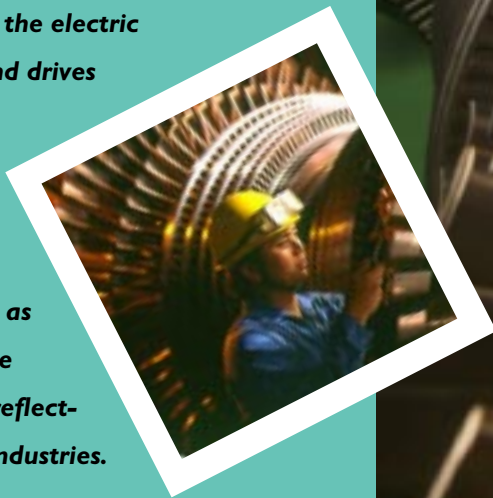

Electrical Equipment

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.