

Report of Independent Auditors

Certified Public Accountants

Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo 100-0011
C.P.O. Box 1196, Tokyo 100-8641

Phone: 03 3503-1100

Fax: 03 3503-1197

The Board of Directors
Fuji Electric Holdings Co., Ltd.

We have audited the accompanying consolidated balance sheets of Fuji Electric Holdings Co., Ltd. and consolidated subsidiaries as of March 31, 2008, 2007 and 2006, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Electric Holdings Co., Ltd. and consolidated subsidiaries at March 31, 2008, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2 to the consolidated financial statements, until March 31, 2007, directors' retirement benefits of the certain consolidated subsidiaries were expensed as incurred. Effective April, 2007, such subsidiaries changed their accounting for directors' retirement benefits. The accrued retirement benefits for directors were provided mainly at the amount of their compensation at the time of termination calculated based on its internal regulations.

As described in Note 17 to the consolidated financial statements, on April 1, 2008, Fuji Electric Water Environmental Systems Co., Ltd., a consolidated subsidiary of the Company, was merged into NGK Water Environment Systems, Ltd.

As described in Note 17 to the consolidated financial statements, the Board of Directors resolved that the system machinery business section and power supply sales section in Fuji Electric FA Components & Systems Co., Ltd., a consolidated subsidiary of the Company, will be spin off and transfer to Fuji Electric Systems Co., Ltd. ("FES"), a consolidated subsidiary of the Company, on July 1, 2008, at its Meeting held on April 24, 2008.

As described in Note 17 to the consolidated financial statements, the Board of Directors resolved that FES transfer all stocks of FFC Ltd. ("FFC") to Fujitsu Ltd. ("Fujitsu"), and among businesses of FFC and FFC Systems Ltd. ("FFC Systems"), FES took over the business related to FES at its Meeting held on May 22, 2008. FFC was a joint venture of Fujitsu and FES, FFC Systems is a wholly owned subsidiary of FFC. On June 1, 2008, the actual transfer of stock and transfer of business was completed, based on the contract concluded between the companies concerned on May 28, 2008.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 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 consolidated financial statements.

June 24, 2008

