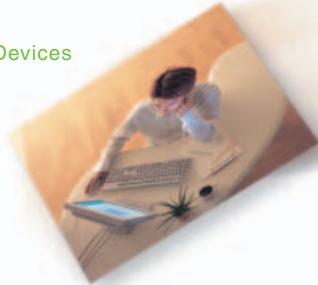


To Shareholders

Fiscal 2004 Semiannual Business Report

April 1, 2004 - September 30, 2004

Electronic Devices



Retail Systems



ED&C-Drive Systems



Energy & Electric Systems



Financial Highlights (Consolidated)

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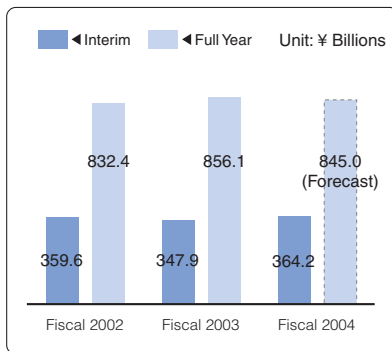
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 - Committed to Realizing an Effective New Operating Structure for the Group

Statements and figures appearing in this report related to Fuji Electric Holdings' plans, strategies and future performance are based on management's assumptions and beliefs in light of information disclosed by the Company as of October 28, 2004, and involve risks and uncertainties. Accordingly, actual results could differ from those contained in any forward-looking statements.

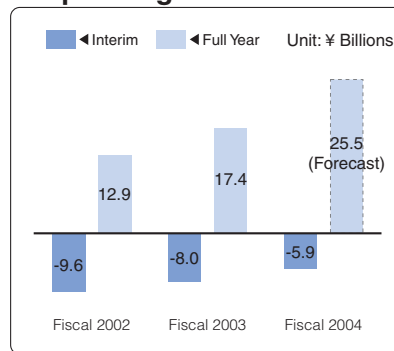
Main Financial Indicators

	Unit	Fiscal 2003		Fiscal 2004	Year-on-Year Change
		Interim	Full Year	Interim	
Net Sales	¥ Billions	347.9	856.1	364.2	+16.2
Operating income	¥ Billions	-8.0	17.4	-5.9	+2.0
Ordinary income	¥ Billions	-9.4	13.9	-7.7	+1.6
Net income	¥ Billions	-8.2	5.5	-5.2	+2.9
Net income per share	Yen	-11.47	7.46	-7.28	+4.19
	Unit	Fiscal 2003		Fiscal 2004	Year-on-Year Change
		Interim	Full Year	Interim	
Shareholders' equity	¥ Billions	175.3	191.7	176.8	-14.8
Shareholders' equity per share	Yen	245.07	267.80	247.29	-20.51
Total assets	¥ Billions	878.9	908.0	851.0	-57.0

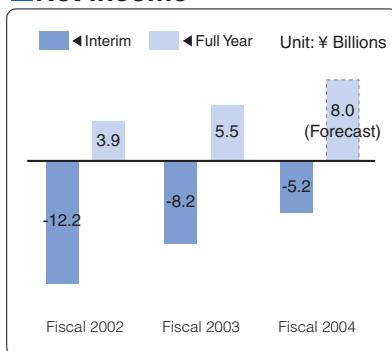
Net Sales



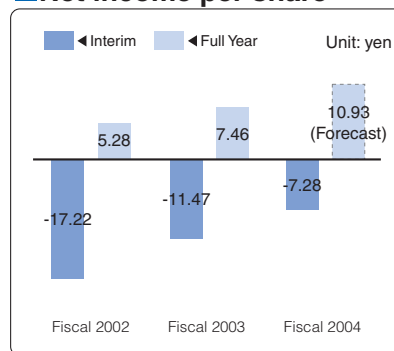
Operating income



Net income



Net income per share



A Message From the President

On behalf of the Fuji Electric Group, I would first like to extend my condolences to the people who have been affected by the Niigata-Chuetsu Earthquake and the typhoons that hit Japan this year.

In the first half of fiscal 2004, ended September 30, 2004, our company posted consolidated net sales of ¥364.2 billion, 4.7% higher than a year earlier. Against a backdrop of economic expansion in Japan and overseas, Fuji Electric's four core business groups, Energy & Electric Systems, Electric Distribution & Control (ED&C) ·Drive Systems, Electronic Devices, and Retail Systems, all recorded year-on-year sales increases.

On the profit front, Fuji Electric in a typical year expects to report a first-half loss due to low planned sales in the initial six months of the year, particularly in the Energy & Electric Systems Group, which is responsible for the electric power systems business. In the interim period under review, however, stronger sales and the benefits of measures to pare back costs and reduce operating expenses led to substantial improvements in the main performance indicators: Fuji Electric posted an operating loss of ¥5,973 million, ¥2,066 million less than a year earlier, an ordinary loss of ¥7,753 million, an improvement of ¥1,679 million, and a net loss of ¥5,210 million, ¥2,998 million less than a year ago.

During the second half of the year, destabilizing factors in our operating environment are anticipated to increase, including the possibility of an economic downturn overseas, mainly in the US and China, the impact of inventory reductions in the IT consumer device and display sectors on the semiconductor market, rapidly rising crude oil prices, and an appreciating yen. Consequently, we continue to remain cautious about the period ahead.

In this environment, the Fuji Electric Group will work to enhance its earnings capabilities as it aims to attain the final-year targets in its current medium-term management plan, ending in fiscal 2005. We are therefore committed to achieving our full-year consolidated targets of net sales of ¥845.0 billion, operating income of ¥25.5 billion, ordinary income of ¥20.5 billion, and net income of ¥8.0 billion.

Taking into account results for the first half of fiscal 2004 and full-year forecasts, Fuji Electric Holdings has decided to pay an interim dividend of ¥2.50 per share.

In closing, I ask for your continued support as valued shareholders, and wish everybody affected by the recent natural disasters a rapid return to normality.

December 2004

Kunihiko Sawa

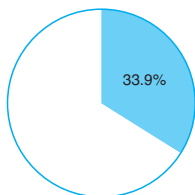
President and Representative Director



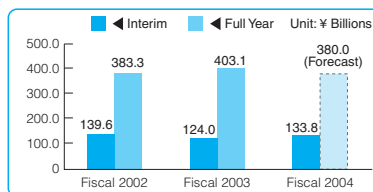
Overview of Performance by Business Group (Consolidated)

Energy & Electric Systems Group

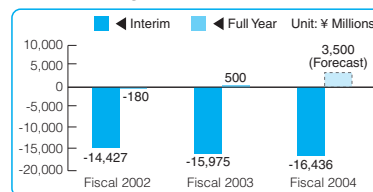
■ Share of consolidated net sales



■ Net Sales



■ Operating income



Energy & Electric Systems posted net sales of ¥133.8 billion, an increase of 7.9% year on year. However, the operating loss widened by ¥461 million to ¥16,436 million.

■ Key initiatives in the first half of fiscal 2004

In the first half of fiscal 2004, structural change gathered momentum in the group's market, typified by private sector demand replacing public works and electric power investment as drivers of demand.

In response to this change in its operating environment, the Energy & Electric Systems Group realigned its businesses by channeling its resources into core and strategic product categories, and worked to boost efficiency through structural reforms.

Specifically, to enhance Fuji Electric's competitiveness in the power supply systems market, operations for small-capacity uninterruptible power supply (UPS) products were transferred from the ED&C-Drive Systems Group to this group. This created an integrated operating framework for small- to large-capacity UPS products.

In the information systems business, the group realigned its business, including information-related companies in the Fuji Electric Group, to put in place a more efficient operating structure, and transferred the information business of Fuji Denki Sosetsu Co., Ltd. to a newly established company, Fuji Electric IT Solutions Co., Ltd.

In addition, the group worked to boost its competitiveness in water environmental systems by promoting a number of business alliances, including those with Tsukishima Kikai Co., Ltd., Hokkaido University and Tsinghua University in China.

■ Performance by business field

Looking at results by business field, in e-solutions, despite the absence of sales for radiation management systems and other major projects recorded in the previous year, sales and operating income were both higher due to the benefits of realignment in the information systems business and strong sales of document management systems—the core element of e-government information systems for local and central government.

In environmental systems, market conditions deteriorated due to curbs on public-sector spending and intensifying competition. As a result, sales were markedly down compared to a year ago and the operating loss widened considerably.

In industrial and transportation systems, sales rose substantially and the operating loss improved. Against a backdrop of rising private-sector capital investment, sales were driven by large orders of power grid and substation equipment for the private sector and electrical equipment used in clean rooms. Other standout performers included transformer rectifier units for international customers and sales of transport system-related products in Japan and overseas.

In electric power systems, sales were up on a year earlier due to orders from domestic power generation companies for equipment upgrades and renewals, and large overseas orders for steam turbine power generation equipment. Operating profitability also improved.

In the group's plant facility construction business, sales were higher due to an increase in small and medium-size orders, although operating profitability worsened as competition intensified in the market.

■ Management policy for the second half and full-year forecasts

As in a typical year, Fuji Electric expects this group to report approximately 65% of its full-year sales in the latter half of the year. The biggest issue for Energy & Electric Systems will be careful project management and cost control to ensure jobs are completed as planned. At the same time, the group will use business restructuring to reduce fixed costs, reinforce the manufacturing framework and enhance the productivity of engineering divisions to create a more robust profit structure. The group will also continue to channel its energies into the creation of new businesses and products.

We are forecasting operating income of ¥3.5 billion on net sales of ¥380.0 billion for fiscal 2004.

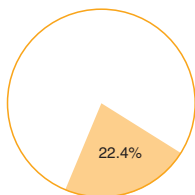
Amorphous-silicon Solar Cells

By using a plastic film substrate, Fuji Electric has developed new amorphous-silicon solar cell that is both lightweight and bendable. Integrated with metal roof panels, these solar cells can be used on gymnasiums and other buildings with metal roofs. Fuji Electric has positioned amorphous-silicon solar cells as core products in its new energy field, and plans to expand the solar cell business going forward.

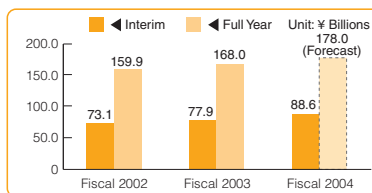


ED&C-Drive Systems Group

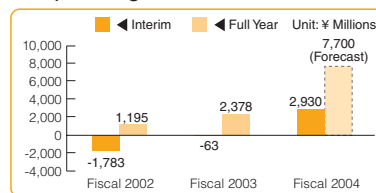
■ Share of consolidated net sales



■ Net Sales



■ Operating income



Net sales in ED&C-Drive Systems increased by 13.8% year on year, to ¥88.6 billion. Operating income was ¥2,930 million, an improvement of ¥2,993 million from the operating loss reported a year earlier.

■ Key initiatives in the first half of fiscal 2004

The group's markets were strong in the first six months of the year due to rising private-sector capital investment in Japan and higher exports fueled by global economic recovery and expansion.

Positioning Asia as a key strategic market, the group pushed ahead with its global strategy by making two joint-venture sales companies in the region wholly owned subsidiaries during the period under review. At the same time, with a view to strengthening its operating base, ED&C-Drive Systems promoted Quality Chain Management (QCM) activities to improve quality levels across all processes, from product planning, development and manufacturing to sales and aftersales services.

■ Performance by business field

Looking at results by business field, in electric distribution & control (ED&C) components, sales of mainstay products such as magnetic contactors and circuit breakers grew on the back of rising demand from machinery manufacturers in Japan. The group also took active steps in the ED&C field overseas, including the establishment of a joint venture in China with Schneider Electric Industries S.A. of France to manufacture low-voltage circuit breakers. As a result, sales were significantly up year on year and this field became profitable at an operating level, representing a significant improvement.

In control and drive systems, there was a large increase in demand from makers of semiconductor manufacturing equipment and machine tools in Japan. Overseas, steps to boost supply to meet a rise in demand for general-purpose inverters and servo systems supported a substantial increase in sales, particularly in China and other parts of Asia. Consequently, both sales and operating income in the control and drive systems field were up on the same period a year earlier.

■ Management policy for the second half and full-year forecasts

In the second half of the year, ED&C-Drive Systems will step up activities in China and other Asian markets, where growth is expected to continue. Specifically, the group will expand its local production in Wuxi, China, and in parallel, strengthen its sales framework in the country by upgrading its local technological support system and increasing the number of products its aftersales service sites can handle.

As QCM activities become established, the group will also aim to enhance quality, as well as work to reduce total costs with the goal of creating a more powerful earnings structure.

We are forecasting operating income of ¥7.7 billion on net sales of ¥178.0 billion for fiscal 2004.

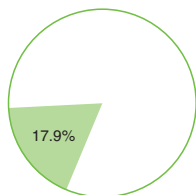
The FALDIC-W Series of AC Servo Systems

In addition to industry-leading control capabilities, the FALDIC-W Series of AC servo systems include an "easy-tuning function," eliminating the need for manual tuning that until now had been carried out by engineers. These functions have significantly improved operational performance, allowing them to be used in a wider range of applications, including general industrial machinery.

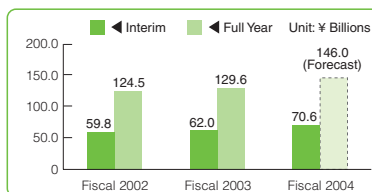


Electronic Devices Group

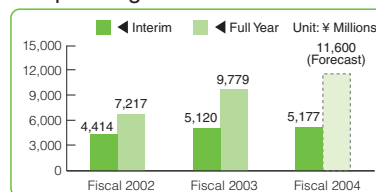
■ Share of consolidated net sales



■ Net Sales



■ Operating income



Net sales in Electronic Devices rose 13.8% year on year, to ¥70.6 billion, and operating income increased 1.1% to ¥5,177 million.

■ Key initiatives in the first half of fiscal 2004

Against the backdrop of a booming global semiconductor market, Electronic Devices focused on ramping up production capacity and developing new products in the semiconductor field. In storage devices (magnetic disks), efforts centered on upgrading the technology development framework and boosting output, while in imaging devices, the group brought a new photoconductive drum production line on stream in Shenzhen, China. In addition to these measures, efforts were made to reduce product development times, improve the accuracy of production plans and bring down costs.

■ Performance by business field

In the semiconductor field, the group expanded a lineup of products for industrial applications, such as IGBT modules incorporating Fuji Electric proprietary technology. This together with higher private-sector capital investment led to a marked increase in semiconductor sales, particularly for use in NC machines, general-purpose inverters and air conditioners. In automotive applications, where demand remains robust, efforts to develop more customer-centric sales activities produced a rise in sales mainly on automotive MOSFET devices. In semiconductors for IT and power supply equipment, some negative signs emerged in the second quarter as customers wound down inventories, but on the whole, sales were firm on the back of demand for ICs for plasma display panels (PDPs), MOSFETs and other products for digital consumer devices. As a result, sales in this field were substantially up on the same period a year earlier, although operating income declined due to an increase in costs related to investments in clean room facilities.

In storage devices (magnetic disks), there were signs of a drop in demand due to seasonal fluctuations in the first quarter and delays by major customers in reducing inventories. Despite this, growing orders for the mainstay 3.5-inch 80GB aluminum substrate magnetic disk, together with efforts to boost the productivity and lower the cost of this product, led to a year-on-year increase in sales and significant improvement in operating income, returning this field to profitability.

In imaging devices, sales of organic photoconductive drums (OPCs), a mainstay product used in photocopiers and printers, were weak due to intensifying competition in the European market. Consequently, sales and operating income were both down on a year earlier.

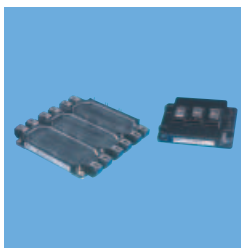
■ Management policy for the second half and full-year forecasts

In the semiconductor field, although there are some signs of a downturn in IT and power supply devices, Electronic Devices will focus on developing and launching new products for these areas. The group will also work to boost sales of semiconductors for the industrial field and automotive applications, two areas that are anticipated to show sustained demand. In particular, the group will focus on continuing to build efficient production lines for back-end semiconductor manufacturing. In storage devices (magnetic disks), Electronic Devices will upgrade production lines for glass substrate magnetic disks, including small diameter models that are expected to show growth in demand ahead. This will go hand in hand with efforts to develop new products, pare back costs and boost product quality. In imaging devices, the group is aiming to bring full-scale production of photoconductive drums on stream in China.

We are forecasting operating income of ¥11.6 billion on net sales of ¥146.0 billion for fiscal 2004.

The U Series of IGBT Modules

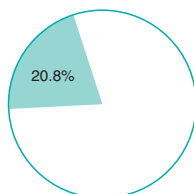
The U Series of IGBT modules incorporates Fuji Electric's proprietary trench-gate technology and thinner wafer processes. This allows the U-Series to achieve a more than 20% improvement in low-loss performance compared to the existing models, while allowing the manufacturer to reduce the physical size of their equipment and increase the capabilities of industrial inverters and UPS.



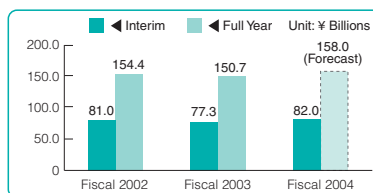
Overview of Performance by Business Group

Retail Systems Group

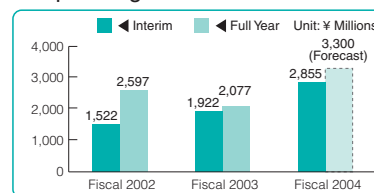
■ Share of consolidated net sales



■ Net Sales



■ Operating income



Retail Systems posted a sales increase of 6.1% year on year, to ¥82.0 billion, while operating income jumped 48.5%, to ¥2,855 million.

■ Key initiatives in the first half of fiscal 2004

In the period under review, capping off two years of product models realignment, marketing and manufacturing integration and other structural reforms following the acquisition of the vending machine business of Sanyo Electric Co., Ltd., the group implemented operating framework reforms designed to upgrade manufacturing technology, reduce costs and boost efficiency in back-office departments.

■ Performance by business field

In the vending machine, food service equipment and currency handling system field, sales of cup-type vending machines were strong as the market showed signs of a resurgence. However, sales of can vending machines and milk beverage vending machines were lower than a year earlier as markets contracted. Meanwhile, sales of cigarette vending machines grew substantially due to large-scale orders, helping to lift total vending machine sales above the previous year's level. In food service equipment, sales grew year on year due to special demand for iced-coffee dispensers. In currency handling systems, sales were markedly up on a year earlier. This was attributable to higher sales of bill validators compatible with the new bills scheduled for launch in November 2004, and rising demand for coin and bill handling systems used in amusement equipment. As a result of the above, overall sales in the vending machine, food service equipment and currency handling system field were up year on year. This together with cost and operating expense reductions resulted in significantly increased operating income.

In cold-chain equipment, the group aggressively marketed its freezers and chilled showcases to supermarkets carrying out large-scale network expansion and/or extensive store refurbishments. This paid off with a year-on-year increase in sales. Sales of Ecolo Unit, a new unitized store system, were also higher, supporting an overall rise in cold-chain equipment sales. However, operating income deteriorated due to an increase in operating expenses related to strategies for expanding sales in the future.

■ Management policy for the second half and full-year forecasts

Aiming to reinforce its earnings structure, the latter half of the year will see Retail Systems continue to work to boost productivity, centered on its manufacturing plants. In the vending machine business, the group will target further growth by launching a new series of can vending machines, responding effectively to demand related to the issue of new yen bills, introducing non-contact IC card equipment, and taking other steps. In the cold-chain equipment business, the group will build a sales and marketing framework more in touch with customers.

Targeting the vending machine market in China, Retail Systems will seek to build its position in the country by starting volume production in October 2004 at its manufacturing joint venture in Dalian, established last year, and beginning marketing activities at its joint-venture vending machine operations company, set up in July 2004.

We are forecasting operating income of ¥3.3 billion on net sales of ¥158.0 billion for fiscal 2004.

Bill Validators

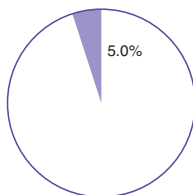
Employing technology that incorporates hybrid sensors, these bill validators play their part in preventing counterfeiting of Japan's new yen bank notes. Boasting significant improvements in maintainability and quality, these devices can be used for a variety of applications. Fuji Electric is ready to meet increased demand for bill validators arising from the redesign of Japan's yen bank notes.



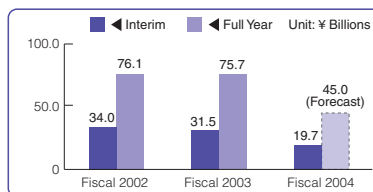
Overview of Performance by Business Group

Others Group

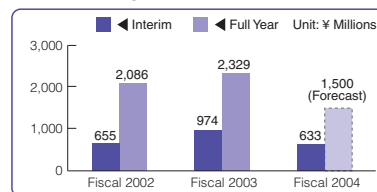
■ Share of consolidated net sales



■ Net Sales



■ Operating income



Sales and operating income in this business segment both fell substantially as Fuji Logistics became an equity-method affiliate at the end of the previous fiscal year. Segment sales declined 37.5%, to ¥19.7 billion, while operating income dropped 35.0%, to ¥633 million.

■ Initiatives in the first half of fiscal 2004

The principal activities in this segment include real estate, insurance agency services, nursing care, financial services and information services. Activities focus on growing sales to companies outside the Group as well as to Fuji Electric Group companies.

Fuji Life Corporation is currently strengthening its nursing care business, seeking to support local communities and play its part in society. The company has constructed a hybrid facility in Hino City, Tokyo that offers nursing care for the elderly as well as childcare. The facility opened its doors in September 2004.

As the core financial services provider in the holding company system, Fuji Electric Finance and Accounting Support Co., Ltd. carries out smooth fund procurement activities, providing these funds to Group companies. It also works to raise the efficiency with which funds are used throughout the entire Fuji Electric Group.

■ Full-year forecasts

We are forecasting operating income of ¥1.5 billion on net sales of ¥45.0 billion for fiscal 2004.

Effective from the period under review, Fuji Electric has changed the names of two of its business groups. The Electronics Group and the Retail Support Equipment & Systems Group are now known as the Electronic Devices Group and the Retail Systems Group, respectively. There has been no change in the operational scope of these business groups.

Overview of the Fuji Electric Group

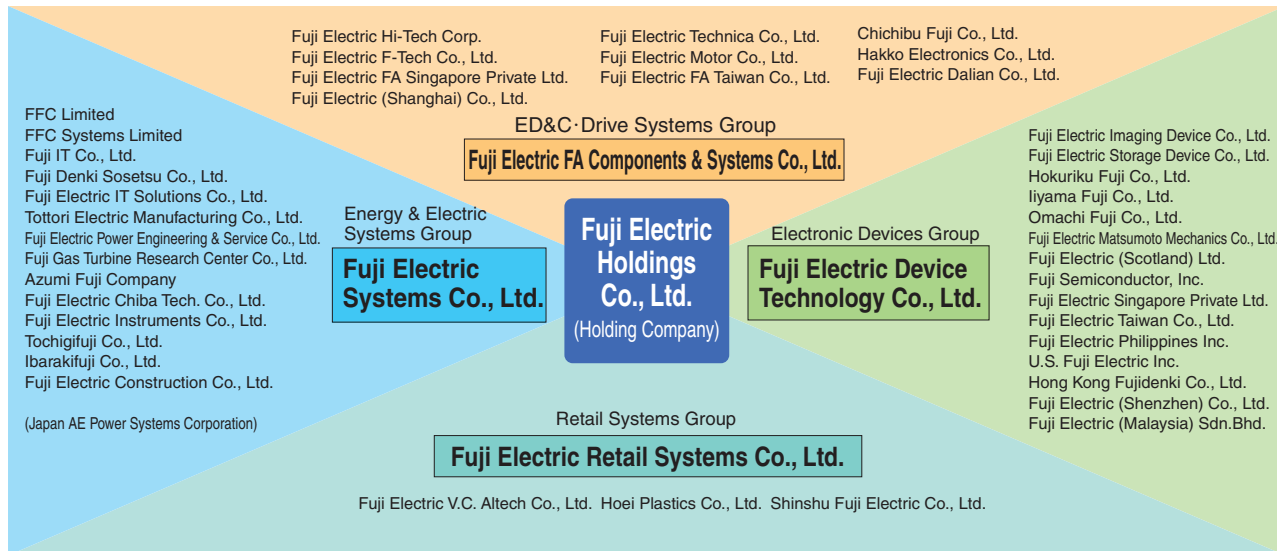
The business operations of the Fuji Electric Group are focused on five business segments, covering a wide range of activities from development, production, sales to customer services: Energy & Electric Systems, Electric Distribution & Control (ED&C)-Drive Systems, Electronic Devices, Retail Systems, and Others. As of September 30, 2004, consolidated subsidiaries operating in these segments were as follows: 15 in Energy & Electric Systems, centered on Fuji Electric Systems Co., Ltd.; 11 in ED&C-Drive Systems, focused on Fuji Electric FA Components & Systems Co., Ltd.; 16 in Electronic Devices, centered on Fuji Electric Device Technology Co., Ltd.; 4 in Retail Systems, focused on Fuji Electric Retail Systems Co., Ltd.; and 5 in Others. There are additional 10 consolidated subsidiaries, primarily sales companies involved in more than one segments. The Fuji Electric Group therefore consists of 61 consolidated subsidiaries in total, 2 increased from the end of the previous year.

The Fuji Electric Group also includes Japan AE Power Systems Corporation, a joint venture with Hitachi, Ltd. and MEIDENSHA CORPORATION specialized in the manufacture and sale of substation equipment. Fuji Electric chose to make Japan AE Power Systems an equity-method affiliate in the first half of fiscal 2004 because the company's full-year earnings are expected to differ significantly from initial forecasts. This was projected to have a major impact on the consolidated results of the Fuji Electric Group. As a result, there are now two equity-method affiliates in the Group.

(As of September 30, 2004)

Sales companies
(Fuji Electric dealers etc.)

Fuji EIC Co., Ltd. Hoei Denki Co., Ltd. Chubu Fuji Electric Co., Ltd. Kyusyu Fuji Electric Co., Ltd.
Hokkaido Fuji Electric Co., Ltd. Tohoku Fuji Electric Co., Ltd. Nishinohon Fuji Electric Co., Ltd. Fuji Electric GmbH
Fuji Electric (Asia) Co., Ltd. Fuji Electric Corp. of America



Others Group

R&D Companies	Shared Service Companies	Manufacturing & Sales Companies	Logistics & Storage Companies
Fuji Electric Advanced Technology Co., Ltd.	Fuji Electric Finance and Accounting Support Co., Ltd. Fuji Life Corp. Fuji Electric Information Service Co., Ltd.	Asahi Keiki Co., Ltd.	(Fuji Logistics Co., Ltd.)

Notes: 1. Effective from the period under review, Fuji Electric IT Solutions Co., Ltd. and Fuji Electric (Shenzhen) Co., Ltd. were included within the scope of consolidation.
2. Fuji Logistics Co., Ltd. and Japan AE Power Systems Corporation are equity-method affiliates.

Consolidated Financial Statements (Condensed)

Consolidated Balance Sheets

(¥ Millions)

Accounting term	9/30/2004	3/31/2004
[Assets]		
Current assets	411,076	451,682
Cash and time deposits	12,735	27,542
Notes and accounts receivable, trade	196,941	253,215
Inventories	146,716	125,910
Other current assets	54,682	45,013
Long-term assets	439,786	456,152
Tangible fixed assets	154,775	153,810
Intangible fixed assets	7,604	7,335
Investments and other assets	277,406	295,005
Deferred assets	148	225
Total assets	851,012	908,060

Accounting term	9/30/2004	3/31/2004
[Liabilities and shareholders' equity]		
Current liabilities	469,508	487,702
Notes and accounts payable, trade	148,716	181,596
Short-term loans	95,014	90,988
Other current liabilities	225,777	215,117
Long-term liabilities	196,921	220,090
Total liabilities	666,429	707,793
[Minority interests in consolidated subsidiaries]		
Minority interests in consolidated subsidiaries	7,682	8,491
[Shareholders' equity]		
Common stock, ¥50 par value	47,586	47,586
Capital surplus	46,711	46,710
Retained earnings	63,364	71,172
Unrealized gain on other securities, net of taxes	29,048	36,617
Foreign currency transaction adjustment	-3,050	-3,573
Less shares of common stock held by the Company	-6,760	-6,737
Total shareholders' equity	176,899	191,774
Total liabilities, minority interests and shareholders' equity	851,012	908,060
1 Debt	356,955	363,011

1 Debt

Efforts to reduce debt resulted in a decline of ¥6.0 billion compared to the end of fiscal 2003.

Consolidated Statements of Income (¥ Millions)

Accounting term	1 st half FY2004	1 st half FY2003
Net sales	364,240	347,975
Cost of sales	294,906	284,602
Gross profit	69,333	63,373
Selling, general and administration expenses	75,306	71,413
2 Operating income	-5,973	-8,039
Non-operating income	2,732	3,027
Non-operating expenses	4,512	4,420
Ordinary income	-7,753	-9,432
Extraordinary income	6,307	14,743
Extraordinary loss	7,940	17,316
Income before income taxes	-9,385	-12,005
Income taxes and business tax	2,178	1,169
Deferred income taxes	-5,741	-4,555
Minority interests in net income of consolidated subsidiaries	-611	-411
Net income	-5,210	-8,208

2 Operating loss

Stronger sales and the benefits of measures to pare back costs and reduce operating expenses led to an improvement of ¥2.0 billion in the operating loss compared to a year earlier.

Consolidated Statements of Cash Flow (¥ Millions)

Accounting term	1 st half FY2004	1 st half FY2003
(1)Cash flows from operating activities	-67	9,556
3 (2)Cash flows from investing activities	-5,531	19,779
[(1)+(2) Free cash flows]	[-5,599]	[29,335]
(3)Cash flows from financing activities	-9,555	-35,017
(4)Effect of exchange rate changes on cash and cash equivalents	276	-141
(5)Net increase (decrease) in cash and cash equivalents	-14,878	-5,823
(6)Cash and equivalents at beginning of year	27,240	15,038
(7)Increase in cash and cash equivalents resulting from the increase of consolidated subsidiaries	12	—
(8)Cash and cash equivalents at end of year	12,373	9,214

3 Cash flows from investing activities

Cash flows from investing activities deteriorated ¥25.3 billion compared to a year earlier. This was attributable to the absence of proceeds from the sale of property, plant and equipment recorded in the previous interim period related to the leaseback of facilities. Besides this special factor, it also reflected targeted capital investment, particularly in the Electronic Devices Group.

Non-Consolidated Financial Statements (Condensed)

Non-consolidated Balance Sheets

(¥ Millions)

Accounting term	9/30/2004	3/31/2004
[Assets]		
Current assets	14,464	19,801
Cash and cash equivalent	13	87
Short-term loans	10,051	10,053
Accrued revenue	3,753	8,401
Other current assets	646	1,258
Long-term assets	352,032	363,151
Tangible fixed assets	4,061	4,580
Intangible fixed assets	521	227
Investments and other assets	347,449	358,343
Deferred assets	148	225
Corporate bond issue expenses	148	225
Total assets	366,646	383,177

Accounting term	9/30/2004	3/31/2004
[Liabilities]		
Current liabilities	56,960	68,108
Commercial paper	53,000	64,300
Other current liabilities	3,960	3,808
Long-term liabilities	135,501	137,758
Corporate bonds	120,000	120,000
Long-term debt	1,050	1,050
Deferred tax liabilities	13,703	16,708
Reserve for severance payments	748	—
Total liabilities	192,462	205,867
[Shareholders' equity]		
Capital	47,586	47,586
Capital surplus	56,794	56,793
Retained earnings	49,505	45,295
Unrealized gain on securities	27,251	34,566
Less shares of common stock held by the company	-6,953	-6,930
Total shareholders' equity	174,183	177,310
Total liabilities and shareholders' equity	366,646	383,177

■ Non-consolidated Statements of Operations (¥ Millions)

Accounting term	1 st half FY2004	2 nd half FY2003
Operating revenue	10,307	12,897
Operating expenses	6,217	12,183
Operating income	4,090	714
Non-operating revenue	1,466	869
Non-operating expenses	738	878
Ordinary income	4,817	706
Extraordinary gain	5,798	3,732
Extraordinary loss	3,065	555
Income before income taxes	7,550	3,882
Income taxes, current	-473	-5,805
Income taxes, deferred	1,975	7,247
Net income	6,048	2,440
Unappropriated retained earnings	5,147	3,934
Interim dividends	—	1,788
Unappropriated profit	11,196	4,586

(Reference) Non-consolidated statements of operations for the previous interim period (prior to the adoption of the holding company structure) (¥ Millions)

Accounting term	1 st half FY2003
Net sales	131,945
Operating expenses	136,911
Operating income	-4,966
Non-operating revenue	2,459
Non-operating expenses	3,184
Ordinary income	-5,691
Extraordinary gain	15,726
Extraordinary loss	16,902
Income before income taxes	-6,866
Income taxes, current	-648
Income taxes, deferred	-1,629
Net income	-4,589
Unappropriated retained earnings	8,523
Unappropriated profit	3,934

Note: Effective October 1, 2003, Fuji Electric demerged all its businesses and adopted a holding company structure. Consequently, the statements of operations for the first half of fiscal 2003 apply to when Fuji Electric was still an operating company. The statements of operations for the second half of fiscal 2003 and the first half of fiscal 2004 are for Fuji Electric as a holding company.

Shareholder Survey Results and Stock Information

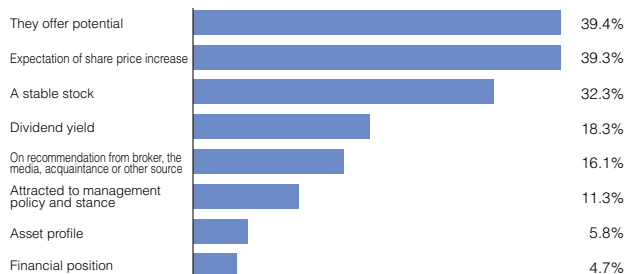
Shareholder Survey Results

Fuji Electric received 4,674 completed questionnaires out of a total of 71,712 sent to shareholders together with notice of resolutions tabled for the 128th Ordinary General Meeting of Shareholders. Thank you for the many replies we received.

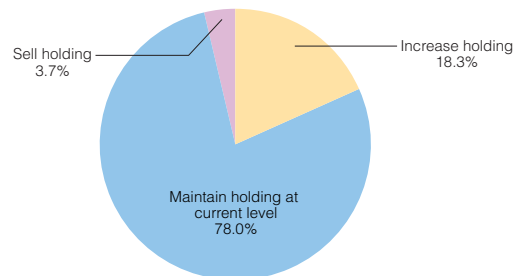
Fuji Electric will use the opinions supplied by shareholders in its future investor relations activities.

Below are some of the results of the survey.

Q.Why did you purchase Fuji Electric shares? (multiple answers possible)



Q.What policy do you have for your Fuji Electric shares?



Stock Information (as of September 30, 2004)

■ Authorized shares: 1,600,000,000

■ Issued and outstanding shares: 746,484,957

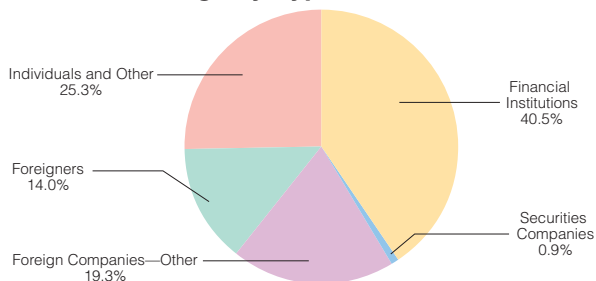
■ Number of shareholders: 68,375

■ Leading ten shareholders

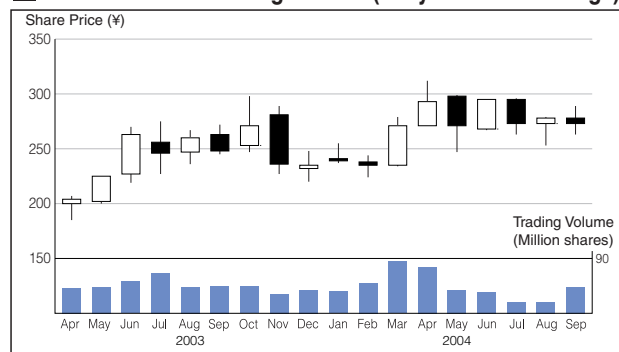
Name	Number of Shares (1,000s)	Voting Rights (%)
Fujitsu Limited	74,333	10.46
Japan Trustee Services Bank, Ltd. (Trust Account)	55,426	7.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	44,067	6.20
Asahi Mutual Life Insurance Co.	23,268	3.27
Mizuho Corporate Bank, Ltd.	20,874	2.94
Mizuho Bank, Ltd.	16,780	2.36
SSB CLIENT OMNIBUS OM04	15,751	2.22
Mizuho Trust & Banking Co., Ltd. (Employee Retirement Benefit Trust, Mizuho Corporate Bank Account)	14,600	2.05
The Furukawa Electric Co., Ltd.	13,422	1.89
FANUC LTD.	13,421	1.89

Note: The above table does not include 31,136 thousand shares of treasury stock.

Shareholdings by Type of Shareholder



Share Price and Trading Volume (Tokyo Stock Exchange)



Management and Investor Information

Management (as of September 30, 2004)

President and Representative Director	Kunihiko Sawa	Director	Tadashi Sekizawa	Standing Auditor	Takeo Takaishi
		Director	Eisuke Masada	Auditor	Zenta Morita
Executive Vice President and Representative Director	Tetsunosuke Ishibashi	Director	Tadao Noda	Auditor	Tsuyoshi Nagahama
		Director	Kuniyoshi Saito	Auditor	Takashi Takaya
		Director	Koichi Harashima	Auditor	Shiro Okuda
		Director	Masanori Iike		

Investor Information

- **Fiscal year-end:** March 31
- **Ordinary General Meeting of Shareholders:** June
- **Shareholder meeting record date:** March 31
- **Year-end dividend payment record date:** March 31
- **Interim dividend payment record date:** September 30
- **Newspaper for major announcements:** The Nihon Keizai Shimbun
However, in place of an Earnings Report, Fuji Electric Holdings publishes its balance sheets and income statements on its corporate website.
<http://www.fujielectric.co.jp>
- **Stock transfer agent:** The Chuo Mitsui Trust and Banking Company, Limited
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574
- **Agency's administration office**
(postal address and telephone enquiries): The Chuo Mitsui Trust and Banking Company, Limited
Stock Transfer Agency Dept.
(Stock Transfer Business Center)
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063
Tel: +81-3-3323-7111
- **Secondary agents:** Nationwide branches of the Chuo Mitsui Trust and Banking Company, Limited
Head office and nationwide branches of Japan Securities Agents, Ltd.
- **Share listings:** Tokyo, Osaka, Nagoya and Fukuoka stock exchanges
- **Stock code:** 6504



Committed to Realizing an Effective New Operating Structure for the Group

~After more than a year since adopting the holding company structure, we look back at the fruitful results and the issues that lie ahead~

Q What has been the biggest change at Fuji Electric since you adopted the holding company structure?

A First, the mindset of top managers at each operating company has changed significantly. With the shift to the holding company structure, the in-house companies of the former Fuji Electric Co., Ltd. have been transformed into autonomous operating companies, each generating annual sales in the region of hundreds of billions of yen. As far as business law is concerned, these managers are now presidents or directors of large-scale companies, and this has opened their eyes to the responsibility that comes with that.

Even under the former in-house company system, we evaluated the individual performance of each Fuji Electric company. However, these businesses were still covered by the catchall performance benchmark that was Fuji Electric. This meant that the results of business groups, good or bad, were subsumed in the overall performance of the Fuji Electric Group.

With the holding company system, this approach no longer holds water: the former companies are now operating in their own right. Each operating company's initiatives aimed at delivering results and realizing future visions and strategies now have to be clearly communicated to the shareholders of Fuji Electric Holdings, and the managers of these companies have to fulfill their management responsibilities.

I'm confident that this newly nurtured sense of urgency will have a substantial and positive impact on the management of the Fuji Electric Group.

Q How do you answer concerns that with the creation of autonomous operating companies, Fuji Electric will lose its collective strength as a company?

A Actually, I think the adoption of the holding company structure has led to even greater cooperation between each of Fuji Electric's business groups. Now that in-house companies are operating in their own right, managers and employees alike are more aware that if they don't play their part in generating profits, their company might fall by the wayside. Because everybody is more determined to improve the performance of "their company," this translates into more commitment and intensity on the job. This, in turn, is leading to a level of cooperation with partners that goes beyond what we've seen before.

Take for example Fuji Electric Retail Systems Co., Ltd., which manufactures and sells freezers and chilled showcases for retail stores, and Fuji Denki Sosetsu Co., Ltd., an air conditioning equipment company in the Energy & Electric Systems Group. Both companies carry out separate sales pitches to supermarkets.

But because temperature and humidity control are needed for freezers and chilled showcases, these products and air conditioning systems are naturally linked. That's why both companies have recently joined hands to offer customers more effective solutions that help reduce energy consumption of entire stores and the cost of equipment installation and other benefits. This led to additional orders of energy management systems, thus having expanded business ranges of the Group.

Although this is just one example of the adoption of the holding company structure is spurring a sea change in the thinking of managers and employees in the Group, helping to generate a wide range of new benefits for Fuji Electric.



Q What are the Group's current management goals?

A Under the new holding company management framework, we announced a new three-year medium-term management plan to explain to shareholders, investors and other stakeholders how we aim to raise the corporate value of the Fuji Electric Group. We have already begun implementing the plan, which runs from April 1, 2003 to March 31, 2006.

This plan, which seeks to tackle the major issue of how Fuji Electric can independently remain competitive in a deflationary environment with its self-help efforts, aims to attain the management goals of an operating margin of at least 5% and outstanding debt of less than ¥300.0 billion.

We have already made progress toward these goals. In fiscal 2002, Fuji Electric's operating margin was at the 1% level. By the end of fiscal 2003, the first year of the plan, we had attained 2%, and in the year under review we aim to reach 3%.

Meanwhile, outstanding debt at the end of fiscal 2002 stood at ¥438.8 billion. We had reduced this debt markedly to ¥363.0 billion by the end of the following fiscal year, and plans now call for a further reduction to ¥330.0 billion by the end of the current fiscal year.

Improving earnings capabilities and the financial position are top-priority issues for the Fuji Electric Group. Consequently, we will accelerate initiatives designed to achieve these goals in fiscal 2005, the final year of the medium-term management plan.

[Management Goals]

	FY2005 (Final Year Targets)	FY2004 (Plan)	FY2003 (Actual)
Operating Margin	At least 5%	3.0%	2.0%
Outstanding Debt	Less than ¥300.0 billion	¥330.0 billion	¥363.0 billion

Q In closing, do you have a message for shareholders?

A Fuji Electric naturally strives to return as much of its profits as possible to shareholders. At the same time, we are working to create a corporate group in which they could find valuable investment opportunities and their significance.

With accomplishment of our current medium-term management plan, we will further boost the Group's share value. And by offering environmentally friendly products and technologies and promoting business activities with a smaller environmental footprint, we will fulfill our role as a responsible member of the global community.

Through strict compliance in every aspect of our business activities, we are also striving to become a corporate group trusted by all our stakeholders.

We are already seeing real benefits emerge from our adoption of the holding company structure over one year ago. Now is the time then to build on this progress. Through a shared group-wide commitment to realizing an effective new holding company structure, we will work to maximize the corporate value of the Fuji Electric Group going forward.

Your support, as ever, will be vital to this endeavor.





Fuji Electric Holdings Co., Ltd.

Gate City Ohsaki, East Tower, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Tel: +81-3-5435-7111

<http://www.fujielectric.co.jp>



This mark symbolizes the Fuji Electric Group's commitment to environmental protection.