(1)Management Policies

Fundamental Management Policy

The Fuji Electric Group moved to a "**Pure Holding Company System**" on October 1, 2003, following the corporate demerger of all its businesses into independent operating companies. Moving forward, the Fuji Electric Group's fundamental management policy is to deliver value to society, shareholders and other investors by promoting greater, more cohesive management of the Group as a whole to maximize the Group's value under the new pure holding company system. In order to realize a Group comprising the "**Industry's Strongest Specialists**," each of the Fuji Electric Group's operating companies will be committed to offering optimal, industry-leading services and components of the highest quality to society and customers.

1. Realization of Autonomous Management

As independent entities with truly autonomous management systems, each operating company will position itself in close proximity to its customers, so as to better assess customer needs and **maximize customer satisfaction by providing the highest caliber of products and services**.
This will allow the introduction of fast, flexible business management systems tailored to the characteristics of each operating environment and capable of responding rapidly to change.

2. Optimization of Business Portfolio

From the perspective of maximizing the value of the Group and enhancing capital efficiency, the Fuji Electric Group is intent on creating a portfolio of businesses that balances growth and profitability. This will be achieved by accelerating the prioritization of resources into certain businesses based on a more rigorous review of the operating results of each operating company and business unit.

Basic Policy on Profit Sharing

The Fuji Electric Group's basic policy toward redistribution of profits is to ensure stable dividends for shareholders, while effectively using reserves to conduct strategic research and development, to make capital expenditures and investments, and to promote overseas operations, all of which will lead to renewed growth.

Policy on Reducing the Minimum Trading Unit

The Fuji Electric Group recognizes the importance of the participation of a wide range of investors, including individual investors, in the securities markets, and believes that a reduction in the minimum trading unit is an effective means of encouraging this. However, taking collectively into account factors such as the current price and liquidity of the Company's stock and the costs associated with a reduction, the Fuji Electric Group has decided that an immediate reduction is not warranted. Going forward, and based on the demands of the securities markets, the Group will continue to examine the appropriate level for its minimum trading unit.

Management Goals

The management indicators used by the Fuji Electric Group as targets are shown in the following table.

	FY2005 Targets	FY2003 Actual	FY2002 Actual
Operating Margin	**At least 5%**	2.0%	1.5%
Outstanding Debt	**Less than ¥300.0 billion**	¥363.0 billion	¥438.9 billion

Medium- to Long-Term Strategies and Issues to Be Addressed

With deflationary pressures expected to characterize the continuation of severe business conditions in the Japanese economy, Fuji Electric is aware that it must quicken the pace of internal management reforms, rebuild earnings structures and strengthen the Group's financial base in order to achieve its profitability and growth targets. This will be integral to realizing the goal of becoming a Group comprising the "Industry's Strongest Specialists."

This rationale prompted the Fuji Electric Group to move to a pure holding company system on October 1, 2003. Under this new management framework, the Fuji Electric Group has already begun implementing concrete strategies and measures as part of its medium-term management plan, which runs from April 1, 2003 to March 31, 2006, aimed at raising the Group's value.

《**Basic Stance**》

The strategies and measures below are specifically designed to **"generate corporate value even in a deflationary environment,"** by raising earnings and strengthening the Group's financial position. They are premised on a severe operating environment in which further economic weakness and structural reforms in industry are expected, due to increasing globalization and growing deflationary pressures.

(1) Based on the assumption that the Japanese economy will only achieve zero growth over the next three years, the Fuji Electric Group's major imperative is to consistently improve earnings and deliver growth through strategies and measures designed to maintain the Company's competitiveness independently. This will be underlined by an awareness of the severe business environment and a sense of urgency in dealing with its attendant challenges.

(2) An emphasis on creating higher added-value will be achieved by selectively channeling the Group's resources into core technologies and businesses. And business expansion will be achieved through a

greater focus on the environment and IT, using technologies that incorporate a greater level of high added-value.

(3) Centered on the promising high-growth Chinese market, the Fuji Electric Group is aiming to increase sales at overseas businesses by launching products founded on technologies where the Fuji Electric Group has a competitive edge, and in product and business fields that are mature in the domestic market context.

(4) Incorporate the following plans/strategies into a medium-term plan: a strategic technology development plan aimed at boosting sales through the creation of new businesses and products; an expansion plan for overseas businesses, centered on a strategy for China; an innovative cost-reduction plan to pare back costs in a deflationary environment; a debt-reduction plan; a review of personnel and remuneration systems; and measures to realize an optimum mix of Group businesses comprising the "Industry's Strongest Specialists."

Basic Thinking on Corporate Governance and Related Measures

1. Basic Stance on Corporate Governance

The Fuji Electric Group's fundamental management policy is to deliver value to all its stakeholders, including society, shareholders and other investors, by generating economic benefits and maximizing the Group's value. In order to realize this policy, the Group demerged all its businesses and adopted the pure holding company system in October 2003. This move was aimed at giving greater management responsibility to operating companies and speeding up the decision-making process and management to create a Group comprising the "Industry's Strongest Specialists," enhancing the competitiveness of the Group, and driving a sustained increase in the Group's corporate value.

Establishing and then strengthening a Groupwide corporate governance framework is a pre-requisite for achieving this. Fuji Electric has therefore created the management system outlined below, which separates management and supervisory and executive functions, resulting in clearer lines of authority and responsibility.

2. Progress on Improving Corporate Governance

(1) Measures to Improve the Management Framework and Systems to Separate Decision-Making, Executive and Supervisory Functions

①The core concept of corporate governance in a holding company system is the separation of business oversight and executive functions. Based on this, corporate governance at Fuji Electric remains founded on the Board of Statutory Auditors System.

②In order to clarify the authority and responsibilities of the holding company and its core operating companies, directors of the holding company are barred from sitting on the board of a core operating company, and vice-versa.

③To clarify the management responsibility of directors and create a system with the flexibility to respond to changes in the operating environment, the term of directors of the holding company and operating companies has been set at one year.

④An executive committee has been established to advise the chief executive officer (CEO) of the holding company on important management issues, including management strategy and policies for the entire Group; strategies for maximizing Group synergies; and initiatives to enhance Group cooperation. The executive committee discusses and reports on these areas, and also presents reports required for monitoring Group management.

⑤ The Company's board of auditors has five members (including three outside auditors). This structure serves to ensure management transparency and further enhance management monitoring and oversight functions. In addition, Fuji Electric has put in place a framework to audit consolidated operations with the creation of a Group board of auditors, comprising standing auditors of the holding company and core operating companies.

⑥ The internal audit department, under direct control of the president of the holding company, works closely with the respective audit divisions at each core operating company in accordance with Group auditing policy and audit plans. Management, business operation and accounting audits are conducted at the holding company and operating companies, as well as internal audits on the effectiveness of risk management in business activities. The findings of these audits serve as the basis for recommending improvements.

(2) Progress Report on Enhancing Corporate Governance in the Past Year

① As part of efforts to maintain and upgrade management transparency and regulations through enhanced communication with stakeholders, the date of the 128th ordinary annual general meeting of shareholders avoided days when other companies' shareholder meetings were concentrated. Active IR activities were also used to gain opinions and feedback from shareholders and other investors for use by management.

② From the period under review, as part of internal controls, all consolidated Group companies are required to submit statements of management responsibility attesting to the accuracy of financial reporting. This is designed to guarantee the reliability of consolidated financial statements and appropriately fulfill corporate accountability.

③ As part of steps to upgrade systems that ensure the Company fulfills its corporate social responsibilities, on October 1, 2004, Fuji Electric set up a Corporate Ethics Helpline at the holding company to provide employees of domestic and overseas Group companies with the means to report possible corporate ethics violations. Fuji Electric plans to use this helpline as an effective tool for maintaining compliance and ensuring the healthy development of the Group.

(2) Results of Operations and Financial Review

Consolidated Business Results for the First Six Months of Fiscal 2004, Ending March 2005

The operating environment in the interim period ended September 30, 2004 was generally positive, as overseas economies expanded, particularly China, and the domestic economy remained in recovery mode led by private-sector demand.

During the first half of fiscal 2004, consolidated net sales rose 4.7% to ¥364,240 million. Four business groups reported year-on-year increases in sales. Energy & Electric Systems reported a sharp increase in sales in the industrial and transportation systems field on the back of large orders for power grid and substation equipment from the private sector, electrical equipment for clean room facilities and other products. In ED&C・Drive Systems, sales were significantly higher in both ED&C components and control & drive systems. This sales growth was supported by a recovery in domestic private-sector demand and sustained healthy exports to China and other parts of Asia. In Electronic Devices, sales of semiconductors were strong, centered on industrial sectors and automotive applications. Sales of storage devices (magnetic disks) also grew. In Retail Systems, sales of cigarette vending machines and currency handling systems grew. In the Others Group, sales declined due to the effect of Fuji Logistics becoming an equity-method affiliate.

On the profit front, in a typical year, Fuji Electric expects to report a first-half loss due to low planned sales in the first six months of the year, particularly in the Energy & Electric Systems Group, which is responsible for the electric power systems business.

In the first half of the year, 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 earlier. These substantial improvements were attributable to higher sales, as well as the benefits of measures at operating companies to pare back costs and reduce operating expenses.

Looking at operating profitability by business group, the ED&C・Drive Systems Group returned to profitability due to a substantial jump in sales. In Retail Systems, operating income rose thanks to an increase in sales volumes and activities to strengthen the operating framework at manufacturing plants. In Electronic Devices, although profits in semiconductors declined due to higher expenses from capital investments, operating income was on a par with the previous year as storage devices (magnetic disks) moved into the black. In Energy & Electric Systems, the operating loss widened slightly as improvements in profitability in esolutions, electric power systems and industrial and transportation systems could not offset a deterioration in environmental systems and the plant facility construction business. Operating income in Others also declined due to the effect of Fuji Logistics becoming an equity-method affiliate.

In the first half of fiscal 2004, Japan AE Power Systems corporation became an equity-method affiliate. As a result, there are now two equity-method affiliates in the Fuji Electric Group.

Japan AE Power Systems corporation, a joint venture set up in 2001 by Fuji Electric and Hitachi, Ltd. and Meidensha Corporation, manufactures and sells substation equipment. Fuji Electric's equity stake in Japan AE Power Systems is 30%. Fuji Electric chose to make Japan AE Power Systems an equity-method affiliate in the first half of the year 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.

Segment Information

Energy & Electric Systems Group

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 environmental systems by promoting a number of business alliances, including those with Tsukishima Kikai Co., Ltd., Hokkaido University and

Tsinghua University in China.

Against this backdrop, Energy & Electric Systems posted net sales of ¥133,880 million, an increase of 7.9% year on year. However, the operating loss widened by ¥461 million to ¥16,436 million.

Looking at results by business field, in e-solutions, despite the absence of sales for radiation monitoring 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 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.

ED&C・Drive Systems Group

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.

These efforts helped to boost net sales in ED&C・Drive Systems by 13.8% year on year, to ¥88,670 million. Operating income was ¥2,930 million, an improvement of ¥2,993 million from the operating loss reported a year earlier.

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 Industry 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.

Electronic Devices

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 manufacturing plans and bring down costs.

As a result, net sales in Electronic Devices rose 13.8% year on year, to ¥70,619 million, and operating income increased 1.1% to ¥5,177 million.

In the semiconductor field, the group expanded lineups 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 centered 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.

Retail Systems

In the period under review, capping off two years of product 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.

These and other steps led to a sales increase in Retail Systems of 6.1%, to ¥82,067 million, while operating income jumped 48.5%, to ¥2,855 million.

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 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. In food service equipment, sales grew year on year due to special demand for iced-coffee machines. 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 or extensive store refurbishment programs. 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.

Others

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.

Segment sales and operating income 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 ¥19,716 million, while operating income dropped 35.0%, to ¥633 million.

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.

Dividends

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.

Financial Position

In the interim period, free cash flow (the sum of net cash from operating activities and investing activities) was negative ¥5,599 million on a consolidated basis, against positive free cash flow of ¥29,335 million a year earlier. This represented a deterioration of ¥34,934 million year on year.

Cash flows from operating activities

Net cash provided by operating activities was almost zero, compared with ¥9,556 million provided a year earlier. Although efforts were made to recover trade receivables, collections of advances from customers were slow. Other key factors included higher inventories in preparation for higher sales in the second half of the year and income tax payments.

Cash flows from investing activities

Net cash used in investing activities was ¥5,531 million, compared to ¥19,779 million provided a year earlier, a ¥25,310 million deterioration. This was attributable to the absence of proceeds from the sale of property, plant and equipment recorded in the previous interim period from the leaseback of facilities when the Group shifted to a holding company structure. Besides this special factor, it also reflected targeted capital investment, particularly in the Electronic Devices Group.

Cash flows from financing activities

Net cash used in financing activities was ¥9,555 million, compared to ¥35,017 million used a year earlier, chiefly the result of a decrease in short-term debt.

As a result, cash and cash equivalents as of September 30, 2004 decreased by ¥14,878 million compared to March 31, 2004, to ¥12,373 million.

Outlook for Fiscal 2004, Ending March 31, 2005

During the second half of the year, destabilizing factors are anticipated to increase, including overseas economic trends, particularly in the US and China, the impact of inventory reductions in the IT device and display sectors on the semiconductor market, and exchange rate fluctuations. There is some concern about how these factors will affect domestic private-sector capital investment and exports, two areas that have gained in strength. However, the Group will continue to channel all its energies into launching new products and models and enhancing competitiveness in terms of cost to drive a further improvement in results.

In light of the above, and factoring in the strong performance in the first half of the year, Fuji Electric has revised its full-year consolidated forecasts, as detailed below. These forecasts assume an exchange rate in the second half of the year of ¥105 to the U.S. dollar.

Fiscal 2004 Forecasts (¥ billions)

	FY2004 Forecasts			FY2003
	Initial	Revised	Change	Actual
Net Sales	840.0	845.0	+5.0	856.1
Operating Income	21.0	25.5	+4.5	17.4
Ordinary Income	17.5	20.5	+3.0	13.9
Net Income	8.0	8.0	0.0	5.5

*Initial Forecasts=Forecasts as of April 28,2004

Consolidated Net Sales by Segment (¥ billions)

	FY2004 Forecasts			FY2003
	Initial	Revised	Change	Actual
Energy & Electric Systems	375.0	380.0	+5.0	403.1
ED&C・Drive Systems	175.0	178.0	+3.0	168.0
Electronic Devices	145.0	146.0	+1.0	129.6
Retail Systems	155.0	158.0	+3.0	150.7
Others	45.0	45.0	0.0	75.7
Eliminations	▲ 55.0	▲ 62.0	▲ 7.0	▲ 71.1
Total	840.0	845.0	+0.5	856.1

Consolidated Operating Income by Segment (¥ billions)

	FY2004 Forecasts			FY2003
	Initial	Revised	Change	Actual
Energy & Electric Systems	3.0	3.5	+0.5	0.5
ED&C・Drive Systems	5.5	7.7	+2.2	2.3
Electronic Devices	10.5	11.6	+1.1	9.7
Retail Systems	2.5	3.3	+0.8	2.0
Others	1.5	1.5	0.0	2.3
Eliminations/Corporate	▲ 2.0	▲ 2.1	▲ 0.1	0.3
Total	21.0	25.5	+4.5	17.4

Energy & Electric Systems Group

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.

ED&C・Drive Systems Group

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 manufacturing site 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.

Electronic Devices Group

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. 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.

Retail Systems Group

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, launching non-contact IC card equipment, and taking other steps. In the cold-chain equipment business, the group will build a 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.

Third-quarter consolidated forecasts are as follows:

Consolidated forecasts for the third quarter of fiscal 2004(¥ billions)

	FY2003Q3	FY2004Q3	
	Actual	Forecast	Change
Net Sales	170.3	170.0	▲ 0.3
Operating Income	▲ 8.5	▲ 7.3	+1.2
Ordinary Income	▲ 9.1	▲ 8.0	+1.1
Net Income	▲ 5.5	▲ 4.5	+1.0

Consolidated Net Sales by Segment (¥ billions)

	FY2003Q3	FY2004Q3	
	Actual	Forecast	Change
Energy & Electric Systems	61.7	56.0	▲ 5.7
ED&C・Drive Systems	41.4	43.5	+2.0
Electronic Devices	33.6	36.5	+2.8
Retail Systems	33.1	36.0	+2.8
Others	15.1	8.5	▲ 6.6
Eliminations	▲ 14.8	▲ 10.5	+4.3
Total	170.3	170.0	▲ 0.3

Consolidated Operating Income by Segment (¥ billions)

	FY2003Q3	FY2004Q3	
	Actual	Forecast	Change
Energy & Electric Systems	▲ 9.0	▲ 8.5	+0.5
ED&C・Drive Systems	0.0	1.4	+1.3
Electronic Devices	2.5	2.5	+0.0
Retail Systems	▲ 1.5	▲ 2.1	▲ 0.5
Others	▲ 0.1	0.0	+0.1
Eliminations/Corporate	▲ 0.4	▲ 0.6	▲ 0.1
Total	▲ 8.5	▲ 7.3	+1.2

Dividend Forecast

No decision has yet been made on year-end dividends.

Cautionary Statements With Respect to Forward-Looking Statements

Statements made in this financial report with respect to the Group's future performance are forward-looking statements based on management's assumptions and beliefs in light of information currently available. Accordingly, actual results could differ from those contained in any forward-looking statements. Potential risks and uncertainties include:

•Sudden changes in the general economic conditions of the Group's principal markets and changes in its operating environment, such as those resulting from changes in trade regulations
•Changes in the exchange rate, particularly between the yen and the U.S. dollar and Asian and European currencies
•The ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way
•The rapid pace of technological innovation, especially in the field of electronics
•Sudden changes in the supply and demand balance in the markets the Group serves
•Problems related to intellectual property owned by Fuji Electric or other companies
•Fluctuations in Japanese stock markets