

**Consolidated financial results for the third quarter  
of the Fiscal Year ending March 31, 2007  
(April 1, 2006 - December 31, 2006)**

**Summary of Consolidated Financial Results (Nine months ended December 31, 2006)**

**1. Summary of consolidated statements of income**

	Millions of yen		Change(%) (A)/(B)	Millions of yen	<i>Millions of U.S. dollars</i>
	3Q FY2006 (A)	3Q FY2005 (B)		Full year FY2005	<i>3Q FY2006</i>
Net sales	602,133	558,432	107.8%	897,277	5,060
Operating income	9,762	5,393	181.0%	41,012	82
Ordinary income	12,111	6,167	196.4%	41,831	102
Net income	6,519	2,653	245.7%	18,603	55
	Yen			Yen	<i>U.S. dollars</i>
Net income per share	9.12	3.71	-	25.70	0.08

**2. Summary of consolidated financial position**

	Millions of yen			<i>Millions of U.S. dollars</i>
	12/31/2006	12/31/2005	3/31/2006	<i>12/31/2006</i>
Total assets	1,019,735	961,626	990,054	8,569
Net assets	282,727	241,751	275,072	2,376
Shareholders' equity ratio (%)	26.8%	25.1%	27.8%	-
	Yen			<i>U.S. dollars</i>
Net Assets per share	382.01	338.08	384.38	3.21

**3. Summary of consolidated statements of cash flows**

	Millions of yen			<i>Millions of U.S. dollars</i>
	3Q FY2006 (A)	3Q FY2005 (B)	Full year FY2005	<i>3Q FY2006</i>
Net cash provided by (used in) operating activities	-20,291	28,303	60,200	-171
Net cash used in investing activities	-25,586	-1,958	-6,597	-215
Net cash provided by (used in) financing activities	45,208	-22,590	-49,470	380
Cash and cash equivalents at end of period	21,448	21,235	21,413	180

Note: 1) U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥119=U.S.\$1.  
2) The company has 66 consolidated subsidiaries and 2 equity-method affiliates

#### 4. Forecast of consolidated earnings for FY2006 (April 1, 2006 - March 31, 2007)

	<u>Millions of yen</u>
Net sales	910,000
Operating income	45,500
Ordinary income	46,500
Net income	21,000
	<u>Yen</u>
Net income per share	29.37

#### < Cautionary Statements With Respect to Forward-Looking Statements >

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

- Sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from changes in trade regulations
- 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 Fuji Electric serves
- Problems involving the intellectual property of Fuji Electric and other companies
- Stock market conditions in Japan

## Consolidated Balance Sheets

	Millions of yen		Change	Millions of U.S. dollars	
	12/31/2006(A)	9/30/2006(B)	(A) - (B)	3/31/2006	12/31/2006
<b>Assets</b>					
<b>Current assets:</b>					
Cash and time deposits	21,560	18,597	2,963	21,527	181
Trade receivables	204,334	208,645	-4,311	240,599	1,717
Inventories	179,828	159,220	20,608	137,442	1,511
Other current assets	59,550	47,749	11,801	42,481	500
<b>Total current assets</b>	<b>465,273</b>	<b>434,212</b>	<b>31,061</b>	<b>442,049</b>	<b>3,910</b>
<b>Long-term assets:</b>					
Tangible fixed assets	160,797	151,596	9,201	150,350	1,351
Intangible fixed assets	8,486	8,459	27	8,351	71
Investments and other assets	384,934	358,403	26,531	389,302	3,235
<b>Total long-term assets</b>	<b>554,218</b>	<b>518,459</b>	<b>35,759</b>	<b>548,004</b>	<b>4,657</b>
<b>Deferred assets</b>	<b>243</b>	<b>254</b>	<b>-11</b>	<b>-</b>	<b>2</b>
<b>Total assets</b>	<b>1,019,735</b>	<b>952,926</b>	<b>66,809</b>	<b>990,054</b>	<b>8,569</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Trade payables	168,660	167,274	1,386	181,082	1,417
Short-term debt	76,930	77,102	-172	64,645	646
Other current liabilities	249,646	192,992	56,654	244,568	2,098
<b>Total current liabilities</b>	<b>495,236</b>	<b>437,368</b>	<b>57,868</b>	<b>490,297</b>	<b>4,162</b>
<b>Long-term liabilities:</b>					
Bonds	110,000	130,000	-20,000	80,000	924
Long-term debt	40,398	37,193	3,205	42,700	339
Other long-term liabilities	91,372	81,234	10,138	92,167	768
<b>Total long-term liabilities</b>	<b>241,771</b>	<b>248,428</b>	<b>-6,657</b>	<b>214,867</b>	<b>2,032</b>
<b>Total liabilities</b>	<b>737,007</b>	<b>685,796</b>	<b>51,211</b>	<b>705,164</b>	<b>6,193</b>
<b>Net Assets</b>					
<b>Shareholders' equity:</b>					
Common stock	47,586	47,586	-	-	400
Capital surplus	46,715	46,714	1	-	393
Retained earnings	88,972	88,953	19	-	748
Treasury stock at cost	-6,967	-6,934	-33	-	-59
<b>Total shareholders' equity</b>	<b>176,306</b>	<b>176,319</b>	<b>-13</b>	<b>-</b>	<b>1,482</b>
<b>Valuation and translation adjustments:</b>					
Unrealized gain on other securities, net of taxes	96,754	81,806	14,948	-	813
Deferred gain on Hedges	-88	-56	-32	-	-1
Foreign currency translation adjustments	128	-449	577	-	1
<b>Total valuation and translation adjustments</b>	<b>96,794</b>	<b>81,301</b>	<b>15,493</b>	<b>-</b>	<b>813</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>9,626</b>	<b>9,508</b>	<b>118</b>	<b>-</b>	<b>81</b>
<b>Total net assets</b>	<b>282,727</b>	<b>267,130</b>	<b>15,597</b>	<b>-</b>	<b>2,376</b>
<b>Total liabilities and net assets</b>	<b>1,019,735</b>	<b>952,926</b>	<b>66,809</b>	<b>-</b>	<b>8,569</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,817</b>	<b>-</b>
<b>Shareholders' equity:</b>					
Common stock	-	-	-	47,586	-
Capital surplus	-	-	-	46,713	-
Retained earnings	-	-	-	88,175	-
Unrealized gain on other securities, net taxes	-	-	-	100,029	-
Foreign currency translation adjustments	-	-	-	-544	-
Treasury stock at cost	-	-	-	-6,887	-
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275,072</b>	<b>-</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>990,054</b>	<b>-</b>
<b>Interest-bearing debt</b>	<b>326,328</b>	<b>287,295</b>	<b>39,033</b>	<b>275,046</b>	<b>2,742</b>

## Consolidated Statements of Income

### A. Three months ended December 31, 2006

	Millions of yen		Change (A)-(B)	Millions of U.S. dollars
	2006(A)	2005(B)		2006
<b>Net sales</b>	201,169	189,104	12,065	1,690
<b>Cost of sales</b>	160,056	149,541	10,515	1,345
<b>Gross profit</b>	41,112	39,562	1,550	345
<b>Selling, general and administrative expenses</b>	38,121	37,501	620	320
<b>Operating income</b>	2,990	2,061	929	25
<b>Non-operating income</b>	2,655	1,645	1,010	22
Interest and dividends received	1,541	915	626	13
Other	1,114	729	385	9
<b>Non-operating expenses</b>	1,179	1,258	-79	10
Interest expense	967	687	280	8
Other	212	571	-359	2
<b>Ordinary income</b>	4,467	2,448	2,019	38
<b>Extraordinary income</b>	359	2,279	-1,920	3
<b>Extraordinary loss</b>	1,346	285	1,061	11
<b>Income before income taxes</b>	3,479	4,441	-962	29
<b>Income taxes</b>	531	1,231	-700	4
<b>Minority interests in net income of consolidated subsidiaries</b>	86	-187	273	1
<b>Net income</b>	2,860	3,398	-538	24

## Consolidated Statements of Income

### B. Nine months ended December 31, 2006

	Millions of yen		Change (A)-(B)	Millions of U.S. dollars
	2006(A)	2005(B)		2006
<b>Net sales</b>	602,133	558,432	43,701	5,060
<b>Cost of sales</b>	479,236	439,652	39,584	4,027
<b>Gross profit</b>	122,896	118,780	4,116	1,033
<b>Selling, general and administrative expenses</b>	113,134	113,387	-253	951
<b>Operating income</b>	9,762	5,393	4,369	82
<b>Non-operating income</b>	6,068	5,077	991	51
Interest and dividends received	3,437	2,562	875	29
Other	2,631	2,514	117	22
<b>Non-operating expenses</b>	3,720	4,303	-583	31
Interest expense	2,656	2,152	504	22
Other	1,063	2,150	-1,087	9
<b>Ordinary income</b>	12,111	6,167	5,944	102
<b>Extraordinary income</b>	1,073	3,867	-2,794	9
<b>Extraordinary loss</b>	4,361	5,025	-664	37
<b>Income before income taxes</b>	8,823	5,009	3,814	74
<b>Income taxes</b>	2,343	2,752	-409	20
<b>Minority interests in net income of consolidated subsidiaries</b>	-39	-396	357	0
<b>Net income</b>	6,519	2,653	3,866	55

## Consolidated Statements of Cash Flows

### A. Three months ended December 31, 2006

	Millions of yen	Millions of yen	<i>Millions of U.S. dollars</i>
	<b>2006(A)</b>	2005(B)	<b>2006</b>
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	3,479	4,441	29
Depreciation and amortization	4,590	3,817	39
Interest and dividend income	-1,541	-915	-13
Interest expense	967	687	8
Change in operating assets and liabilities:			
Trade receivables	4,860	11,153	41
Inventories	-19,658	-18,845	-165
Trade payables	834	12,970	7
Advances from customers	3,497	7,158	29
Other, net	-20,861	-9,832	-175
Cash generated from operations	-23,832	10,635	-200
Interest and dividends received	1,537	967	13
Interest paid	-1,046	-909	-9
Income taxes paid	4,715	49	40
Net cash provided by (used in) operating activities	-18,625	10,742	-157
<b>Cash flows from investing activities:</b>			
Payments for purchase of fixed assets and investment securities	-13,599	-5,796	-114
Proceeds from sale of fixed assets and investment securities	1,153	3,747	10
Other, net	-2,512	-2,221	-21
Net cash used in investing activities	-14,959	-4,270	-126
Free cash flows ( + )	-33,584	6,471	-282
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term borrowings, net	-1,705	9,260	-14
Increase (decrease) in commercial paper, net	56,000	-8,000	471
Proceeds from long-term debt	8,368	100	70
Repayment of long-term debt and redemption of bonds	-23,583	-2,736	-198
Other, net	-2,892	-2,223	-24
Net cash provided by (used in) financing activities	36,186	-3,599	304
<b>Effect of exchange rate changes on cash and cash equivalents</b>	104	497	1
<b>Net decrease in cash and cash equivalents ( + + + )</b>	2,706	3,369	23
<b>Cash and cash equivalents at beginning of period</b>	18,485	17,866	155
<b>Increase in cash and cash equivalents resulting from changes of consolidated subsidiaries</b>	256	-	2
<b>Cash and cash equivalents at end of period</b>	21,448	21,235	180

## Consolidated Statements of Cash Flows

### B. Nine months ended December 31, 2006

	Millions of yen	Millions of yen	<i>Millions of U.S. dollars</i>
	<b>2006(A)</b>	2005(B)	<b>2006</b>
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	8,823	5,009	74
Depreciation and amortization	12,675	11,058	107
Interest and dividend income	-3,437	-2,562	-29
Interest expense	2,656	2,152	22
Change in operating assets and liabilities:			
Trade receivables	37,128	61,924	312
Inventories	-41,518	-48,120	-349
Trade payables	-13,182	-21,514	-111
Advances from customers	14,425	29,393	121
Other, net	-33,734	-6,780	-283
Cash generated from operations	-16,164	30,560	-136
Interest and dividends received	3,449	2,606	29
Interest paid	-2,668	-2,364	-22
Income taxes paid	-4,908	-2,499	-41
Net cash provided by (used in) operating activities	-20,291	28,303	-171
<b>Cash flows from investing activities:</b>			
Payments for purchase of fixed assets and investment securities	-26,227	-12,639	-220
Proceeds from sale of fixed assets and investment securities	2,033	11,869	17
Other, net	-1,392	-1,188	-12
Net cash used in investing activities	-25,586	-1,958	-215
Free cash flows ( + )	-45,877	26,344	-386
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term borrowings, net	-1,480	4,009	-12
Increase (decrease) in commercial paper, net	11,300	-16,000	95
Proceeds from long-term debt and bonds	87,220	1,600	733
Repayments of long-term debt and redemption of bonds	-45,990	-8,069	-386
Other, net	-5,841	-4,130	-49
Net cash provided by (used in) financing activities	45,208	-22,590	380
<b>Effect of exchange rate changes on cash and cash equivalents</b>	285	792	2
<b>Net increase (decrease) in cash and cash equivalents ( + + + )</b>	-383	4,546	-3
<b>Cash and cash equivalents at beginning of period</b>	21,413	16,215	180
<b>Increase in cash and cash equivalents resulting from changes of consolidated subsidiaries</b>	418	474	4
<b>Cash and cash equivalents at end of period</b>	21,448	21,235	180

## Consolidated Segment Information

### A. Three months ended December 31, 2006

#### 1. Net sales by business segment

	Millions of yen		Change(%)	Millions of U.S. dollars
	2006(A)	2005(B)	(A)/(B)	2006
Energy & Electric Systems	76,763	68,811	112%	645
ED&C·Drive Systems	49,371	45,366	109%	415
Electronic Devices	44,672	42,879	104%	375
Retail Systems	34,889	36,307	96%	293
Others	11,075	10,000	111%	93
Subtotal	216,772	203,365	107%	1,822
Elimination	-15,602	-14,261	-	-131
<b>Total</b>	<b>201,169</b>	<b>189,104</b>	<b>106%</b>	<b>1,690</b>

#### 2. Operating income by business segment

	Millions of yen		Change(%)	Millions of U.S. dollars
	2006(A)	2005(B)	(A)/(B)	2006
Energy & Electric Systems	-1,709	-4,389	-	-14
ED&C·Drive Systems	3,261	1,745	187%	27
Electronic Devices	2,831	4,051	70%	24
Retail Systems	-1,220	-500	-	-10
Others	302	276	109%	3
Subtotal	3,465	1,182	293%	29
Elimination/Corporate	-475	878	-	-4
<b>Total</b>	<b>2,990</b>	<b>2,061</b>	<b>145%</b>	<b>25</b>

## Consolidated Segment Information

### B. Nine months ended December 31, 2006

#### 1. Net sales by business segment

	Millions of yen		Change(%)	Millions of U.S. dollars
	2006(A)	2005(B)	(A)/(B)	2006
Energy & Electric Systems	225,801	198,196	114%	1,897
ED&C Drive Systems	144,048	129,173	112%	1,210
Electronic Devices	136,527	118,832	115%	1,147
Retail Systems	109,272	123,973	88%	918
Others	36,328	34,987	104%	305
Subtotal	651,979	605,162	108%	5,479
Elimination	-49,845	-46,730	-	-419
<b>Total</b>	<b>602,133</b>	<b>558,432</b>	<b>108%</b>	<b>5,060</b>

#### 2. Operating income by business segment

	Millions of yen		Change(%)	Millions of U.S. dollars
	2006(A)	2005(B)	(A)/(B)	2006
Energy & Electric Systems	-10,374	-16,999	-	-87
ED&C Drive Systems	8,071	5,000	161%	68
Electronic Devices	12,219	10,654	115%	103
Retail Systems	-360	4,862	-	-3
Others	1,254	1,229	102%	11
Subtotal	10,810	4,746	228%	91
Elimination/Corporate	-1,048	646	-	-9
<b>Total</b>	<b>9,762</b>	<b>5,393</b>	<b>181%</b>	<b>82</b>

**Supplemental Consolidated Financial Materials (Three months ended December 31, 2006)**

**1. Financial summary**

	Billions of yen							
	3Q FY2006		FY2006[Forecast]		3Q FY2005		FY2005	
	change(%)		change(%)		change(%)		change(%)	
Net sales	201.1	106.4%	910.0	101.4%	189.1	109.0%	897.2	106.3%
Operating income	2.9	145.1%	45.5	110.9%	2.0	-	41.0	152.9%
Ordinary income	4.4	182.5%	46.5	111.2%	2.4	-	41.8	188.2%
Net income	2.8	84.2%	21.0	112.9%	3.3	-	18.6	238.6%

**2. Number of consolidated subsidiaries**

	3Q FY2006		FY2006 [Forecast]		3Q FY2005		FY2005	
	Number of consolidated subsidiaries	66		66		66		67
Japan	45		46		46		46	
Overseas	21		20		20		21	
Number of equity-method affiliates	2		2		2		2	

**3. Net income per share**

	Yen			
	3Q FY2006	FY2006 [Forecast]	3Q FY2005	FY2005
Net income per share	4.00	29.37	4.75	25.70

**4. Sales exchange rate**

	Yen			
	3Q FY2006	FY2006 [Forecast]	3Q FY2005	FY2005
Sales exchange rate	117.82	115.90	117.35	113.31

**5. Net sales by business segment**

	Billions of yen							
	3Q FY2006		FY2006[Forecast]		3Q FY2005		FY2005	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	76.7	111.6%	404.0	101.5%	68.8	122.7%	398.1	106.2%
ED&C·Drive Systems	49.3	108.8%	192.0	105.2%	45.3	105.1%	182.5	102.4%
Electronic Devices	44.6	104.2%	183.0	105.5%	42.8	118.1%	173.4	121.1%
Retail Systems	34.8	96.1%	154.0	94.9%	36.3	88.2%	162.1	96.5%
Others	11.0	110.8%	5.6	107.3%	10.0	113.0%	52.2	114.1%
Subtotal	216.7	106.6%	989.0	102.1%	203.3	109.6%	968.5	106.4%
Elimination	-15.6	-	-79.0	-	-14.2	-	-71.2	-
<b>Total</b>	<b>201.1</b>	<b>106.4%</b>	<b>910.0</b>	<b>101.4%</b>	<b>189.1</b>	<b>109.0%</b>	<b>897.2</b>	<b>106.3%</b>

Note : Net sales include inter-segment transactions.

**6. Operating income by business segment**

	Billions of yen							
	3Q FY2006		FY2006[Forecast]		3Q FY2005		FY2005	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	-1.7	-	11.5	163.7%	-4.3	-	7.0	219.2%
ED&C·Drive Systems	3.2	186.9%	11.5	145.5%	1.7	101.4%	7.9	118.8%
Electronic Devices	2.8	69.9%	19.0	104.4%	4.0	391.8%	18.1	191.6%
Retail Systems	-1.2	-	2.5	42.6%	-0.5	-	5.8	78.8%
Others	0.3	109.4%	2.5	117.0%	0.2	405.9%	2.1	123.2%
Subtotal	3.4	293.1%	47.0	114.3%	1.1	-	41.1	144.1%
Elimination/Corporate	-0.4	-	-1.5	-	0.8	-	-0.1	-
<b>Total</b>	<b>2.9</b>	<b>145.1%</b>	<b>45.5</b>	<b>110.9%</b>	<b>2.0</b>	<b>-</b>	<b>41.0</b>	<b>152.9%</b>

## 7. R&D expenditures

	Billions of yen							
	3Q FY2006		FY2006[Forecast]		3Q FY2005		FY2005	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	1.8	105.7%	9.9	107.0%	1.7	60.8%	9.3	101.6%
ED&C·Drive Systems	1.2	127.2%	4.1	110.1%	0.9	79.0%	3.7	101.2%
Electronic Devices	4.9	147.3%	14.3	127.6%	3.3	122.2%	11.2	128.6%
Retail Systems	1.4	123.0%	4.2	115.6%	1.1	77.7%	3.7	98.6%
Others	0.0	-	0.0	-	0.0	-	0.0	-
Corporate (basic research)	0.0	-	0.0	-	0.1	35.4%	0.8	51.5%
<b>Total</b>	<b>9.4</b>	<b>127.8%</b>	<b>32.8</b>	<b>113.2%</b>	<b>7.4</b>	<b>84.2%</b>	<b>29.0</b>	<b>106.6%</b>
Ratio to net sales (%)	4.7%	-	3.6%	-	3.9%	-	3.2%	-

## 8. Plant and equipment investment (including leases)

	Billions of yen							
	3Q FY2006		FY2006[Forecast]		3Q FY2005		FY2005	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	2.8	441.5%	8.8	233.7%	0.6	91.8%	3.7	100.6%
ED&C·Drive Systems	0.7	112.2%	6.7	166.9%	0.6	105.5%	4.0	97.5%
Electronic Devices	12.7	114.4%	52.8	134.4%	11.1	261.9%	39.2	171.5%
Retail Systems	1.4	161.9%	5.5	140.5%	0.9	107.1%	3.9	120.0%
Others	0.2	121.5%	2.0	118.0%	0.2	44.2%	1.7	131.3%
Corporate	0.0	-	0.0	-	0.0	-	0.2	-
<b>Total</b>	<b>18.0</b>	<b>133.2%</b>	<b>76.1</b>	<b>143.5%</b>	<b>13.5</b>	<b>195.6%</b>	<b>53.0</b>	<b>148.8%</b>
(Leases)	5.4	120.1%	36.9	125.6%	4.4	95.2%	29.4	130.2%

Note: Leases are included in total plant and equipment investment.

## 9. Depreciation, Leases paid

	Billions of yen							
	3Q FY2006		FY2006[Forecast]		3Q FY2005		FY2005	
	change(%)		change(%)		change(%)		change(%)	
Energy & Electric Systems	1.3	104.7%	5.5	103.9%	1.2	104.9%	5.3	111.6%
ED&C·Drive Systems	1.1	99.3%	4.4	102.2%	1.1	106.5%	4.3	104.6%
Electronic Devices	6.1	138.5%	23.1	130.2%	4.4	100.1%	17.7	103.5%
Retail Systems	0.9	105.4%	3.7	104.1%	0.9	99.1%	3.5	98.8%
Others	0.5	106.6%	2.2	105.5%	0.5	105.0%	2.0	93.8%
Corporate	0.0	-	0.1	70.6%	0.0	-	0.2	-
<b>Total</b>	<b>10.1</b>	<b>121.9%</b>	<b>39.2</b>	<b>117.5%</b>	<b>8.3</b>	<b>101.6%</b>	<b>33.4</b>	<b>103.3%</b>
(Leases paid)	(6.2)	118.6%	(24.9)	123.2%	(5.2)	117.9%	(20.2)	112.2%

\*Note: Leases paid for plant and equipment investment

## 10. Number of employees

	3Q FY2006	FY2006 [Forecast]	3Q FY2005	FY2005
Energy & Electric Systems	9,985	9,841	10,252	10,201
ED&C·Drive Systems	5,217	5,220	5,026	5,090
Electronic Devices	5,431	5,353	5,202	5,199
Retail Systems	2,994	2,972	3,012	3,015
Others	1,839	1,862	1,792	1,770
Corporate	140	141	131	133
<b>Total</b>	<b>25,606</b>	<b>25,389</b>	<b>25,415</b>	<b>25,408</b>
Japan	21,769	21,620	21,894	21,824
Overseas	3,837	3,769	3,521	3,584

**Overview of Consolidated Financial Results for the Third Quarter of the Fiscal Year  
Ending March 31, 2007**

**Results of Operations**

Although the Fuji Electric Group faced a number of negative factors in the third quarter of fiscal 2006, the fiscal year ending March 31, 2007, such as inventory adjustment in producer goods used in IT-related fields, the overall operating environment remained favorable. This reflected strong economic growth in Asia, particularly China, and higher private-sector capital investment in Japan.

In this environment, the Fuji Electric Group actively promoted its growth strategies based on the Group's medium-term management plan, while at the same time working to strengthen its cost competitiveness through Group-wide business process reengineering.

Against this backdrop, the Fuji Electric Group's third-quarter consolidated operating results were as follows:

Compared to the same period a year earlier, sales rose in the following Groups: Energy & Electric Systems, on the strength of large overseas orders for electric power plants; ED&C · Drive Systems, due to higher sales both at home and overseas on the back of strong private-sector capital investment; and Electronic Devices, supported by significantly higher sales in both semiconductors and storage devices. However sales fell year-on-year in Retail Systems, hurt by slower sales of vending machines and currency handling systems.

Despite escalating raw material prices, Fuji Electric operating income and ordinary income in the third quarter were significantly higher than the same period a year earlier. This marked improvement in profitability was mainly due to higher sales resulting from measures to increase orders, efforts to reduce costs through Group-wide business process reengineering (BPR) and strategic reallocations of human resources in response to a changing business portfolio. However, the Company posted a decline in net income due to extraordinary losses related to measures to streamline its workforce.

The Energy & Electric Systems and ED&C · Drive Systems groups delivered improved results, while the Electronic Devices and Retail Systems groups reported a decline in earnings.

In the first nine months of the current fiscal year, the Energy & Electric Systems, ED&C · Drive Systems and Electronic Devices groups reported year-on-year increases in net sales. Sales were lower in the Retail Systems Group due mainly to a slowdown in vending machines, food service equipment and currency handling systems.

Operating income, ordinary income and net income for the first nine months of the current fiscal year were significantly higher compared to the same period a year earlier.

(¥millions)

	Three months			Nine months		
	FY2005	FY2006	increase	FY2005	FY2006	increase
Net sales	189,104	201,169	+6%	558,432	602,133	+8%
Operating income	2,061	2,990	+45%	5,393	9,762	+81%
Ordinary income	2,448	4,467	+82%	6,167	12,111	+96%
Net income	3,398	2,860	-16%	2,653	6,519	+146%

## Segment Information

### Energy & Electric Systems Group

#### **Sales up 11.6% year on year, operating income improved by ¥2.6 billion**

Net sales increased 11.6% year on year to ¥76.7 billion, while the operating loss shrank by ¥2,680 million to ¥1,709 million. In this segment, sales and earnings, particularly for the industrial plant business, are heavily concentrated in the fourth quarter.

In the e-solutions field, priority was given to operating profitability and stricter project management in information systems. As a result, sales were lower but operating profitability improved compared to the previous fiscal year.

Environmental systems posted a year-on-year decrease in sales, due to a decline in the number of large water treatment system projects. However, operating profitability improved, reflecting positive benefits from measures to reduce costs.

In industrial plant engineering, sales were significantly higher on the back of new orders for electrical equipment to the steel and other basic materials sectors and to railroads. Operating profitability also turned around.

Sales in electric power systems were significantly higher compared to the same period a year earlier as the group booked overseas sales related to several large geothermal power generation systems. Operating profitability improved.

Sales in plant facility construction were lower compared to a year earlier, mainly due to a decline in large orders. However, operating profitability improved, reflecting measures to slash costs.

In the first nine months of the current fiscal year, although sales in e-solutions and environmental systems were lower, the industrial plant engineering, electric power systems and plant facility construction businesses recorded higher sales. As a result, group sales rose above the previous fiscal year. Operating income was markedly higher reflecting improvements in all areas of operations.

### ED&C • Drive Systems

#### **Sales up 8.8% and operating income up 86.9%**

Net sales increased 8.8% year on year to ¥49.3 billion, while operating income rose 86.9% to ¥3,261 million.

In ED&C components, the group concentrated on machine tool manufacturers and other buoyant sectors in the domestic market. In overseas markets, sales were higher for core products such as magnetic contactors, as the group concentrated on boosting sales of products designed to conform to overseas product standards. As a result, ED&C components posted a year-on-year increase in sales. Despite escalating raw material prices, operating income was higher compared to the same period a year earlier, as these higher prices were offset by the increase in sales and total cost reductions.

In control and drive systems, domestic sales to core customer sectors, including makers of automobiles, machine tools and transportation equipment, were robust supported by favorable business conditions in those sectors. Overseas, sales of major products, such as inverters, servo systems and programmable operation displays were also favorable, particularly in China. As a result, both sales and operating income were significantly higher compared to the same period a year earlier.

In the first nine months of the current fiscal year sales were higher in both ED&C components and

control and drive systems and operating income was markedly higher than the same period a year earlier.

### **Electronic Devices Group**

#### **Sales up 4.2% but operating income falls 30.1%**

Net sales increased 4.2% year on year to ¥44.6 billion, but operating income fell 30.1% to ¥2,831 million.

In semiconductor devices, multi-chip devices used in power supplies for flat-screen TVs, high-voltage driver ICs for plasma display panels (PDPs) and power supply ICs in the IT and power supply fields saw a rapid slowdown in sales due to production cutbacks at major customers. In the industrial sector, sales of IGBT modules for inverters rose, led by strong demand in the Chinese and European markets. In automotive-related products, sales of IGBT modules for hybrid cars and MOSFETs were sharply higher.

As a result, sales of semiconductor devices grew year on year. However, operating profitability was lower, hurt by lower sales volume and declining prices in IT and power supplies.

In magnetic disks, sales of aluminum substrate disks were higher as the hard disk drive (HDDs) market expanded and the company beefed up production capacity in response. However, affected by production cutbacks at major customers, sales of glass substrate disks were sluggish. Nevertheless, aggregate sales of disk media were higher. Operating profitability fell short of the same period in the previous fiscal year owing to higher fixed costs, including rising depreciation following capital investment to boost production capacity, declining prices amid intensifying competition and the effect of higher raw material prices. The group continues to increase production capacity of glass substrate disks incorporating perpendicular magnetic recording technology, in order to respond to an increasing demand for higher storage capacity.

In imaging devices, total sales were lower due to a decline in sales to major Chinese customers and lower prices, which outweighed the benefits of favorable sales to finished product manufacturers. Operating profitability was higher as the group completed the consolidation of manufacturing facilities in China.

In the first nine months of the current fiscal year, although sales of imaging devices were lower, the slowdown was more than offset by strong sales of semiconductors and magnetic disks. As a result, aggregate group sales were higher than the same period a year earlier. Operating income also rose.

### **Retail Systems Group**

#### **Sales down 3.9% and operating income down ¥0.7 billion**

Net sales declined 3.9% to ¥34.8 billion, while operating income declined by ¥720 million to a loss of ¥1,220 million.

In vending machines, food service equipment and currency handling systems, prices of mainstay beverage vending machines were lower and shipments of cigarette vending machines declined as customers deferred purchases of cigarette vending machines with age identification features. Sales of currency handling systems also decreased. As a result, aggregate group sales fell short of the same period a year earlier. Operating profitability, affected by lower sales, also declined.

In cold-chain equipment, store construction sales were higher due to strong orders for Ecolo units. On the other hand, sales to the supermarket and convenience store sectors were sluggish. As a result, aggregate group sales fell short of the same period a year earlier but operating profitability improved as

a result of cost-cutting measures.

In the first nine months of the current fiscal year, cold-chain equipment sales rose but those of vending machines, food service equipment and currency handling systems suffered significant setbacks. As a result, sales fell below the same period a year earlier. Operating income was also sharply lower.

## Others

### **Sales up 10.8% and operating income up 9.4%**

Net sales increased 10.8% to ¥11.0 billion, while operating income rose 9.4% to ¥302 million.

In the first nine months of the current fiscal year, net sales increased 3.8% to ¥36.3 billion while operating income was up 2.0% to ¥1,254 million.

## **Financial Position**

Total assets as of the end of the third quarter were ¥1,019.7 billion, an increase of ¥58.1 billion compared with the end of the third quarter a year ago.

The principal items contributing to the increase

were notes and accounts receivable, trade, tangible fixed assets reflecting aggressive capital investment and an increase in the market value of other securities.

Debt as of the end of the third quarter amounted to ¥326.3 billion, an increase of ¥24.7 billion from end of the third quarter a year ago. The increase resulted from an increase in long-term debt and the issuance of corporate bonds to fund future capital investment.

Net assets totaled ¥282.7 billion as of the end of the third quarter, an increase of ¥40.9 billion compared with the end of the third quarter a year ago. The primary sources contributing to the increase were retained earnings and an increase in unrealized gain on other securities (The net asset figure as of the end of the third quarter a year ago did not include minority interests). Shareholders' equity (net assets less minority interests) increased ¥31.3 billion over the same period and the D/E ratio was unchanged at 1.2 compared to the end of the third quarter in the previous fiscal year.

Free cash flow was a negative ¥33.5 billion, compared with a positive free cash flow of ¥6.4 billion in the same period a year earlier.

This was mainly because net cash used in operating activities was ¥18.6 billion, compared to net cash

provided by operating activities of ¥10.7 billion in the same period a year earlier, since the interim balance sheet day was a bank holiday. Furthermore, net cash used in investing activities was ¥14.9 billion, compared with net cash used in investing activities of ¥4.2 billion in the same period a year earlier, due mainly to aggressive capital investment, particularly in magnetic disks.

( ¥billions, %, times )

	31/12/05	Share	31/12/06	Share	increase
Total asset	961.6	100%	1,019.7	100%	+58.1
Interest-bearing debt	301.5	31.4%	326.3	32.0%	+24.7
Shareholders' equity	241.7	25.1%	273.1	26.8%	+31.3
D/E ratio	1.2		1.2		0.0

\*Shareholders'equity = net assets-minority interest in consolidated subsidiaries

\*D/E ratio = interest-bearing debt/shareholders'equity

( ¥billions )

	3Q FY05	3Q FY06
Cash flows from operating activities	10.7	-18.6
Cash flows from investing activities	-4.2	-14.9
Free cash flows	-6.4	-33.5
Cash flows from financing activities	-3.5	36.1
Cash and cash equivalents at the end of the third quarter	21.2	21.4

On the other hand, cash and cash equivalents at the end of the third quarter totaled ¥21.4 billion, up from ¥21.2 billion at the end of the third quarter of the previous fiscal year, due mainly to the issuance of commercial paper to offset the decline in the free cash flow.

### **Outlook for the Fiscal Year Ending March 31, 2007**

The Company is projecting consolidated net sales of ¥910.0 billion, up 1.4% year on year, for the current fiscal year.

#### *Energy & Electric Systems Group*

The group expects sales to rise year on year, driven by continued brisk capital investment at home and abroad. The group plans to concentrate management resources on basic materials sectors, including the steel and chemical sectors, in addition to businesses for electrical and electronic equipment.

#### *ED&C · Drive Systems Group*

The group expects sales to surpass the previous fiscal year due to further initiatives to expand sales in view of the continuing strong demand environment.

#### *Electronic Devices Group*

In semiconductor devices, the group will work to boost production and develop new devices in IGBT modules for industrial applications and automotive components. In magnetic disks, the group plans to boost production of glass substrate disks incorporating perpendicular magnetic recording technology, while at the same time developing new products and working on winning more orders. As a result, the group's business results are expected to be higher than the previous fiscal year.

#### *Retail Systems Group*

The group's business results are likely to fall short of the previous fiscal year, affected by slower sales of vending machines, food service equipment and currency handling systems.

Regarding earnings, the Company is projecting operating income of ¥45.5 billion, up 10.9% year on year. Operating income in the Energy and Electric Systems, ED&C · Drive Systems and Electronic Devices groups is expected to be higher than the previous fiscal year, but that in the Retail Systems Group is likely to be lower due mainly to lower sales.

Ordinary income is projected at ¥46.5 billion, an increase of ¥4.7 billion compared to the previous fiscal year. Net income is forecast at ¥21.0 billion, up ¥2.4 billion from the previous fiscal year. Both operating income and ordinary income are expected to break previous records as an operating income margin of 5% is achieved.

Recent performance of the Energy and Electric Systems Group and ED&C · Drive Systems Group has been favorable compared with our previous forecasts released on October 30, 2006, but net sales and earnings in the Electronic Devices Group and the Retail Systems Group are likely to be marginally below forecasts due mainly to deteriorating market conditions.

On January 24, 2007, Fuji Electric Holdings Co., Ltd. and Fuji Electric Systems Co., Ltd. (collectively hereinafter referred to as "Fuji") received from the European Commission a decision imposing on Fuji a fine of 2.4 million euros (approx. ¥380 million) for its anti-competitive activities concerted with European manufacturers relating to gas insulated switchgear (GIS). The decision also imposes on Fuji a fine of 1.35 million euros (approx. ¥210 million) jointly and severally with Japan AE Power Systems Corporation, a 30% Group equity-method affiliate, and Hitachi, Ltd.

The Group judges at this point that the impact the decision will make on its consolidated profitability will be minor. It will peruse the details of the decision and take honest action.

**Consolidated Business Forecast for FY2006**

( ¥billions )

	FY05 Results	FY06 Forecast as of 26 Jan.	Change	FY06 Forecast as of 30 Oct.
Net sales	897.2	910.0	+ 12.8	920.0
Operating income	(4.6%) 41.0	( 5.0% ) 45.5	+ 4.5	(5.1%) 47.0
Ordinary income	41.8	46.5	+ 4.7	47.0
Net income	18.6	21.0	+ 2.4	22.5

(OP margin%)

**Segment Information****Consolidated net sales by segment for FY2006 [ forecast ]**

( ¥billions )

	FY05 Results	FY06 Forecast as of 26 Jan.	Change	FY06 Forecast as of 30 Oct.
Energy & Electric Systems	398.1	404.0	+ 5.9	400.0
ED&C · Drive Systems	182.5	192.0	+ 9.5	190.0
Electronic Devices	173.4	183.0	+ 9.6	193.0
Retail Systems	162.1	154.0	- 8.1	161.0
Others	52.2	56.0	+ 3.8	55.0
Eliminations	- 71.2	- 79.0	- 7.8	- 79.0
Total	897.2	910.0	+ 12.8	920.0

**Consolidated operating income by segment for FY2006 [ forecast ]**

( ¥billions )

	FY05 Results	FY06 Forecast as of 26 Jan.	Change	FY06 Forecast as of 30 Oct.
Energy & Electric Systems	7.0	11.5	+ 4.5	11.0
ED&C · Drive Systems	7.9	11.5	+ 3.6	10.5
Electronic Devices	18.1	19.0	+ 0.9	21.0
Retail Systems	5.8	2.5	- 3.3	4.0
Others	2.1	2.5	+ 0.4	2.0
Eliminations/Corporate	- 0.1	- 1.5	- 1.4	- 1.5
Total	41.0	45.5	+ 4.5	47.0

*[Cautionary Statement]*

*Investors are warned that actual results may differ from the above forecasts due to a range of factors, including, but not limited to, sudden changes in the supply-and-demand balance in the markets the Group serves, fluctuations in exchange rates, particularly between the yen and the U.S. dollar, and fluctuations in Japanese stock markets.*