

## Consolidated Financial Report for the fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

### Summary of Consolidated Financial Results

#### 1. Summary of consolidated statements of income

	Millions of yen		Change(%) (A)/(B)	<i>Millions of U.S. dollars</i>
	FY2008	FY2007		<i>FY2008</i>
	(A)	(B)		
Net sales	766,637	922,172	83.1%	7,823
Operating income (loss)	-18,855	35,883	-	-192
Ordinary income (loss)	-20,769	35,808	-	-212
Net income (loss)	-73,306	16,792	-	-748
	Yen			<i>U.S. dollars</i>
Net income (loss) per share	-102.57	23.49	-	-1.05

#### 2. Summary of consolidated financial position

	Millions of yen		<i>Millions of U.S. dollars</i>
	3/31/2009	3/31/2008	<i>3/31/2009</i>
Total assets	908,941	1,035,951	9,275
Net assets	146,113	263,255	1,491
Shareholders' equity ratio (%)	14.3%	24.6%	-
	Yen		<i>U.S. dollars</i>
Net Assets per share	182.37	355.98	1.86

Note: 1) U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥98=U.S.\$1.  
2) The company has 66 consolidated subsidiaries and 3 equity-method affiliates.

#### 3. Forecast of consolidated earnings for FY2009 (April 1, 2009 - March 31, 2010)

	<u>Millions of yen</u>
Net sales	690,000
Operating income	-12,000
Ordinary income	-17,000
Net income	-17,000
	Yen
Net income per share	-23.79

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

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		Millions of U.S. dollars
	3/31/2009	3/31/2008	3/31/2009
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits	85,467	22,204	872
Notes and accounts receivable-trade	178,948	286,568	1,826
Merchandise and finished goods	53,601	67,691	547
Work in process	66,203	67,940	676
Raw materials and supplies	33,770	31,107	345
Deferred tax assets	9,463	15,387	97
Other	39,869	40,688	407
Allowance for doubtful accounts	-601	-313	-6
<b>Total Current assets</b>	<b>463,721</b>	<b>531,273</b>	<b>4,732</b>
<b>Noncurrent assets:</b>			
Property, plant and equipment			
Buildings and structures	84,411	87,758	861
Machinery, equipment and vehicles	34,706	43,034	354
Tools, furniture and fixtures	5,944	7,356	61
Land	34,719	34,608	354
Lease assets	9,587	-	98
Construction in progress	25,183	10,510	257
<b>Total property, plant and equipment</b>	<b>194,552</b>	<b>183,268</b>	<b>1,985</b>
Intangible assets	10,621	10,829	108
Investments and other assets			
Investment securities	178,221	245,868	1,819
Long-term loans receivable	2,287	1,949	23
Prepaid pension cost	46,975	48,500	479
Deferred tax assets	3,621	5,743	37
Other	9,829	8,983	100
Allowance for doubtful accounts	-1,259	-902	-13
<b>Total Investments and other assets</b>	<b>239,676</b>	<b>310,143</b>	<b>2,446</b>
<b>Total Noncurrent assets</b>	<b>444,850</b>	<b>504,241</b>	<b>4,539</b>
<b>Deferred assets</b>	<b>369</b>	<b>436</b>	<b>4</b>
<b>Total assets</b>	<b>908,941</b>	<b>1,035,951</b>	<b>9,275</b>

**Consolidated Balance Sheets**

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>3/31/2009</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable-trade	121,115	186,686	1,236
Short-term loans payable	131,902	85,932	1,346
Commercial papers	53,000	65,500	541
Accrued expenses	37,731	41,452	385
Income taxes payable	2,691	4,616	27
Advances received	57,421	41,286	586
Other	69,740	107,058	712
<b>Total current liabilities</b>	<u>473,602</u>	<u>532,532</u>	<u>4,833</u>
<b>Noncurrent liabilities:</b>			
Bonds payable	146,980	140,000	1,500
Long-term loans payable	84,201	34,793	859
Deferred tax liabilities	36,561	47,716	373
Provision for retirement benefits	8,715	13,262	89
Provision for directors' retirement benefits	862	863	9
Other	11,904	3,526	121
<b>Total Noncurrent liabilities</b>	<u>289,225</u>	<u>240,163</u>	<u>2,951</u>
<b>Total Liabilities</b>	<u>762,828</u>	<u>772,696</u>	<u>7,784</u>
<b>Net Assets</b>			
<b>Shareholders' equity:</b>			
Capital stock	47,586	47,586	486
Capital surplus	46,734	46,734	477
Retained earnings	34,850	116,478	356
Treasury stock	-7,088	-7,072	-72
<b>Total Shareholders' equity</b>	<u>122,083</u>	<u>203,727</u>	<u>1,246</u>
<b>Valuation and translation adjustments:</b>			
Valuation difference on available-for-sale securities	10,751	52,032	110
Deferred gains or losses on hedges	-60	820	-1
Foreign currency translation adjustments	-2,431	-2,145	-25
<b>Total Valuation and translation adjustments</b>	<u>8,258</u>	<u>50,707</u>	<u>84</u>
<b>Minority interests</b>	<u>15,771</u>	<u>8,820</u>	<u>161</u>
<b>Total Net assets</b>	<u>146,113</u>	<u>263,255</u>	<u>1,491</u>
<b>Total Liabilities and Net assets</b>	<u>908,941</u>	<u>1,035,951</u>	<u>9,275</u>
<b>Interest-bearing debt</b>	<u>416,083</u>	<u>356,226</u>	<u>4,246</u>

**Consolidated Statements of Income**

	Millions of yen		<i>Millions of U.S. dollars</i>
	FY2008	FY2007	FY2008
<b>Net sales</b>	766,637	922,172	7,823
<b>Cost of sales</b>	644,477	730,896	6,576
<b>Gross profit</b>	122,160	191,275	1,247
<b>Selling, general and administrative expenses</b>	141,015	155,391	1,439
<b>Operating income (loss)</b>	-18,855	35,883	-192
<b>Non-operating income</b>			
Interest income	202	355	2
Dividends income	4,467	3,687	46
Amortization of negative goodwill	94	1,499	1
Equity in earnings of affiliates	1,905	344	19
Other	1,529	1,679	16
<b>Total Non-operating income</b>	8,198	7,566	84
<b>Non-operating expenses</b>			
Interest expense	5,771	5,275	59
Interest on commercial papers	467	389	5
Foreign exchange losses	2,399	-	24
Other	1,474	1,976	15
<b>Total Non-operating expenses</b>	10,112	7,641	103
<b>Ordinary income (loss)</b>	-20,769	35,808	-212
<b>Extraordinary income</b>			
Gain on sales of noncurrent assets	187	945	2
Gain on sales of investment securities	86	493	1
Gain on change in equity	2,293	-	23
Gain on insurance adjustment	607	-	6
Gain on adjustments of repair expense	-	484	-
Gain on foreign currency translation adjustments by liquidation of the Consolidated Foreign Subsidiaries	-	412	-
Other	222	-	2
<b>Total Extraordinary income</b>	3,396	2,336	35
<b>Extraordinary loss</b>			
Loss on disposal of noncurrent assets	1,977	2,318	20
Loss on valuation of investment securities	3,700	222	38
Business restructuring costs	18,489	-	189
Special retirement expenses	-	1,271	-
Recognized actuarial loss	-	925	-
Loss on reserve for directors' retirement benefits in prior years	-	635	-
Other	5,139	2,252	52
<b>Total Extraordinary loss</b>	29,308	7,626	299
<b>Income (loss) before income taxes</b>	-46,681	30,518	-476
<b>Income taxes-current</b>	4,732	9,983	48
<b>Income taxes-deferred</b>	22,694	3,222	232
<b>Minority interests in income (loss)</b>	-800	519	-8
<b>Net income (loss)</b>	-73,306	16,792	-748

**Consolidated Statements of Shareholders' Equity**

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
<b>BALANCE AT MARCH 31, 2007</b>	47,586	46,717	104,959	-6,985	192,277
Changes of items during the period					
Dividends from surplus			-5,718		-5,718
Net income for the year			16,792		16,792
Purchase of treasury stock				-111	-111
Disposal of treasury stock		17		24	42
Change from increase of consolidated subsidiaries			358		358
Change from merger of consolidated and unconsolidated subsidiaries			86		86
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	17	11,519	-87	11,449
<b>BALANCE AT MARCH 31, 2008</b>	47,586	46,734	116,478	-7,072	203,727

	Millions of yen					
	Valuation and translation adjustments				Minority interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains on Hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
<b>BALANCE AT MARCH 31, 2007</b>	82,563	30	21	82,614	9,661	284,553
Changes of items during the period						
Dividends from surplus				-		-5,718
Net income for the year				-		16,792
Purchase of treasury stock				-		-111
Disposal of treasury stock				-		42
Change from increase of consolidated subsidiaries				-		358
Change from merger of consolidated and unconsolidated subsidiaries				-		86
Net changes of items other than shareholders' equity	-30,530	790	-2,167	-31,907	-840	-32,747
Total changes of items during the period	-30,530	790	-2,167	-31,907	-840	-21,298
<b>BALANCE AT MARCH 31, 2008</b>	52,032	820	-2,145	50,707	8,820	263,255

**Consolidated Statements of Shareholders' Equity**

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
<b>BALANCE AT MARCH 31, 2008</b>	47,586	46,734	116,478	-7,072	203,727
Changes of items during the period					
Decrease in retained earnings due to change in accounting standards of foreign consolidated subsidiaries			-3,025		-3,025
Dividends from surplus			-5,717		-5,717
Net loss for the year			-73,306		-73,306
Purchase of treasury stock				-57	-57
Disposal of treasury stock		0		41	41
Change of scope of consolidation			422		422
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	0	-81,627	-16	-81,644
<b>BALANCE AT MARCH 31, 2009</b>	47,586	46,734	34,850	-7,088	122,083

	Millions of yen					
	Valuation and translation adjustments				Minority interests	Net assets
	Valuation difference on available-for-sale securities	Deferred losses on Hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
<b>BALANCE AT MARCH 31, 2008</b>	52,032	820	-2,145	50,707	8,820	263,255
Changes of items during the period						
Decrease in retained earnings due to change in accounting standards of foreign consolidated subsidiaries				-		-3,025
Dividends from surplus				-		-5,717
Net loss for the year				-		-73,306
Purchase of treasury stock				-		-57
Disposal of treasury stock				-		41
Change of newly consolidated subsidiaries				-		422
Net changes of items other than shareholders' equity	-41,281	-880	-285	-42,448	6,950	-35,497
Total changes of items during the period	-41,281	-880	-285	-42,448	6,950	-117,142
<b>BALANCE AT MARCH 31, 2009</b>	10,751	-60	-2,431	8,258	15,771	146,113

**Consolidated quarterly statements of cash flows**

	Millions of yen		Millions of U.S. dollars
	FY2008	FY2007	FY2008
<b>I Net cash provided by (used in) operating activities</b>			
Income (loss) before income taxes and minority interests	-46,681	30,518	-476
Depreciation and amortization	23,919	21,528	244
Interest and dividends income	-4,669	-4,043	-48
Interest expenses	5,771	5,275	59
Loss (gain) on disposal of noncurrent assets	1,977	2,318	20
Loss (gain) on valuation of investment securities	3,700	222	38
Decrease (increase) in notes and accounts receivable-trade	82,942	-30,740	846
Decrease (increase) in inventories	12,515	-16,381	128
Increase (decrease) in notes and accounts payable-trade	-52,938	-7,913	-540
Increase (decrease) in advances received	12,575	14,540	128
Other, net	-6,172	-12,635	-63
Subtotal	32,940	2,689	336
Interest and dividends income received	4,625	4,006	47
Interest expenses paid	-5,653	-5,170	-58
Income taxes paid	-4,856	-14,720	-50
Payments for extra retirement payments	-3,955	-	-40
Net cash provided by (used in) operating activities	23,101	-13,195	236
<b>II Net cash provided by (used in) investment activities</b>			
Purchase of property, plant and equipment	-38,772	-35,129	-396
Proceeds from sales of property, plant and equipment	13,540	753	138
Purchase of investment securities	-1,172	-652	-12
Proceeds from sales of investment securities	3,190	3,809	33
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	4,309	-	44
Increase by corporate division of consolidated subsidiary	9,389	-	96
Payments of loans receivable	-14,576	-16,572	-149
Collection of loans receivable	14,184	15,921	145
Other, net	-2,371	-4,824	-24
Net cash used in investment activities	-12,278	-36,694	-125
<b>III Net cash provided by (used in) financing activities</b>			
Net increase (decrease) in short-term loans payable	46,214	6,688	472
Increase (decrease) in commercial papers	-12,500	37,500	-128
Proceeds from long-term loans payable	68,207	17,643	696
Repayment of long-term loans payable	-17,975	-21,470	-183
Proceeds from issuance of bonds	10,000	60,000	102
Redemption of bonds	-33,020	-40,000	-337
Proceeds from sales of treasury stock	41	42	0
Purchase of treasury stock	-57	-111	-1
Cash dividends paid	-5,717	-5,718	-58
Cash dividends paid to minority shareholders	-73	-73	-1
Other, net	-1,367	-287	-14
Net cash provided by financing activities	53,752	54,212	548
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	-1,658	-1,427	-17
<b>V Net increase (decrease) in cash and cash equivalents ( I + II + III + IV)</b>	62,917	2,894	642
<b>VI Cash and cash equivalents at beginning of period</b>	22,092	19,135	225
<b>VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	355	26	4
<b>VIII Increase (decrease) in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	-	36	-
<b>IX Cash and cash equivalents at end of period</b>	85,365	22,092	871

**Consolidated Segment Information**

**1. Net sales and operating income by business segment**

FY2007

	Millions of yen						
	Energy & Electric Systems	Electronic Devices	Retail Systems	Others	Sub total	Elimination and Corporate	Total
Sales							
Unaffiliated customers	576,294	178,564	158,158	9,155	922,172	-	922,172
Intersegment	11,417	6,241	541	42,496	60,697	-60,697	-
Total sales	587,712	184,806	158,699	51,652	982,870	-60,697	922,172
Operating costs and expenses	563,852	176,643	155,990	49,197	945,683	-59,394	886,288
Operating income	23,859	8,163	2,709	2,454	37,186	-1,302	35,883
Total assets	513,459	225,863	103,384	41,372	884,080	151,870	1,035,951
Depreciation and amortization	7,619	11,368	1,431	865	21,285	243	21,528
Capital expenditure	8,024	31,882	1,461	943	42,311	340	42,651

FY2008

	Millions of yen						
	Energy & Electric Systems	Electronic Devices	Retail Systems	Others	Sub total	Elimination and Corporate	Total
Sales							
Unaffiliated customers	483,230	137,283	135,823	10,300	766,637	-	766,637
Intersegment	7,165	4,342	600	38,566	50,675	-50,675	-
Total sales	490,395	141,626	136,423	48,866	817,313	-50,675	766,637
Operating costs and expenses	479,689	172,649	136,899	46,089	835,328	-49,835	785,492
Operating income	10,706	-31,022	-475	2,777	-18,015	-840	-18,855
Total assets	441,203	179,266	86,038	39,517	746,025	162,915	908,941
Depreciation and amortization	7,358	13,591	1,767	971	23,690	228	23,919
Capital expenditure	10,610	18,529	2,628	1,934	33,702	217	33,919

FY2008

	Millions of U.S. dollars						
	Energy & Electric Systems	Electronic Devices	Retail Systems	Others	Sub total	Elimination and Corporate	Total
Sales							
Unaffiliated customers	4,931	1,401	1,386	105	7,823	-	7,823
Intersegment	73	44	6	394	517	-517	-
Total sales	5,004	1,445	1,392	499	8,340	-517	7,823
Operating costs and expenses	4,895	1,762	1,397	470	8,524	-509	8,015
Operating income	109	-317	-5	28	-184	-9	-192
Total assets	4,502	1,829	878	403	7,613	1,662	9,275
Depreciation and amortization	75	139	18	10	242	2	244
Capital expenditure	108	189	27	20	344	2	346

## 2. Consolidated Geographic Segment information

FY2007

	Millions of yen							Total
	Japan	North America	Europe	Asia (except for China)	China	Sub total	Elimination and Corporate	
Sales								
Unaffiliated customers	851,581	8,077	15,774	13,909	32,828	922,172	-	922,172
Intersegment	73,274	424	124	28,062	11,392	113,278	-113,278	-
Total sales	924,855	8,502	15,898	41,971	44,221	1,035,450	-113,278	922,172
Operating costs and expenses	890,673	8,374	15,643	42,108	41,562	998,361	-122,073	886,288
Operating income	34,182	128	254	-136	2,659	37,088	-1,204	35,883
Total assets	815,427	7,399	7,125	79,295	26,875	936,122	99,828	1,035,951

FY2008

	Millions of yen							Total
	Japan	North America	Europe	Asia (except for China)	China	Sub total	Elimination and Corporate	
Sales								
Unaffiliated customers	699,984	8,646	10,073	11,452	36,480	766,637	-	766,637
Intersegment	53,471	503	102	25,693	10,778	90,548	-90,548	-
Total sales	753,455	9,150	10,176	37,145	47,258	857,185	-90,548	766,637
Operating costs and expenses	771,433	9,229	10,359	41,802	45,367	878,191	-92,698	785,492
Operating income	-17,977	-79	-183	-4,656	1,890	-21,005	2,150	-18,855
Total assets	694,826	4,705	3,750	63,100	29,430	795,813	113,127	908,941

FY2008

	Millions of U.S. dollars							Total
	Japan	North America	Europe	Asia (except for China)	China	Sub total	Elimination and Corporate	
Sales								
Unaffiliated customers	7,143	88	103	117	372	7,823	-	7,823
Intersegment	546	5	1	262	110	924	-924	-
Total sales	7,688	93	104	379	482	8,747	-924	7,823
Operating costs and expenses	7,872	94	106	427	463	8,961	-946	8,015
Operating income	-183	-1	-2	-48	19	-214	22	-192
Total assets	7,090	48	38	644	300	8,121	1,154	9,275

### 3. Net overseas sales

FY2007	Millions of yen					
	North America	Europe	Asia (except for China)	China	Other	Total
Overseas sales	15,866	17,723	104,295	46,188	6,634	190,709
Consolidated net sales						922,172
Overseas sales as a percentage of consolidated net sales	1.7%	1.9%	11.3%	5.0%	0.7%	20.7%

FY2008	Millions of U.S. dollars					
	North America	Europe	Asia (except for China)	China	Other	Total
Overseas sales	10,098	14,078	101,255	39,617	15,990	181,040
Consolidated net sales						766,637
Overseas sales as a percentage of consolidated net sales	1.3%	1.8%	13.2%	5.2%	2.1%	23.6%

FY2008	Millions of U.S. dollars					
	North America	Europe	Asia (except for China)	China	Other	Total
Overseas sales	103	144	1,033	404	163	1,847
Consolidated net sales						7,823
Overseas sales as a percentage of consolidated net sales	1.3%	1.8%	13.2%	5.2%	2.1%	23.6%

**Consolidated Statements of Income for 4Q FY2008**

	Millions of yen	Millions of yen	<i>Millions of U.S. dollars</i>
	<b>4Q FY2008</b>	4Q FY2007	4Q FY2008
<b>Net sales</b>	226,321	319,967	2,309
<b>Cost of sales</b>	195,384	243,866	1,994
<b>Gross profit</b>	30,936	76,101	316
<b>Selling, general and administrative expenses</b>	32,990	39,635	337
<b>Operating income (loss)</b>	-2,054	36,466	-21
<b>Non-operating income</b>	4,725	494	48
Interest and dividends received	248	341	3
Other	4,477	153	46
<b>Non-operating expenses</b>	2,467	2,827	25
Interest expense	1,540	1,476	16
Other	927	1,351	9
<b>Ordinary income</b>	203	34,133	2
<b>Extraordinary income</b>	795	50	8
<b>Extraordinary loss</b>	20,504	3,674	209
<b>Income (loss) before income taxes</b>	-19,504	31,009	-199
<b>Income taxes</b>	3,966	12,847	40
<b>Minority interests in income (loss)</b>	-199	824	-2
<b>Net income (loss)</b>	-23,271	17,338	-237

**Consolidated Segment Information for 4Q FY2008**

**1. Net sales by business segment**

	Millions of yen		Millions of U.S. dollars
	<b>FY2008 4Q</b>	FY2007 4Q	<b>FY2008 4Q</b>
Energy & Electric Systems	168,964	190,561	1,724
ED&C·Drive Systems	-	48,359	-
Electronic Devices	22,463	47,695	229
Retail Systems	34,728	42,201	354
Others	15,533	21,805	159
Subtotal	241,689	350,623	2,466
Elimination	-15,367	-30,655	-157
<b>Total</b>	<b>226,321</b>	<b>319,967</b>	<b>2,309</b>

**2. Operating income by business segment**

	Millions of yen		Millions of U.S. dollars
	<b>FY2008 4Q</b>	FY2007 4Q	<b>FY2008 4Q</b>
Energy & Electric Systems	13,847	23,738	141
ED&C·Drive Systems	-	3,457	-
Electronic Devices	-17,343	4,793	-177
Retail Systems	111	3,258	1
Others	1,226	1,305	13
Subtotal	-2,157	36,553	-22
Elimination/Corporate	103	-87	1
<b>Total</b>	<b>-2,054</b>	<b>36,466</b>	<b>-21</b>

**Supplemental Consolidated Financial Materials**

**1. Financial summary**

	Billions of yen					
	FY2007		FY2008		FY2009 [Forecast]	
	change(%)		change(%)		change(%)	
Net sales	922.1	101.6%	766.6	83.1%	690.0	90.0%
Operating income (loss)	35.8	77.7%	-18.8	-	-12.0	-
Ordinary income (loss)	35.8	73.4%	-20.7	-	-17.0	-
Net income (loss)	16.7	72.6%	-73.3	-	-17.0	-

**2. Number of consolidated subsidiaries**

	FY2007	FY2008	FY2009 [Forecast]
Number of consolidated subsidiaries	68	66	63
Japan	48	45	44
Overseas	20	21	19
Number of equity-method affiliates	2	3	3

**3. Net income (loss) per share**

	Billions of yen		
	FY2007	FY2008	FY2009 [Forecast]
Net income (loss) per share	23.49	-102.57	-23.79

**4. Sales exchange rate (US\$)**

	FY2007	FY2008	FY2009 [Forecast]
Sales exchange rate	114.28	100.54	90.00

**5. Net sales by business segment**

	Billions of yen					
	FY2007		FY2008		FY2009 [Forecast]	
	change(%)		change(%)		change(%)	
Energy & Electric Systems	587.7	98.6%	490.3	83.4%	440.0	89.7%
Electronic Devices	184.8	101.3%	141.6	76.6%	118.0	83.3%
Retail Systems	158.6	104.0%	136.4	86.0%	129.0	94.6%
Others	51.6	78.9%	48.8	94.6%	43.0	88.0%
Subtotal	982.8	98.7%	817.3	83.2%	730.0	89.3%
Elimination	-60.6	-	-50.6	-	-40.0	-
<b>Total</b>	<b>922.1</b>	<b>101.6%</b>	<b>766.6</b>	<b>83.1%</b>	<b>690.0</b>	<b>90.0%</b>

Note : Net sales include inter-segment transactions.

**6. Operating income by business segment**

	Billions of yen					
	FY2007		FY2008		FY2009 [Forecast]	
	change(%)		change(%)		change(%)	
Energy & Electric Systems	23.8	100.4%	10.7	44.9%	9.0	84.1%
Electronic Devices	8.1	42.5%	-31.0	-	-19.5	-
Retail Systems	2.7	108.1%	-0.4	-	1.0	-
Others	2.4	116.6%	2.7	113.2%	1.5	54.0%
Subtotal	37.1	78.1%	-18.0	-	-8.0	-
Elimination/Corporate	-1.3	-	-0.8	-	-4.0	-
<b>Total</b>	<b>35.8</b>	<b>77.7%</b>	<b>-18.8</b>	<b>-</b>	<b>-12.0</b>	<b>-</b>

## 7. Net overseas sales

	Billions of yen					
	FY2007		FY2008		FY2009 [Forecast]	
		change(%)		change(%)		change(%)
North America	15.8	100.4%	10.0	63.6%	-	-
Europe	17.7	105.6%	14.0	79.4%	-	-
Asia (except for China)	104.2	91.2%	117.6	112.8%	-	-
China	46.1	114.9%	39.6	85.8%	-	-
Other	6.6	94.2%	15.9	241.0%	-	-
<b>Total</b>	190.7	98.2%	197.4	103.5%	-	-

## 8. R&D expenditures

	Billions of yen					
	FY2007		FY2008		FY2009 [Forecast]	
		change(%)		change(%)		change(%)
Energy & Electric Systems	14.9	106.6%	14.1	94.9%	11.1	78.9%
Electronic Devices	12.5	87.5%	13.3	106.5%	9.9	74.4%
Retail Systems	3.7	90.0%	2.8	76.7%	2.8	99.6%
Others	0.0	-	0.0	-	0.0	-
Corporate (basic research)	0.0	-	0.0	-	0.0	-
<b>Total</b>	31.2	96.0%	30.3	97.2%	23.9	78.9%
Ratio to net sales (%)	3.4%	-	4.0%	-	0.0%	-

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

	Billions of yen					
	FY2007		FY2008		FY2009 [Forecast]	
		change(%)		change(%)		change(%)
Energy & Electric Systems	8.3	53.5%	10.0	120.6%	8.7	87.2%
Electronic Devices	61.6	127.4%	19.2	31.2%	7.2	37.7%
Retail Systems	3.4	61.8%	2.3	69.5%	3.1	129.8%
Others	1.5	82.9%	1.5	101.9%	0.2	16.9%
Corporate	0.2	-	0.2	-	0.5	-
<b>Total</b>	75.2	105.3%	33.4	44.5%	19.9	59.5%
(Leases)	(37.5)	102.1%	(12.9)	34.4%	(11.2)	86.9%

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

## 10. Depreciation, Leases paid

	Billions of yen					
	FY2007		FY2008		FY2009 [Forecast]	
		change(%)		change(%)		change(%)
Energy & Electric Systems	11.4	114.7%	11.4	100.6%	12.7	110.7%
Electronic Devices	32.5	140.2%	34.2	105.3%	28.1	82.1%
Retail Systems	4.2	113.3%	4.1	98.4%	3.6	86.6%
Others	1.6	69.4%	1.7	107.7%	1.1	66.7%
Corporate	0.1	-	0.1	-	0.1	-
<b>Total</b>	50.0	126.7%	51.8	103.8%	45.8	88.3%
(Leases paid)	(31.2)	124.8%	(30.2)	96.9%	(21.5)	71.3%

Note: Leases paid for plant and equipment investment and begun to pay before the end of March, 2008.

## 11. Number of employees

	3/31/2008	3/31/2009	3/31/2010 [Forecast]
Energy & Electric Systems	15,273	13,238	13,017
Electronic Devices	5,888	5,108	5,737
Retail Systems	2,680	2,694	2,712
Others	1,653	1,613	1,419
Corporate	140	146	285
<b>Total</b>	25,634	22,799	23,170
Japan	21,357	19,008	18,761
Overseas	4,277	3,791	4,409

## Financial Performance

### 1. Analysis of Business Results

#### (1) Financial Performance for Fiscal 2008 (April 1, 2008 – March 31, 2009)

The Fuji Electric Group's operating environment during fiscal 2008 showed strength during the first half in steel and other domestic private-sector demand areas that represent the Group's strengths, but from the beginning of the second half the environment became drastically more challenging as the global economy deteriorated from the increasingly severe financial crisis that began in the United States.

Against this backdrop, the Group took emergency measures to secure cash flow in the face of a weakening economic environment and a rapid decline in volumes of goods handled, while at the same time accelerating restructuring to rebuild the earnings base.

Consolidated results for the year were as follows:

Net sales were ¥766.6 billion, for a ¥155.5 billion decline from the previous fiscal year. By segment, the Energy & Electric Systems Group had solid plant-related sales, primarily from large overseas projects, but overall sales were lower because of revisions of the scope of the water environment and information systems businesses, and from a sharp decline in sales of component products as a result of the deterioration in the market environment from the second half. Sales also declined at the Electronic Devices Group, as the weaker market led to lower demand from reduced capital investment and customers' inventory adjustments, and prices fell as well. The Retail Sales Group recorded lower sales as well, on the end of demand for upgrading cigarette vending machines with age identification equipment and from the second half, a decline in vending machine demand.

Operating income declined by ¥54.7 billion, resulting in a ¥18.8 billion operating loss. In addition to lower sales from sharply weaker markets at the Energy & Electric Systems Group and the Electronic Devices Group, the yen's appreciation was also a factor behind the large decline. Ordinary income also fell to a loss of ¥20.7 billion, with non-operating expenses including foreign exchange losses from the yen's appreciation leading to the ¥56.5 billion decline. In addition to extraordinary losses including business restructuring costs, reversals of deferred tax assets under income tax adjustments resulted in a large ¥90.0 billion decline in net income, to a loss of ¥73.3 billion.

Operating results for fiscal 2008 were as follows:

	(¥ billion)		
	Fiscal 2007	Fiscal 2008	Change
Net sales	922.1	766.6	-155.5
Operating income/loss	35.8	-18.8	-54.7
Ordinary income/loss	35.8	-20.7	-56.5
Net income/loss	16.7	-73.3	-90.0

## **(2) Results by Segment**

### **Energy & Electric Systems Group**

*YoY change: Net sales declined 16.6%; Operating income declined 55.1%*

By merging the previous ED&C•Drive Systems Group into the Energy & Electric Systems Group, this segment has newly positioned the areas of drives and automation as the Group's core business driver. Along with strengthening the business portfolio, this is intended to bolster development capabilities in the areas of water environments and electric distribution and control (ED&C) equipment, and expand the business with a view toward global growth through measures including the establishment of a joint venture.

Net sales declined by 16.6% from the previous year to ¥490.3 billion, and operating income was 55.1% lower at ¥10.7 billion.

The drive business experienced lower demand for inverters and other component products, and both net sales and operating income declined as a result.

The automation business also recorded lower sales and operating income. Although large projects for electric power companies like radiation management systems were on track, the declines reflected the sale of the information systems business.

The industrial plant engineering business had solid results from major projects like large-scale rectifiers overseas and clean room facilities for LCD plants, but with the removal of the water environment company from the scope of consolidation, both net sales and operating income declined.

Net sales and operating income at the electric power systems business both rose from the previous year on large overseas projects for geothermal power generation equipment.

The plant facility construction division had lower sales and operating income, as business slowed because of the weaker economy.

The ED&C equipment business experienced a large drop in demand from machinery manufacturers, its main customer group, from a sharp decline in production in the domestic and overseas manufacturing industries, and both net sales and operating income declined as a result.

### **Electronic Device Group**

*YoY change: Net sales declined 23.4%; Operating income declined ¥39.1bn to a loss of ¥31.0bn*

This segment is particularly impacted by drastic changes in its market environment, compounded by the rapid pace of technological innovation.

During fiscal 2008, the semiconductor business introduced new products for automotive applications, developed and organized large-capacity modules to change the product portfolios in wind power generation and railway-use products, strengthened the sales network to expand overseas businesses, and commenced mass production at overseas facilities. The magnetic disk business was engaged in full-scale production of 2.5-inch glass media (250GB/disc) and 3.5-inch aluminum media (500GB/disc). The entire division also began

restructuring to reorganize manufacturing centers and reduce fixed costs.

Net sales declined by 23.4% to ¥141.6 billion, and operating income fell by ¥39.1 billion to a ¥31.0 billion loss.

The semiconductor business had significantly lower sales as demand declined from reduced capital investment and customers adjusted inventories and production. Operating income also fell by a wide margin, as reduced production from lower demand was compounded by falling prices and the yen's appreciation.

The magnetic disk business recorded a large decline in sales on weak HDD demand from the second half. With lower sales and production, price drops, increased depreciation expenses, and a stronger yen, operating income also fell by a wide margin. The photoconductor business recorded growth in sales volume, but with price declines and a stronger yen sales and operating income both fell from the previous year.

## **Retail Systems Group**

***YoY change: Net sales declined 14.0%; Operating income declined ¥3.1bn to a loss of ¥0.4bn***

The segment worked to raise earnings from vending machines and cold-chain equipment with the aim of “strengthening profitability” and “expanding operations in growth areas,” and also to expand the currency-handling equipment business, which consists primarily of automated change dispensers and electronic money equipment.

Net sales declined 14.0% from the previous year to ¥136.4 billion, and operating income was ¥3.1 billion lower, falling to a ¥0.4 billion operating loss.

The vending machine and food equipment business saw solid demand for environmentally friendly food and beverage vending machines, but with the end of demand for upgrading cigarette vending machines with age identification equipment and a sharp market deterioration from the second half, sales declined. Operating income also fell, reflecting lower sales as well as higher prices for steel materials.

Although orders for automated change dispensers remained strong at the currency-handling equipment business, the weaker market and restrained investment resulted in lower sales. On the other hand, operating income improved on progress in reducing SG&A expenses and other cost-cutting efforts.

The cold-chain equipment business was affected by the weak market in the food retailing industry, and sales declined. The business turned to profitability at the operating income level, however, on measures to strengthen the business through higher efficiency from thorough project management and enhanced engineering capabilities, and fixed cost reductions.

## **Others**

***YoY Change: Net sales declined 5.4%; Operating income rose 13.2%***

Sales declined 5.4% from the previous year, to ¥48.8 billion, but operating income rose 13.2% to ¥2.7 billion.

### (3) Outlook for Fiscal 2009

In terms of the economic environment in which the Group operates, although we expect large-scale economic measures by the world's major nations to prop up their economies, we see global economic cooling as likely to continue for some time. With regard to Japan's economy, we see exports and production continuing to decline in the face of weak economies overseas, and although we are forecasting a full-fledged recovery from fiscal 2010, we view the timing of a recovery as highly uncertain.

Against this backdrop, the Group has positioned fiscal 2009 as a year for completion of business restructuring to restore profitability in fiscal 2010. Major initiatives include rebuilding the earnings base and lowering the breakeven levels at several businesses, while at the same time moving toward an optimal business implementation structure for future growth, and strengthening solutions businesses with a focus on Energy and the Environment fields."

Our consolidated results forecasts for fiscal 2009 are shown below. These forecasts are based on foreign exchange rate assumptions of ¥90/USD and ¥115/euro.

#### Consolidated Forecasts

(¥ billion)

	Fiscal 2008 (Actual)	Fiscal 2009 (Forecast)	YoY Change
Net sales	766.6	690.0	-76.6
Operating income	-18.8	-12.0	6.8
Ordinary income	-20.7	-17.0	3.7
Net income	-73.3	-17.0	56.3

#### Forecasts by Segment

(¥ billion)

	Net Sales			Operating Income		
	Fiscal 2008 (Actual)	Fiscal 2009 (Forecast)	YoY Change	Fiscal 2008 (Actual)	Fiscal 2009 (Forecast)	YoY Change
Energy & Electric Systems	490.3	440.0	-50.3	10.7	9.0	-1.7
Electronic Devices	141.6	118.0	-23.6	-31.0	19.5	11.5
Retail Systems	136.4	129.0	-7.4	-0.4	1.0	1.4
Others	48.8	43.0	-5.8	2.7	1.5	-1.2
Elimination and Corporate	-50.6	-40.0	10.6	-0.8	-4.0	-3.2
Total	766.6	690.0	-76.6	-18.8	-12.0	6.8

At the Energy & Electric Systems Group, plant products are seen remaining relatively strong on large plant projects including geothermal power generation facilities overseas, but we expect the drop in demand for component products to continue. Therefore, along with accelerating business restructuring, we intend to focus resources on the Energy and Environment businesses and expand the solutions business that contributes to energy savings., targeting green iDCs and vehicles.

The Electronic Device Group will work to reduce costs and lower breakeven levels by reorganizing production centers and shifting production overseas. In addition, various initiatives will be carried out to rebuild the businesses earnings structure with a major shift in the product portfolio to the Energy and Environment businesses.

We expect the market environment to remain difficult for the Retail Systems Group. Therefore, the vending machine and food equipment business will emphasize further energy savings by expanding the lineup of vending machines with heat-pump functionality and strengthening initiatives to move toward a low-carbon society. The currency-handling equipment business will target sales growth while at the same time aiming to maintain earnings by building a structure that can respond to a drastically changing operating environment. The cold-chain equipment business will endeavor to secure orders through highly localized marketing activities, while also aiming to increase earnings strength by further raising productivity and pursuing the development of energy-saving equipment.

## 2. Analysis of Financial Position

(¥ billion)

	March 31, 2008	Breakdown (%)	March 31, 2009	Breakdown (%)	Change
Total assets	1,035.9	100.0	908.9	100.0	-127.0
Interest-bearing debt	356.2	34.4	416.0	45.8	+59.8
Shareholder's equity <sup>*1</sup>	254.4	24.6	130.3	14.3	-124.0
Debt-equity ratio <sup>*2</sup> (times)	1.4		3.2		+1.8

\*1 Shareholders' equity = Total net assets - Minority interests

\*2 D/E ratio = Interest-bearing debt / Shareholders' equity

Total assets as of March 31, 2009, stood at ¥908.9 billion, which was ¥127.0 billion less than at the end of the previous fiscal year. Current assets declined by ¥67.5 billion, primarily because of declines in trade receivables and inventories that more than offset an increase in cash and deposits from fund procurement. Although tangible fixed assets grew from capital investment, primarily at the Electronic Device Group, a decline in market values of other securities resulted in a ¥59.3 billion decline in long-term assets.

Interest-bearing debt, consisting primarily of borrowings, grew by ¥59.8 billion to ¥416.0 billion as of the fiscal year end. Net financial obligations, excluding cash and cash equivalents, declined by ¥3.4 billion to ¥330.7 billion.

Net assets declined by ¥117.1 billion, totaling ¥146.1 billion as of fiscal year end, on declines in retained earnings and the valuation difference on other marketable securities. Shareholders' equity (total net assets less minority interests) declined ¥124.0 billion to ¥130.3 billion. The debt-equity ratio rose by 1.8 points to 3.2 times from 1.4 times at the previous fiscal year end. The net debt-equity ratio (net financial obligations / shareholders' equity) rose by 1.2 point to 2.5 times.

(¥ billion)

	Fiscal 2007	Fiscal 2008	YoY Change
Cash flow from operating activities	-13.1	23.1	36.2
Cash flow from investing activities	-36.6	-12.2	24.4
Free cash flow	-49.8	10.8	60.7
Cash flow from financing activities	54.2	53.7	-0.4
Cash and cash equivalents	22.0	85.3	63.2

Consolidated free cash flow (cash flow from operating activities + cash flow from investing activities) was positive in the amount of ¥10.8 billion, for a ¥60.7 billion improvement from the previous year's outflow of ¥49.8 billion.

#### **Cash flow from operating activities**

Operating activities generated net cash in the amount of ¥23.1 billion, compared with the previous year's ¥13.1 billion net outflow. This ¥36.2 billion improvement came primarily from accelerated collections of trade receivables and inventory reductions, which more than offset the recording of a net loss before income taxes and minority interests and a decrease in trade payables.

#### **Cash flow from investing activities**

Investing activities used cash in the amount of ¥12.2 billion, compared with the previous year's ¥36.6 billion net outflow. This ¥24.4 billion improvement came mainly from growth in tangible fixed assets, primarily at the Electronic Device Group.

#### **Cash flow from financing activities**

Financing activities generated cash in the amount of ¥53.7 billion, compared with the previous year's ¥54.2 billion net inflow. This reflected increased borrowings for the purpose of securing cash and deposits on hand. As a result, cash and cash equivalents as of the fiscal year end stood at ¥85.3 billion on a consolidated basis, marking an increase of ¥63.2 billion from the end of the previous fiscal year.

### **3. Basic Policy Regarding Distribution of Earnings; Dividends for Fiscal 2008 and 2009**

The Fuji Electric Group's basic policy in its business activities is to provide products, services and solutions, focusing on "quality manufacturing," "original technologies," and "honest, open and hardworking attitude" to achieve maximum efficiency with minimum resources in the area of electrical energy and related fields. This is intended to contribute to the development of a recycling-based society and to the long-term development of the company based on the concept of "energy and environment," and to raise corporate value.

We intend to return profit gained through these business activities to shareholders, while at the same time maintaining adequate consolidated shareholders' equity to secure internal reserves for research and development, capital spending, and other investments to increase corporate value over the medium to long term.

The amount of dividends to be paid from retained earnings is determined in light of the above business cycle, and it is the Company's intention to pay a stable and continuous dividend that comprehensively takes into

consideration consolidated results for the corresponding fiscal year, R&D and capital investment plans for future growth, and the operating environment.

The acquisition of treasury stock is also used as a flexible mechanism to supplement dividends when warranted by the cash flow position.

The first half of fiscal 2008 saw a large decline in operating income, mainly at the Electronic Device Group, from price drops and the yen's appreciation, but based on retained earnings carried over, the Company paid an interim dividend of ¥4.0 per share.

From the beginning of the second half, however, the financial crisis that began in the United States rapidly intensified, leading to a global rapid slowdown in demand, and the Company was forced to record a consolidated net loss of ¥62.5 billion for the six-month period. Consolidated shareholders' equity also fell significantly, by ¥65.4 billion from the end of the first half to ¥122.0 billion as of the fiscal year end.

In light of this situation, the Company is giving the highest priority to quickly rebuilding consolidated shareholders' equity, and regrets to inform shareholders that it does not intend to pay a year-end dividend. As a result, the full-year dividend for fiscal 2008 is scheduled to be the interim dividend of ¥4.0 only. The dividend to be paid for fiscal 2009 has not yet been determined.

## **Management Policies**

### **1. Fundamental Management Policy**

The Fuji Electric Group seeks to benefit society through its corporate activities, continuously growing and raising earnings strength by providing technologies and services that contribute to environmental protection, with the aim of being a corporate group with high social worth that balances "economy," "environment," and "society."

### **2. Medium- to Long-Term Management Strategies and Targets, and Issues facing the Company**

The greatest issue facing the Group is to build on the emergency measures implemented to address drastic market changes during fiscal 2008, to achieve a cost structure that is able to maintain continuous profits even during periods of weak demand. At the same time, medium- to long-term growth requires the building of an optimal business portfolio that anticipates future market trends.

Therefore, we have designated fiscal 2009 as the "Year for Completion of Business Restructuring," and for carrying out initiatives to restore profitability in fiscal 2010.

We are also implementing management reforms to overcome the current difficult market environment while also fostering the creation of a "New Fuji Electric" focused on "Energy and the Environment," thereby adding comprehensive strength to our operating base as a company that continues to evolve with society.

### **(1) Rebuilding the earnings base**

During fiscal 2008, the Company implemented emergency measures to address a sharp drop in demand. These included “total cost reductions,” and “inventory reductions” through temporary factory stoppages and adjustments to operations. At the same time, we began a “business restructuring” to thoroughly realign business activities.

This will involve the recording of one-time expenses, concentrated in fiscal 2008 and 2009, and we intend to complete these measures and lower breakeven levels during fiscal 2009.

### **(2) Overhaul the business portfolio**

In addition to reinforcing the earnings base, we are at the same time overhauling our business portfolio so that it is aligned with market trends for medium- to long-term growth.

The issues of “energy and the environment” are important matters for all mankind, and at the same time, we foresee huge (green) markets being created going forward in conjunction with a “green new deal” and other economic measures being taken by various countries around the world.

Since its establishment, the Fuji Electric Group has built up expertise and a track record as a “manufacturer that pursues products and technologies that provide maximum efficiency while consuming a minimum of resources and energy.” We therefore see these new markets as holding tremendous potential.

Our goal is to overhaul the business portfolio for growth focusing on “Energy and the Environment.”

### **(3) Overhaul the style of management**

#### **(a) Organizational changes to overhaul the business portfolio and rebuild unprofitable businesses**

Specifically, we are working to strengthen the “Energy and the Environment” businesses by integrating the semiconductor business, which to date has focused on stand-alone products with the aim of being “the foremost specialist in the industry,” into the Energy & Electric Systems Group (Fuji Electric Systems Co., Ltd.).

Going forward, the Group will handle a variety of systems and equipment like power supply and solar battery systems for green markets where growth is expected, including “green iDCs” to reduce the power consumption and environmental impact of data centers, and next-generation “smart grid” electrical power networks.

The Group’s semiconductors emphasize high-efficiency, low-loss electrical power conversion, and this integration is intended to expand and strengthen the “Energy and the Environment” businesses by further enhancing the high efficiency and low energy use of the components and systems into which they are installed.

Rebuilding the magnetic disk business is the Group’s top management priority, and a specialized company structure that is aligned with the special features of the business, namely “drastic changes in the market environment and a rapid pace of technological innovation,” is being created.

Furthermore, as an extra measure in this restructuring, the holding company will directly participate in operational execution, with the holding company president (Group CEO) serving concurrently as the president of the specialized company. Having this authority will facilitate swift, strategic, and far-reaching decision making from an overall Group perspective.

(b) Organizational changes for management that is market-oriented and emphasizes R&D

The manufacturing industry's operating environment suggests that product cycles are set to become even shorter as a result of increased commoditization.

The Group will therefore merge its five wholly-owned domestic sales companies into Fuji Electric Systems Co., Ltd., to provide one-stop solutions that package components and systems in tune with the needs and issues of individual customers, while at the same time developing sophisticated solution-based marketing that encompasses both service and engineering functions.

We will also reduce divergence between markets and management by building a supply chain that keeps all business activities – including marketing, production, procurement, and development – consistent with market changes.

We will also merge research and development companies into the holding company. Along with increasing the cohesiveness of Group management by concentrating R&D and new business creation functions at the holding company, this will align technological strategies with Group management strategies and expedite the process from research to commercialization.