

Consolidated Financial Results for 1Q FY2009

August 3, 2009

Fuji Electric Holdings Co., Ltd.

Complete structural reform in FY2009 and restore profitability in FY2010

Key Initiatives

Rebuild a strong earnings base by lowering the break-even point

- Complete structural reform
- Radically cut back on total cost
- Bolster financial strength

Overhaul the business portfolio for future growth

- Shift business focus to the fields of energy and environment
- Transform the organization into an optimal structure to drive business forward

Overhaul of the sales organization (Jul. 1), merger of the semiconductor business division into Energy and Electric Systems Group (Oct. 1), overhaul of the research and development organization (Oct. 1)

Progress Status of Structural Reform

Structural reform and total cost reductions have progressed more rapidly than planned.

Expected Effects in FY2009 (vs. FY2008)	Annual Plans	Results for 1Q	
		Amount	Progress
Total	¥70 bil.	¥25 bil	36%
Structural reform + Total cost reductions	¥43 bil.	¥19 bil	44%
Reduced costs	¥27 bil.	¥6 bil	22%

Structural reform

Businesses segments subject to reform: Magnetic Disks, Semiconductors, Electric Distribution and Control (ED&C) Equipment, Drives* and Automation*

Details: Shift to overseas production, realignment of the production organization in Japan, elimination of unprofitable product lines *Only component products are subject to reform

Total cost reductions

Personnel reassignment and reduction of total costs including personnel expenses (wage revision), capital outlays and R&D expenses.

Strengthen businesses through strategic alliances

Strategic partnership with Toyo Denki Seizo in the field of electrical equipment for rolling stock cars for the global market (Jul. 2009)

Expand sales in the global market by leveraging both companies' management resources.

Capital alliance with TKD-Lambda in the power supply business (Oct. 2009)

Acquire the top share in the Japanese UPS market and increase sales in the green iDC market.

Joint development of next generation GaN and SiC power devices

Expand the business in the following markets: hybrid car, electric vehicle, railway, photovoltaic power generation and wind power generation.

- Foundation of a technology research association with Furukawa Electric for the purpose of joint development of GaN devices (Jul. 2009)
- Commencement of joint development of SiC devices with National Institute of Advanced Industrial Science and Technology (May 2009)

GaN: gallium nitride, SiC: silicon carbide

Formation of a new facility construction company by merging Furukawa Engineering & Construction, Fuji Electric Engineering & Construction and Fuji Denki Sosetsu (Oct. 2009)

Summary of Consolidated Financial Results for 1Q FY2009 (Comparison with Forecasts)

Operating results improved due to the structural reform and total cost reductions which have progressed more rapidly than planned.

(billion yen)

	1Q FY2009 Forecasts	1Q FY2009 Results	Change
Net Sales	140.0	132.3	-7.7
Operating Income	-20.0	-14.6	+5.4
Ordinary Income	-22.0	-15.5	+6.5
Net Income	-17.0	-8.3	+8.7

Sales Exchange Rate US\$	¥90.00	¥97.32
Sales Exchange Rate EURO	¥115.00	¥132.57

Factors Impacting on Net Sales

Energy & Electric Systems	-7.8
Electronic Devices	+2.3
Retail Systems	-1.9

Factors Impacting on Operating Income/Loss

Reduction in Personnel Cost	+0.8	} Reduction in Total Cost +4.0
Reduction in R&D Cost	+0.5	
Reduction in Other Expenses	+2.7	
Cost reduction	+1.0	

Factors Impacting on Non-operating Income/Loss

Exchange Loss	+0.3
Others	+0.8

Factors Impacting on Extraordinary Income/Loss

Effect of Application of Percent of Completion Method	+1.3 (+4.5 +5.9)
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Net Sales and Operating Income by Segment for 1Q FY2009 (Comparison with Forecasts)

The capital investment remains weak although certain markets of the electronic device sector appear to have bottomed out.

(billion yen)

		1Q FY2009 Forecasts	1Q FY2009 Results	Change
Net Sales	Energy & Electric Systems	87.0	79.2	-7.8
	Electronic Devices	22.0	24.3	+2.3
	Retail Sytems	30.0	28.1	-1.9
	Others	8.5	8.2	-0.3
	Elimination	-7.5	-7.5	0
	Total	140.0	132.3	-7.7
Operating Income	Energy & Electric Systems	-8.0	-4.9	+3.1
	Electronic Devices	-11.0	-9.2	+1.8
	Retail Sytems	-0.5	-0.5	0
	Others	0.0	0.3	+0.3
	Elimination/ Corporate	-0.5	-0.4	+0.1
	Total	-20.0	-14.6	+5.4

Energy & Electric Systems

Sales were lower than the previous forecasts due mainly to reduction in demand for component products.
Operating loss improved as a result of cost reduction efforts.

Electronic Devices

➤ Semiconductors:

Sales and operating results both exceeded the previous forecasts due to a sign of recovery seen in the IT/power supply segment and the automobile segment. However, the sales and operating results in the industrial segment remains weak.

➤ Magnetic Disks:

Sales and operating results both exceeded the previous forecasts as the hard disk drive market turned toward recovery from sluggish demand in the previous quarter.

➤ Photoconductors:

Sales and operating results both exceeded the previous forecasts.

Retail Systems

Sales were lower than the previous forecasts as customers limited investment in vending machines due to the economic slowdown.
Operating loss was on a par with the previous forecast as the cost reductions offset the declined sales.

Summary of Consolidated Financial Results for 1Q FY2009 (YoY Comparison)

(billion yen)

	1Q FY2008 Results	1Q FY2009 Results	Change
Net Sales	171.6	132.3	-39.3
Operating Income	-5.6	-14.6	-9.0
Ordinary Income	-5.0	-15.5	-10.5
Net income before income taxes	-8.7	-10.4	-1.7
Net Income	-6.6	-8.3	-1.7

Sales Exchange Rate US\$	¥104.55	¥97.32
Sales Exchange Rate EURO	¥163.43	¥132.57

Factors Impacting on Net Sales

Energy & Electric Systems	-14.1	Retail Systems	-9.3
Electronic Devices	-17.1		

Factors Impacting on Operating Income/Loss

Cost reduction	+6.0	Reduction in Total Cost +19	
Reduction in Personnel Cost	+5.8		
Reduction in R&D Cost	+2.5		
Reduction in Depreciation and Lease Expense	+2.1		
Reduction in Expenses	+8.6		
Effect of Application of Percent Completion Method	+1.8		
		Reduction in Sales Quantity	-31.1
		Price Decline	-3.1
		Recognized Actuarial Loss	-1.1
		Exchange Rate Effect	-0.5

Total +26.8

Total -35.8

Factors Impacting on Non-operating Income/Loss

Net Interest Expense	-1.4 (+1.1 -0.2)
Exchange Loss	-0.1

Factors Impacting on Extraordinary Income/Loss

Effect of Application of Percent Completion Method	+5.9 (0 +5.9)
Revaluation of Inventories	+1.6 (-1.6 0)
Structural Reform Cost	+1.2 (-1.6 -0.4)

Net Sales and Operating Income by Segment for 1Q FY2009 (YoY Comparison)

(billion yen)

		1Q FY2008 Results	1Q FY2009 Results	Change
Net Sales	Energy & Electric Systems	93.3	79.2	-14.1
	Electronic Devices	41.4	24.3	-17.1
	Retail Sytems	37.4	28.1	-9.3
	Others	10.4	8.2	-2.2
	Elimination	-10.9	-7.5	+3.4
	Total	171.6	132.3	-39.3
Operating Income	Energy & Electric Systems	-2.7	-4.9	-2.2
	Electronic Devices	-4.3	-9.2	-4.9
	Retail Sytems	1.1	-0.5	-1.6
	Others	0.4	0.3	-0.1
	Elimination/ Corporate	-0.1	-0.4	-0.3
	Total	-5.6	-14.6	-9.0

Energy & Electric Systems

Sales and operating loss both worsened due to sluggish demand for component products.

Electronic Devices

➤ Semiconductors:

Sales and operating results both considerably declined due to weak sales and operating results in the industrial segment although IT/power supply segment and the automobile segment have shown a sign of recovery.

➤ Magnetic Disks:

Sales were down as they did not returned to the prior level despite the fact that they turned toward recovery from decline in the previous quarter. Operating results improved due to effect of structural reform.

➤ Photoconductors:

Sales were down due to price decline and exchange rate effect. Operating results were on a par with those in the previous year due to production rationalization.

Retail Systems

Sales and operating results both worsened as beverage manufacturers limited investment in vending machines due to the economic slowdown and other factors.

Consolidated Balance Sheet for 1Q FY2009

Cash equivalent reversed along with redemption of zero coupon convertible bonds

Interest-bearing debts reduced due to collection of trade receivables

Net assets increased due to appreciation in appraised current value of investment securities caused by stock price recovery.

Assets				Liabilities and Net Assets			
	09/03/31	09/06/30	Changes		09/03/31	09/06/30	Changes
Cash and time deposit	85.5	59.0	-26.5	Notes and account payables, trade payables	121.1	100.0	-21.1
Notes and account receivables, trade receivables	178.9	146.2	-32.7	Interest-bearing Debts	416.1	386.7	-29.4
Inventories	150.6	121.2	-29.4	Other liabilities	225.6	207.9	-17.7
Other current assets	48.7	49.4	+0.6	Total liabilities	762.8	694.6	-68.2
Total current assets	463.7	375.8	-88.0	Common stock	47.6	47.6	-
Tangible fixed assets	194.6	192.0	-2.6	Capital surplus	46.7	46.7	0
Intangible fixed assets	10.6	10.7	+0.1	Retained earnings	34.9	26.5	-8.3
Investments and other assets	239.7	274.3	+34.6	Treasury stock at cost	-7.1	-7.1	-0
Total long-term assets	444.9	477.0	+32.1	Shareholders' equity	122.1	113.8	-8.3
Deferred assets	0.4	0.3	-0.1	Valuation and transaction adjustments	8.3	29.9	+21.6
Total assets	908.9	853.0	-55.9	Minority interests in consolidated subsidiaries	15.8	14.8	-1.0
				Total net assets	146.1	158.5	+12.4
				Total liabilities and net assets	908.9	853.0	-55.9
				Shareholders' Equity (%)	14.3	16.8	+2.5
				D/E Ratio (times)	3.2	2.7	-0.5
				Net D/E Ratio (times)	2.5	2.3	-0.2

Free cash flow was secured due to collection of trade receivables and inventory asset reductions.

(billion yen)

	1Q FY2008 Results	1Q FY2009 Results
Cash flows from operating activities	21.6	7.8
Cash flows from investing activities	-2.3	-4.9
Free cash flow	19.3	2.9
Cash flows used in financing activities	-26.9	-29.5
Net increase/decrease in cash and cash equivalents	-7.0	-26.6
Cash and cash equivalents at beginning of year	22.1	85.4
Cash and cash equivalents at end of year	15.4	58.9

Operating results will improve, thanks to recovery in the electronic device market and the steady execution of structural reform.

(billion yen)

	1H FY2009 Forecasts as of 15 May	1H FY2009 Forecasts as of 31 July	Change
Net Sales	303.0	301.0	-2.0
Operating Income	-29.0	-23.0	+6.0
Ordinary Income	-33.0	-27.0	+6.0
Net Income	-23.0	-21.5	+1.5

Sales Exchange Rate US\$	¥90.00	¥93.66
Sales Exchange Rate EURO	¥115.00	¥123.79

Exchange Rate Effect of One Yen for 2Q based on Operating Income/Loss

	US\$	EURO
One yen effect (¥ million)	60	10

(billion yen)

		1H FY2008 Forecasts as of 15 May	1H FY2009 Forecasts as of 31 July	Change
Net Sales	Energy & Electric Systems	192.0	189.0	-3.0
	Electronic Devices	47.5	52.0	+4.5
	Retail Sytems	61.5	58.0	-3.5
	Others	20.5	20.0	-0.5
	Elimination	-18.5	-18.0	+0.5
	Total	303.0	301.0	-2.0
Operating Income	Energy & Electric Systems	-9.0	-6.0	+3.0
	Electronic Devices	-17.0	-14.0	+3.0
	Retail Sytems	-1.5	-2.0	-0.5
	Others	0.0	0.5	+0.5
	Elimination/ Corporate	-1.5	-1.5	0.0
	Total	-29.0	-23.0	+6.0

Disclaimer

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