

# Overseas Operations

## FY2011 Major Initiatives

The operating environment faced by Fuji Electric's overseas operations in fiscal 2011 was plagued by adversity. This adversity came in such forms as the global financial recession that arose from the sovereign debt crisis in Europe, the deceleration of economic growth in China, and the severe flooding in Thailand. The combined impact of these factors contributed to an overall atmosphere of stagnancy.

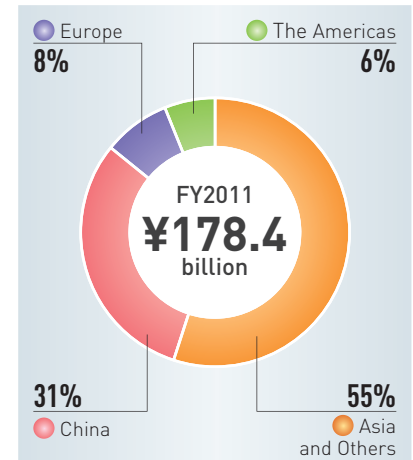
In this harsh environment, sales of power generation-related products, inverters, and ED&C components increased. However, sales of magnetic disks were down, and overseas sales remained relatively unchanged overall at ¥178.4 billion.

Initiatives implemented throughout the fiscal year included the establishment of sales and marketing companies and engineering centers as well as other measures geared toward strengthening the foundations on which we will expand overseas operations.

### Major Initiatives

- Established sales and marketing subsidiary in Indonesia
- Reinforced branch network in India
- Established engineering center in Singapore
- Solidified operations foundations in the Middle East and Australia
- China:
  - Established four-base sales system
  - Expanded sales distributor network

## Distribution of Sales Outside Japan



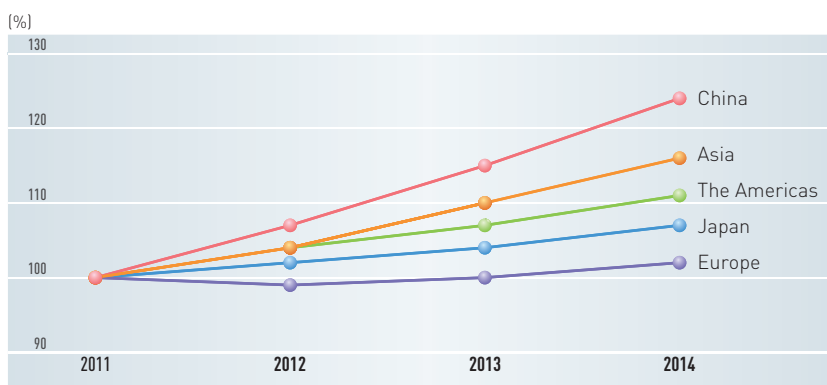
## FY2012 Policies and Strategies

Fuji Electric has positioned China and other regions of Asia, which are expected to experience strong growth, as key strategic regions. In fiscal 2012, we will target the expansion of overseas operations focused on these regions by developing energy-related businesses, an area in which Fuji Electric is particularly strong.

To this end, we are expanding local staff in overseas markets and advancing employee education programs to cultivate human resources that can better compete on the

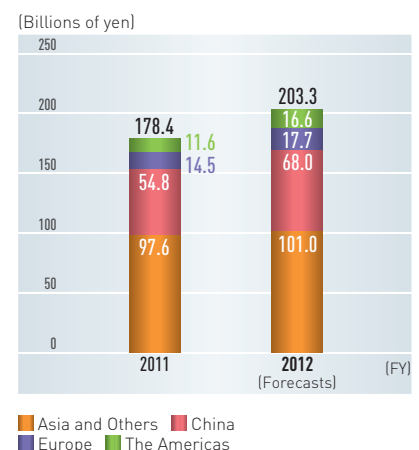
global stage. At the same time, we are striving to conduct as many aspects of overseas operations locally as possible, including design, procurement, and production. Other initiatives include expanding overseas sales networks, strengthening engineering systems, and pursuing cooperation with local companies. Through these efforts, we will vigilantly explore new markets.

## Growth Rates in Target Markets (2012-2014)

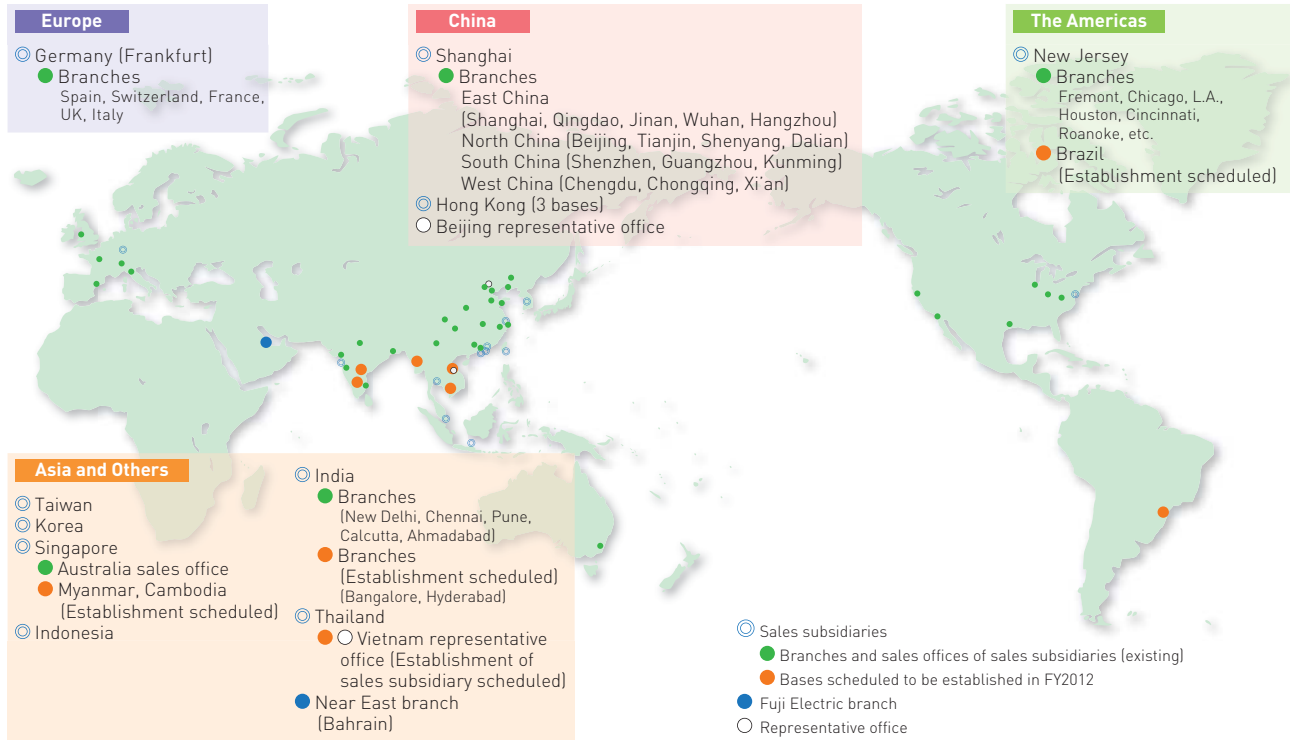


\* Fuji Electric's estimates, 100% in 2011

## Sales Outside Japan



## Overseas Operating Bases



In China, we anticipate that internal demand will grow due to the drive for energy-saving measures and that investment in infrastructure in inland regions will rise. To better respond to the demand this will create, we are strengthening the human side of operations by bolstering local sales staff and promoting local employees to management positions, while also taking steps to develop an integrated production system that allows for various aspects of operations—ranging from product development to production—to be conducted locally.

In this market, our business expansion efforts will be centered on our four principal sales bases—located in Shanghai, Shenzhen, Beijing, and Chengdu—through which we will develop inverter, power semiconductor, ED&C component, and measuring instruments and equipment operations targeting the market for energy-saving measures. As one facet of these efforts, we will work to further expand our sales network by increasing the number of sales distributors, while approaching new customers through collaboration with local companies. In addition, we will implement customer service improvement initiatives, such as offering technical engineering training to distributors.



In other regions of Asia, internal demand is expected to rise and there will most likely be demand increases associated with reconstruction efforts following the Thailand floods. Amidst these rises, our main targets will be Indonesia and other ASEAN markets in which investment in social and industrial infrastructure has begun to accelerate. In these markets, we will pursue the expansion of businesses related to inverters, UPSs, and plants and systems for thermal and geothermal power generation projects and manufacturers like steelmakers.

The expansion of our sales network is also being targeted, and we increased the number of branches of our Indian sales and marketing company and also established sales companies and bases in Vietnam, Myanmar, and Cambodia. At the same time, we enhanced the ability of overseas bases to respond appropriately to demand by bolstering staff and strengthening engineering functions.



In Europe, we will target business growth by introducing new power semiconductor and inverter products and expanding sales distributor networks in regions where demand in the markets for new energy and energy-saving measures is expected to increase.

For power semiconductors, we will push forward with R&D initiatives geared toward creating products for responding to the demand for high-capacity products for wind power generation and other systems. These initiatives will be principally conducted at the technical center established in Frankfurt, Germany. In regard to inverters, target markets include air conditioning and water treatment systems, cranes, and elevators. Targeting these markets, we will bolster local sales engineer staff and accelerate efforts to promote acceptance of our specifications.



As we forecast increased development of infrastructure for renewable energy, we will endeavor to strengthen our responsiveness to local demand for power plants as well as our engineering systems in these fields.

In April 2012, Fuji Electric approved plans to conduct capital participation in Hudson Ranch Power II LLC, which will conduct a geothermal power generation project in California in the United States. An investment agreement entailing the acquisition of a 10% stake in the Company was subsequently concluded. Moving forward, we will advance measures in preparation for the commencement of operations at this project in 2015, while also acquiring additional orders for geothermal power.

We will also expand sales of Quick Chargers in the EV market, which is projected to see demand growth into the future.

Going forward, we are planning the establishment of a sales base in Brazil. Leveraging this base, we will work to develop businesses relating to growth markets in Central and South America by entering into markets for inverters, power semiconductors, and industrial plants and systems, and developing new products for these markets.