



New Brand Statement

In July 2012, Fuji Electric adopted its new brand statement.
The new brand statement is a proclamation of the value that
Fuji Electric is committed to providing to society.

We aim to clearly communicate to the world the value provided within our business domain,
and further raise the recognition and understanding
of markets and society with regard to Fuji Electric.

Innovating Energy Technology

Through our pursuit of innovation
in electric and thermal energy technology,
we lead to a responsible and sustainable society.

Corporate Philosophy

● Corporate Mission

We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.

Our mission is to:

Contribute to prosperity

Encourage creativity

Seek harmony with the environment

Management Policies

- ① Through our innovation in energy technology, we contribute to the creation of responsible and sustainable societies.
- ② Achieve further growth through our global business expansion.
- ③ Maximize our strengths as a team, respecting employees' diverse ambition.

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We have compiled a summary of our management activities into a single yearly report.

In order to better facilitate stakeholder understanding of the Company's management activities, we have combined the Annual Report, in which we report on the Company's management policies and financial data, and the CSR Report, in which we report on our environmental and social efforts, into a single yearly report that compiles a summary of our management activities.

This report focuses primarily on social, environmental, and other corporate social responsibility (CSR) topics. For more detailed information, please refer to our website.

Fuji Electric website <http://www.fujielectric.com/>

Period of the Report	This report covers fiscal 2011 (April 1, 2011, to March 31, 2012). Although the report focuses on the results of fiscal 2011 business activities, descriptions of some earlier and some more recent initiatives are also included.
Non-Financial Reporting Guidelines Employed	<ul style="list-style-type: none"> • ISO 26000 (guidance on social responsibility) • Sustainability Reporting Guidelines Version 3.1 (G3.1), Global Reporting Initiative (GRI) • Environmental Reporting Guidelines 2012, Ministry of the Environment
Publication Date	September 2012

Cautionary Statement With Respect to Forward-looking Statements

Statements made in this report with respect to Fuji Electric's plans, strategies, and future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. Potential risks and uncertainties include: (1) sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from revisions to trade regulations; (2) exchange rates, particularly between the yen and the U.S. dollar and Asian and European currencies; (3) the ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technologies in a timely manner and to manufacture them in a cost-effective way; (4) the rapid pace of technological innovation, especially in the field of electronics; (5) sudden changes in the supply and demand balance in the markets Fuji Electric serves; (6) problems involving the intellectual property rights of Fuji Electric and other companies; (7) fluctuations in Japanese stock markets; and other risk factors. Accordingly, actual results could differ from those contained in any forward-looking statement.

Fuji Electric's Energy-Related Businesses

Fuji Electric's energy-related businesses utilize its electric and thermal energy technologies to contribute to society, in everything from energy creation in the area of power supply, energy conservation in the area of demand, to the optimal energy management used to join the two.

Energy Management

- Community energy management system
- Smart meters
- Substation equipment



Community energy management system

Power Plants

- Steam turbines
- Power generation facilities
- Solar cells
- Fuel cells



Steam turbines

Factories

- Industrial-use inverters
- Synchronous motor systems
- Power semiconductors
- Rectification equipment
- Clean rooms
- Magnetic contactors / Molded-case circuit breakers
- Power receiving and distribution substation equipment



Industrial-use inverters

Automobiles

- EV systems
- Automotive-use IGBTs
- Power MOSFETs
- Quick Chargers



EV systems

Railways

- Main converters
- Main electric motors
- Linear door systems



Main converters for N700 Series Nozomi Shinkansen

Stores

- Vending machines
- Food service equipment
- Refrigerated and freezer showcases
- Energy-saving stores



Refrigerated and freezer showcases

Office Buildings

- General-purpose inverters
- Uninterruptible power supply systems (UPSs)
- Switching power supplies
- Local air conditioning systems
- Internet data centers (IDCs)



IDCs

Fuji Electric's Global Presence

Fuji Electric is contributing to the resolution of social issues, such as those related to energy and the environment, around the world through the provision of its various products and services.



China



Our vending machines are placed in a number of locations, including public facilities such as airports and subway stations as well as in office buildings, factories, and schools.



Our power semiconductors are helping save energy and resolve environmental issues through their usage in inverters, elevators, air conditioning facilities, solar and wind power generation systems, electric and hybrid-electric buses, and other items.



Our inverters are used in high-rise distribution warehouses, thus facilitating smooth selection and storage of wares.



The electric induction furnaces we supply are essential in melting the metals needed to make automobiles, construction equipment, and other items.

Asia



South Korea

We provide highly efficient UPSs to major electric machinery manufacturers to stabilize operation of their ultra-efficient processing production lines.



Singapore

We provide inverters featuring specialized functions to be used in the air conditioning and pump control systems at Gardens by the Bay, one of Asia's largest botanical gardens.



The Land Transport Authority is supplied with equipment, such as inverters, auxiliary power supplies, and motors, for use in state-of-the-art subway trains.



Indonesia

We have delivered nine geothermal power generation systems to this geothermal power-rich nation.



Oceania



New Zealand

We have constructed a geothermal power plant that employs a triple flash system to realize the highest single unit generation capacity in the world*.



Thailand

We supplied the steam turbines and all of the generator units used in the Maemo Power Plant, one of South-east Asia's largest coal-fired thermal plants.



India

Major elevator manufacturers are supplied with our powerful and easy-to-use specialty inverters.

Middle East



UAE

We delivered and installed aluminum electrolytic rectifying facilities with the world's largest capacity in an aluminum smelting plant.



Bahrain

We supply 220kV gas-insulated switchgears for use in the transmission equipment of power companies.



Africa



South Africa

To a government-run power utility, we supply transformers (800kV shunt reactors) capable of handling voltages of among the highest levels in the world.

The Americas



The power semiconductors we provide are used in generating solar power, wind power, and other forms of renewable energy.



We have supplied the New York City Transit Authority with linear door systems for trains.



Europe



Germany

Our 100kW fuel cells equipped with hypoxic supply functions, which supply electricity and heat while helping prevent fires, are used in data centers and other facilities.



France

The company manufactures differential pressure transmitters that can measure pressure differences under higher levels of static pressure than any other transmitter in the world*. In France and around the world, these items are supplied to manufacturers of three-phase flow meters for use in drilling offshore oil wells.



Spain

Our inverters are used in the elevator currently under construction in the tower portion of the Sagrada Familia.

* As of July 2012, based on Company data

Consolidated Financial Highlights

Fiscal year	Millions of yen				Thousands of U.S. dollars*1	
	2007	2008	2009	2010	2011	2011
Operating Results						
Net sales	¥922,172	¥766,637	¥691,223	¥689,065	¥703,534	\$8,579,684
Operating income (loss)	35,883	(18,855)	924	11,917	19,252	234,789
Net income (loss)	16,792	(73,306)	6,757	15,104	11,801	143,925
Cash Flows						
Cash flows from operating activities	¥(13,195)	¥ 23,101	¥ 11,923	¥ 53,853	¥ 28,314	\$ 345,294
Cash flows from investing activities	(36,694)	(12,278)	(528)	84,241	(13,489)	(164,501)
Free cash flow	(49,889)	10,823	11,395	138,094	14,825	180,793
Cash flows from financing activities	54,211	53,753	(62,575)	(93,468)	(32,593)	(397,471)
Cash and cash equivalents	22,092	85,365	37,283	81,796	64,261	783,682
Equipment and R&D Investment						
Plant and equipment investment*2	¥75,260	¥33,457	¥19,124	¥27,223	¥24,989	\$304,751
Depreciation and amortization*3	21,528	23,919	26,053	27,945	29,755	362,875
R&D expenditures	31,260	30,394	24,296	32,568	32,247	393,262
Financial Position						
Total assets	¥1,035,951	¥908,941	¥908,938	¥805,797	¥792,848	\$9,668,879
Total net assets	263,255	146,113	196,134	174,935	183,217	2,234,356
Interest-bearing debt	356,226	416,083	359,790	274,019	255,865	3,120,311
Ratios						
Total net assets ratio (%)	24.6	14.3	19.7	19.3	20.6	—
Debt-equity ratio (times)*4	1.4	3.2	2.0	1.8	1.6	—
Net debt-equity ratio (times)*5	1.3	2.5	1.8	1.2	1.2	—
Return on equity (ROE) (%)	6.3	(38.1)	4.4	9.0	7.4	—
Return on assets (ROA) (%)	1.6	(7.5)	0.7	1.8	1.5	—
Per Share Data						
	Yen				U.S. dollars*1	
Net income (loss)	¥ 23.49	¥(102.57)	¥ 9.46	¥ 21.14	¥ 16.52	\$0.201
Cash dividends	8.00	4.00	1.50	4.00	4.00	0.049
Net assets	355.98	182.37	250.28	217.40	228.91	2.792

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥82=U.S.\$1, the approximate exchange rate at March 31, 2012.

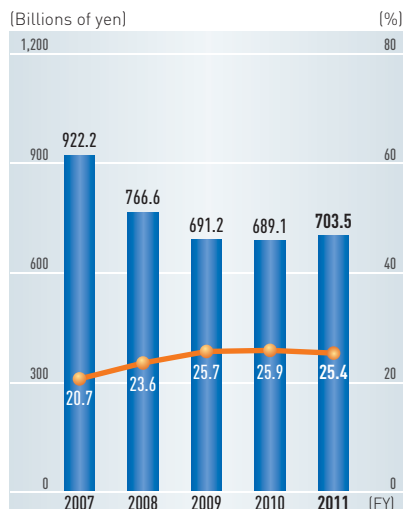
*2 Plant and equipment investment is the total of investment in tangible fixed assets and acquisition amounts for lease contracts.

*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.

*4 Debt-equity ratio: Interest-bearing debt / Net assets

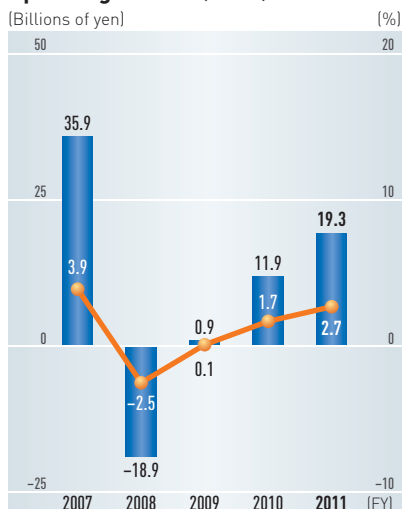
*5 Net debt-equity ratio: Net interest-bearing debt (interest-bearing debt-cash and cash equivalents) / Net assets

Net Sales / Ratio of Overseas Sales to Net Sales



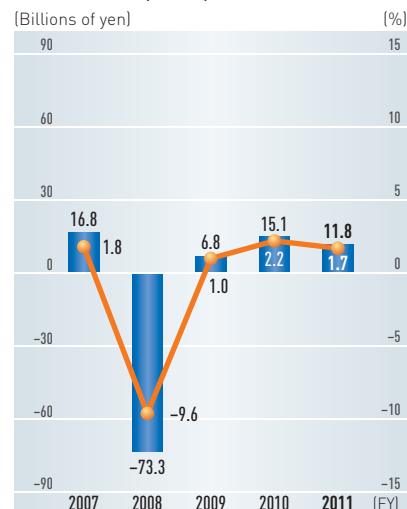
■ Net Sales (left)
● Ratio of Overseas Sales to Net Sales (right)

Operating Income (Loss) / Ratio of Operating Income (Loss) to Net Sales



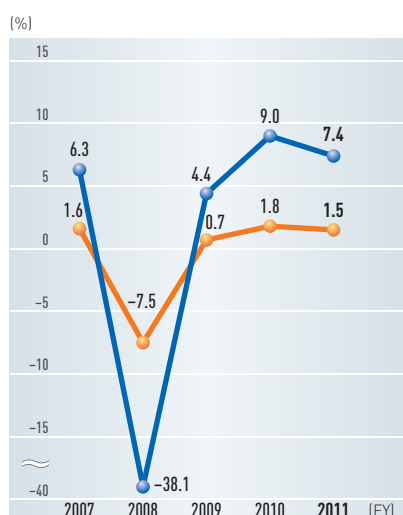
■ Operating Income (Loss) (left)
● Ratio of Operating Income (Loss) to Net Sales (right)

Net Income (Loss) / Ratio of Net Income (Loss) to Net Sales



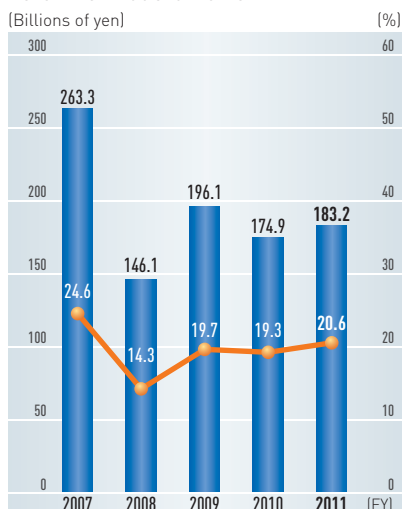
■ Net Income (Loss) (left)
● Ratio of Net Income (Loss) to Net Sales (right)

ROA / ROE



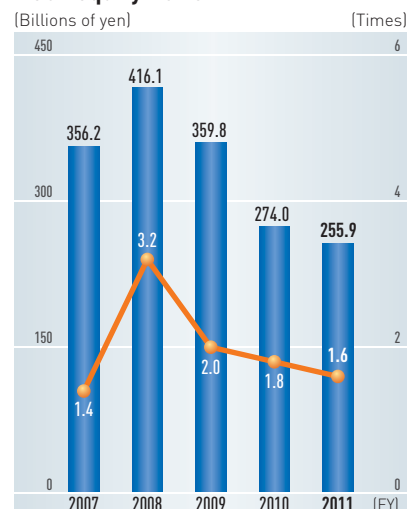
● ROA
● ROE

Total Net Assets / Total Net Assets Ratio



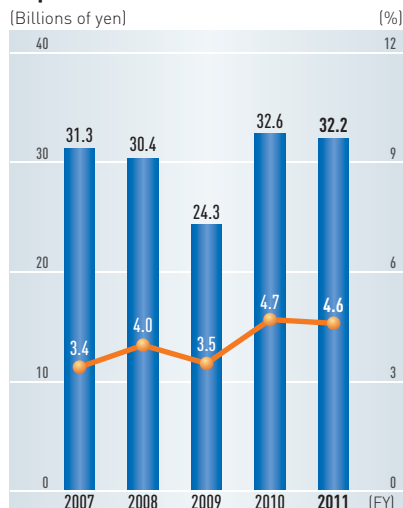
■ Total Net Assets (left)
● Total Net Assets Ratio (right)

Interest-bearing Debt / Debt-equity Ratio



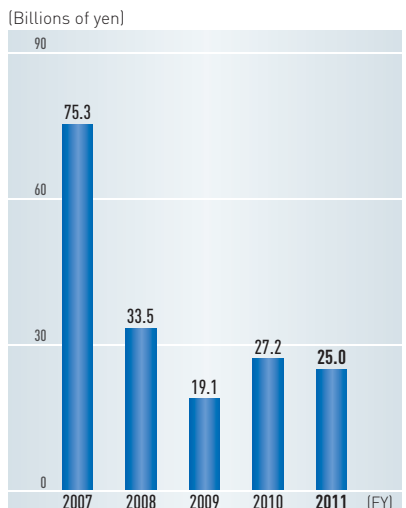
■ Interest-bearing Debt (left)
● Debt-equity Ratio (right)

R&D Expenditures / Ratio of R&D Expenditures to Net Sales

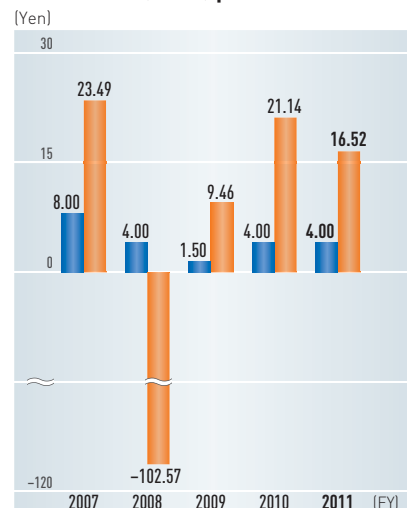


■ R&D Expenditures (left)
● Ratio of R&D Expenditures to Net Sales (right)

Plant and Equipment Investment



Cash Dividends per Share / Net Income (Loss) per Share



■ Cash Dividends per Share
■ Net Income (Loss) per Share

Contributing to the realization of a sustainable society will win Fuji Electric further endorsement.



On behalf of Fuji Electric, I would like to express our sincere gratitude to our stakeholders for their continued support and understanding.

Contributing to Society through Energy-Related Businesses

Fuji Electric aims to develop with society sustainably. Therefore, we have set out a management policy calling on us to *through our innovation in energy technology, we contribute to the creation of responsible and sustainable societies and achieve further growth through our global business expansion.*

For Fuji Electric, technologies for electricity and thermal energy, based on power electronics technologies, are core technologies the Company has honed continually since its foundation. These technologies play a pivotal role in our energy-related businesses, which operate in three sectors: *energy creation*, providing clean environmentally-friendly energy; *energy conservation*, realizing efficient energy use; and *energy management*, linking them optimally. Through our energy-related businesses, we are working to help solve such environmental issues as global warming and energy-related problems.

Fiscal 2012 Management Policy

Expand energy-related businesses

Contribute to the realization of a safe, reliable, and sustainable society through technologies for electricity and thermal energy

Globalize

Build overseas businesses to expand our business on a global scale

Realize concerted strength as a team

- Realize concerted strength through diverse personnel / organizations
- Make effective use of overseas personnel

Michihiro Kitazawa

President and Representative Director
Fuji Electric Co., Ltd.

Revenue and Earnings Up for Fiscal 2011 Despite Tough Conditions

Looking back, fiscal 2011, which ended March 31, 2012, began under exceptional circumstances. The Great East Japan Earthquake made component and material procurement problematic and restricted power supplies. Consequently, we were unable to announce a business results forecast until July. Meanwhile, business conditions overseas were challenging. As well as a worsening of the global economy stemming from Europe's financial crisis, China's economic growth softened, and there was severe flooding in Thailand.

Amid these business conditions, Fuji Electric took a range of measures to address the following problems.

1. The deceleration of operational implementation and dispersing of responsibility
2. The wide range of Fuji Electric's operations centered on *energy and environment*
3. The insufficient market orientation of business management
4. The weakening of manufacturing capabilities
5. The need to step up operational restructuring to enable responsiveness to market changes (Magnetic Disks and Vending Machines business segments)

Tackling the first problem, we further enabled integrated business management by abolishing the holding company system and re-launching the "New Fuji Electric" as an operating company in April 2011. At the same time, we reduced the number of executive officers from 53 to 18 to speed up decision making and clarify responsibility.

As for the second problem, we reviewed the system through which we realize *energy creation, energy conservation, and energy management* based on power electronics technologies and reorganized business segments.

Regarding the third problem, we rebuilt our business management system to make it more oriented

towards markets and customers. This new system comprises the newly established Corporate Marketing Headquarters and Sales Headquarters, which prepares sales strategies that reflect market trends and customer needs and is responsible for sales. This reorganization led to the preparation of a long-term business management policy, the 10-Year Vision, and a 3-Year Rolling Plan, which sets out medium-term goals.

In response to the fourth problem, we positioned the Saitama Factory as the production technology division's mother plant and developed operations accordingly.

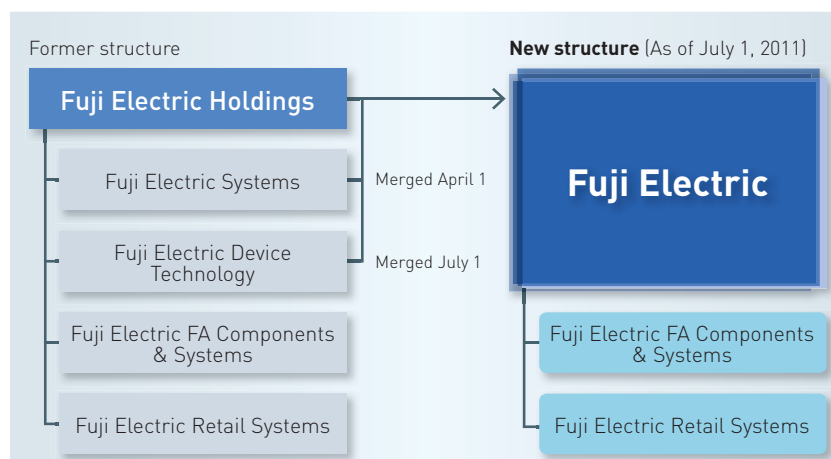
For the last problem, we consolidated respective operations at a single location, which enhanced efficiency and reduced fixed cost significantly, thereby realizing a dramatic improvement in profitability and moving the Magnetic Disks business and the Vending Machines business segment into the black.

The above summarizes the main issues and our measures to address them in fiscal 2011.

As a result of these measures, net sales for fiscal 2011 rose 2.1% year-on-year, to ¥703.5 billion. We achieved this due to higher revenue from the Energy, Social Systems, Power Electronics, and Electric Distribution and Control (ED&C) Components business segments, despite tough business conditions caused by a lackluster market from the beginning of the fall and by appreciation of the yen.

Also, operating income saw a steep 61.6% year-on-year increase, to ¥19.3 billion, reflecting the realization of operating income by the Magnetic Disks business and the Vending Machines business segment and rigorous cost reduction. However, the drive business of the Power Electronics business segment—a mainstay of the Company's revenue and earnings—recorded a significant decline in earnings because cost reductions could not offset the higher selling, general and administrative expenses resulting from efforts to step up worldwide sales. Furthermore, the semiconductor business of the Electronic Devices business segment saw earnings decline due to unfavorable exchange rates and a rise in fixed cost accompanying advance investment. Restoring the earning power of these two businesses is one of our main tasks going forward.

Birth of the "New Fuji Electric"



Formation of Solid Foundation for Business Management in Fiscal 2012

■ Reorganizing Businesses Based on a Medium-to-Long-Term Viewpoint

At the beginning of fiscal 2012, we reformed the organization of our businesses in light of problems and shifts in business conditions that had emerged during the previous fiscal year.

As well as establishing a new Global Business Group with a view to expanding global operations, we underwent reorganization in April 2012 to consolidate seven former business segments into five business segments: Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, Electronic Devices, and Food and Beverage Distribution. Incorporating the substation business assumed from Japan AE Power Systems Corporation into the Company enabled the creation of the Power and Social Infrastructure business segment, which encompasses all smart community operations—from power generation through to power demand-side operations. Furthermore, the Great East Japan Earthquake has prompted a reevaluation of food safety and reliability. Against this backdrop, we merged store distribution operations and the Vending Machines business segment to form the Food and Beverage Distribution business segment. Through this business segment we aim to develop new products and create new businesses by combining technologies for electrical energy that we have cultivated over many years with heating and cooling technologies. Also, we incorporated the ED&C Components business segment into the Power Electronics business segment with the intention of strengthening operations by realizing synergies with the Power Electronics business segment. This reorganization has established a structure for advancing energy-related businesses that are founded on our technologies for electricity and thermal energy.

■ Formation of Solid Foundation for Business Management

In fiscal 2012, amid economic conditions in which the

Business Segments for FY2012

FY2011 Segments

Segment	Subsegment
Energy	
Industrial Systems	
Social Systems	Energy Distribution
	Store Distribution
	Social Information
Power Electronics	
Electronic Devices	
ED&C Components	
Vending Machines	

FY2012 New Segments

New Segment	New Subsegment
Power and Social Infrastructure	Power Generation
	Social Infrastructure
Industrial Infrastructure	Industrial Plants
	Facilities
Power Electronics	Drive
	Power Supply
	ED&C Components
Electronic Devices	Semiconductors
	Magnetic Disks
Food and Beverage Distribution	Vending Machines
	Store Distribution

outlook is becoming increasingly uncertain, we will tackle the following three priority tasks to global operations.

Strengthen Manufacturing Capabilities and Increasing Earning Power through Rigorous Cost Reduction

We believe that the source of manufacturers' competitive strength lies in their facilities and equipment and production technology capabilities. Within Fuji Electric, as engineers and technicians reach retirement, the number of key personnel supporting manufacturing is declining. Moreover, our manufacturing capabilities have weakened due to our response to the appreciation of the yen in the early 2000s: We accelerated the transfer of manufacturing to areas outside of Japan, mainly to China, while expanding production outsourcing to reduce cost.

To achieve this successfully we must have the ability to manufacture products that are competitive in markets around the world, which means it is critical that we strengthen our manufacturing capabilities—the core of any manufacturer. With this in mind, we concentrated the mother plant functions of the production technology division at our Saitama Factory. As well as bolstering production technology capabilities and adopting a “black box” approach to core technologies, facilities, and equipment, we have begun fostering production engineers and technicians who will be able to contribute to operations at overseas manufacturing bases.

In addition, we will enhance profitability by lowering purchasing cost through the expansion of global purchasing and centralized purchasing while realizing rigorous cost reduction.

Improve Cash Flows by Rigorously Reducing Inventories

Aiming to create cash flows, we will advance operational reform through supply chain management that entails a reduction in lead times and inventories while pursuing a

selection and concentration investment strategy. These initiatives will increase earnings and create cash flows, which we will exploit to fund mergers and acquisitions (M&As) aimed at realizing our growth strategy and expanding operations overseas.

Advance Local Design and Manufacturing for Local Consumption to Expand Global Operations

For overseas operations, positioning Asia and China as priority regions with strong growth potential, the newly established Global Business Group will prepare global strategies aimed at expanding operations. Furthermore, we will establish a local self-contained

business model. In other words, we will conduct in-depth marketing locally and design and develop products locally based on the needs identified, purchase and manufacture locally, and sell products for local consumption.

In addition, plans call for further expanding and enhancing sales bases in Asia, China, and South America. In particular, we want to step up operational collaborations with local companies in Asia. Furthermore,

we intend to accelerate the establishment of overseas operational foundations by increasing local personnel and developing "global" personnel.

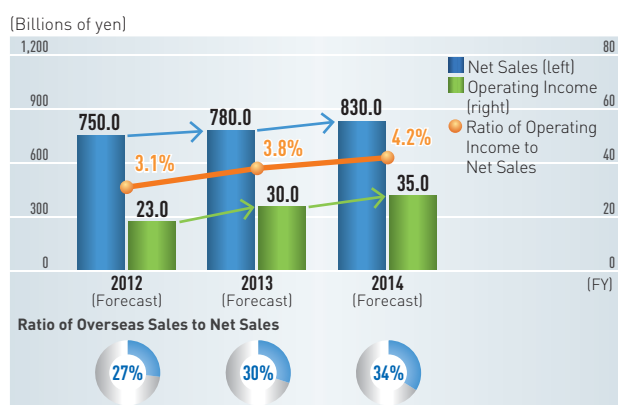
Through these initiatives, we expect to achieve year-on-year increases of 6.6% in net sales for fiscal 2012, to ¥750 billion; 19.5% in operating income, to ¥23 billion; and 10.2% in net income, to ¥13 billion.

Aiming to Expand Global Operations Based on 3-Year Rolling Plan

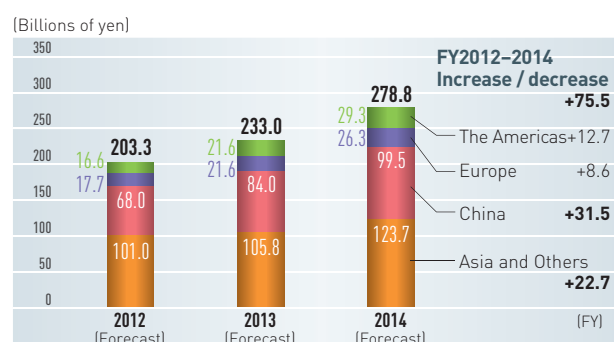
As part of our 3-Year Rolling Plan launched from the current fiscal year, our goal for fiscal 2014 is to increase net sales by 11% to ¥830 billion, and 52% in operating income, to ¥35 billion, as compared to the current fiscal year. In order to achieve sustainable profitability and growth, we will curb capital investment by implementing a strategy of selection and concentration for the power semiconductors business while allocating management resources to power electronics products that

use power semiconductors and to industrial- and social infrastructure-related businesses, which operate systems businesses centered on such power electronics. Focusing efforts on expanding operations globally mainly through energy-related businesses in China and Asia, we plan to increase overseas sales ¥75.5 billion in fiscal 2014. We are striving to grow our overseas sales to account for 34% of net sales in fiscal 2014, up from 27% for fiscal 2012.

Net Sales / Operating Income



Overseas Sales



Realizing Concerted Strength as a Team, Contributing to the Realization of a Safe, Reliable, and Sustainable Society

Fuji Electric pledged participation in the United Nations Global Compact (GC) in 2010. We view the 10 universally accepted principles in the areas of human rights, labour, the environment, and anti-corruption as vital guidelines in our global business development. Accordingly, we have reflected the GC in the Fuji Electric Code of Conduct, which we are putting into practice. Furthermore, in fiscal 2011 we used the corporate social responsibility (CSR) international standard ISO 26000 to categorize our CSR tasks and identified our CSR goals. To realize these goals, we will advance CSR-based business management as a global company.

In July 2012, we set out a new brand slogan: "Innovating Energy Technology," clearly expressing our business domain and the value we provide. Based on our commitment of leading to a responsible and sustainable society through our pursuit of innovation in

electric and thermal energy technology, our approximately 28,000 employees worldwide will realize concerted strength as a team as they help customers around the world and create a company that truly contributes to the realization of a safe, reliable, and sustainable society.

In closing, we would like to ask for the continued support and understanding of all our stakeholders.

July 2012

Michihiro Kitazawa

President and Representative Director
Fuji Electric Co., Ltd.

Manufacturing Techniques Contributing to Eco-Friendliness throughout Product Lifecycles

—Design, Procurement, and Production of Inverters

Embodied in Fuji Electric's Corporate Philosophy is our pledge to continue to be an eco-friendly company comprised of responsible corporate citizens in a global society.

By accomplishing this goal, we hope to contribute to environmental preservation through the lifecycles of our various products. In this special feature, we will present some of the initiatives being introduced throughout the lifecycle of our mainstay inverter products, which are a key component for realizing energy savings in industrial fields.



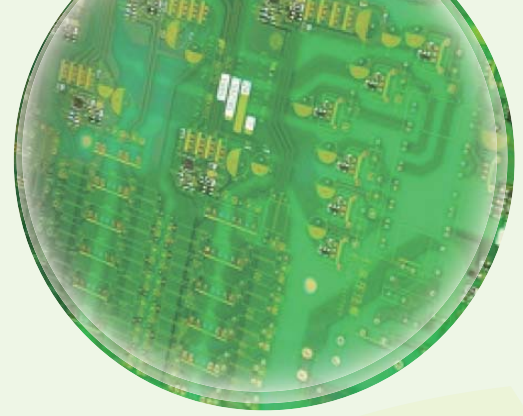
Pursuing Longer-Lasting, More-Durable Products

Inverters are combined with motors and are widely used in industrial and social infrastructure, including air conditioner fans, water circulating pumps, cranes, and elevators. By adjusting motor output and optimizing rotation frequency according to use, inverters are able to contribute to energy savings.

The Company's inverter design and development divisions are pursuing energy savings and working to extend product lifespan with the aim of reducing the environmental impact of these products. Extending product lifespan is a particularly important theme to be addressed as a part of the product's lifecycle due to the contributions that longer-lasting products can make to effective resource utilization. In addition to increasing lifespan, we are also designing and developing inverters to be more durable, as they are central components in a variety of equipment and machinery and must be used continuously over long periods of time.



Design and development efforts in the pursuit of energy savings and extended product lifespans



Doubling Product Lifespans to Reduce Resource Usage

The Japan Electrical Manufacturers' Association (JEMA) has not formulated standards for inverter lifespan. Rather, the Company has established its own product lifecycle standards, based on which it targets lifespans of 15 years. These standards were established with the aim of enabling customers to use our products with peace of mind for as long as possible.

For inverter components that must be replaced, such as condensers and cooling fans*, we take a number of steps to ensure that these components are also long-lasting. Carefully re-evaluating each step of the manufacturing processes for these components, we stringently select materials, revise the designs of printed wiring boards (PWBs), and improve soldering equipment. Through these efforts, we have successfully developed components with lifespans of approximately 10 years, whereas their predecessors only lasted 5 years. These longer-lasting components help reduce resource usage as well as free customers from the hassle of frequent replacements.

In our constant quest to improve the durability of Fuji Electric inverters, we test them under high-temperature and high-humidity environments, while frequently stopping and starting testing apparatuses. We feel that these testings are a necessary step in ensuring satisfactory levels of durability.

Furthermore, the Company aims to reduce the environmental impact of its inverters when they are disposed of. To this end, coordination with quality assurance and procurement divisions is pursued to develop product designs that do not contain hazardous substances, and are compliant with the European Union's Restriction of Hazardous Substances (RoHS) Directive and other environmental regulations.

In these ways, we are targeting environmental impact reductions throughout the lifecycle of our products and remain conscientious of this goal throughout our design and development activities.

* The standard replacement term is five years for condensers used in inverters and two to three years for cooling fans.

VOICE Equating Long Lifespans with Quality in Product Designs

Were an inverter to cease functioning due to one of its components wearing out, it could bring a factory's production line to a halt. For this reason, long lifespans are incredibly important for inverter components.

In particular, condensers are critical to the durability of our inverters as they play an important role in filtering electrical interference. Bearing this in mind, we have compared the condensers of various manufacturers, inspecting their materials as well. For use in our inverters, we have selected those condensers that, through these comparisons, proved to be exceptionally heat resistant and capable of handling significant loads while also matching the operating conditions of all Fuji Electric inverters.

Temperatures surrounding inverters greatly affect lifespan, thus making cooling fans vital to longevity. Therefore, we selected optimal fans based on the results of airflow simulations conducted from various angles, and have also redesigned the structure of our inverters to increase the cooling effect gained from fans.

Due to such improvements, the inverters we currently sell have lifespans as long as 10 years. Going forward, we will continue to target higher levels of customer satisfaction by developing inverter designs that equate long lifespans with quality.



(Left)
Yuhei Suzuki
Standard Drive Development Section
Development Department

(Right)
Takanori Shintani
Global Drive Development Section
Development Department



Procurement

Compiling Databases of Chemical Substances Contained in Components

Inverters are created by assembling over 500 different components, including fan motors, cooling units, electric components, power semiconductors (insulated gate bipolar transistor modules (IGBTs)), and plastic cases. In making its inverters, the Company procures a number of these components from other manufacturers.

The procurement division of the Suzuka Factory in Japan, where the Company's inverters are produced, selects suppliers based on the Fuji Electric Green Procurement Guideline*, which set standards for procuring components with low environmental impact. The division also carefully manages each component to ensure that they do not contain any substances prohibited by these standards. In this way, we are reducing environmental impacts across the entire supply chain.

Specifically, we require suppliers to submit a certificate showing that prohibited substances are not used or contained in their products. Furthermore, Fuji Electric compiles databases on the chemical substances contained in the various components it uses, and shares this information throughout the Company. This information sharing enables the Company to reduce the burden of conducting environmental impact studies relating to itself and its suppliers. Moreover, with the aim of promoting compliance with environmental regulations, we periodically hold explanatory forums for suppliers to verse them on the Company's procurement policies.

Fuji Electric conducts annual environmental audits investigating manufacturing subcontractors to ensure that they adhere to our procurement policies. As part of this process, we visit the factories of subcontractors to ensure that they are taking care to manage and prevent usage of prohibited substances. If any issues are detected, we promptly instruct the concerned party to implement improvements.

* This material procurement guideline outlines standards for evaluating suppliers based on three areas: measures for environmental preservation, measures for construction of management systems for chemical substances contained in products, and measures for content of chemical substances for supplied materials.



Suppliers were called to the Suzuka Factory to discuss means of reducing component numbers

VOICE Sharing a Spirit of Environmental Preservation

My company is a press and sheet metal processing company founded in 1971. In an effort to reduce the environmental footprint of the surrounding community and contribute to environmental preservation, we have acquired ISO 14001 certification and have also established environmental goals. Our efforts toward meeting these goals are accelerating every year.

We supply Fuji Electric's Suzuka Factory with sheet metal and pressed products for use in inverters and motors. The factory orders components from us when they are needed, and we deliver these using the "milk run" method. As we receive orders on a daily basis, production volumes are stable and we are able to keep our inventories low.

We share a mutual goal of environmental preservation with Fuji Electric, and are working together to implement initiatives that help protect the environment.



Masahiko Maeda
President
Maeda Technica Co., Ltd.



Reducing CO₂ Emissions through the “Milk Run” Method

Procurement divisions are working to reduce CO₂ emissions associated with the transportations of products.

One way we are realizing such reductions is through a logistics method known as the “milk run” method. In this method, one large-scale truck collects components from various different suppliers. We have operated one such route since fiscal 2010.

Previously, deliveries along this route entailed several trucks making roundtrips between the Company’s factory and one of six component manufacturers. However, we now use only one large-scale truck to collect deliveries from all six manufacturers. This has resulted in annual CO₂ emissions reductions of 4.5 tons.

Further, Wuxi Fuji Electric FA Co., Ltd., a subsidiary located in China that manufactures inverters, is actively procuring components locally. By purchasing components from local manufacturers rather than have them delivered from Japan, the Company is reducing the CO₂ emitted when transporting these components. This company procures approximately 80% of components locally, with the principle exception being the core IGBTs that are produced by Fuji Electric’s Matsumoto Factory in Japan.



Logistics truck on a “milk run”

VOICE Promoting Indispensable Cooperation with Partner Companies

In procurement divisions, our efforts to reduce environmental impacts can be divided into two main categories: selecting eco-friendly components and reducing logistics-related CO₂ emissions. For the former, we work in close coordination with design and development divisions to ensure that they consider environmental impact reduction when selecting components to be used in drawing up designs. For the latter, we are considering expanding the scope of the logistics initiative involving the “milk run” method that was implemented in fiscal 2010, as this initiative has proven to be highly effective. Also, Wuxi Fuji Electric is increasing the amount of components it procures locally.

Cooperation with partner companies is absolutely essential to the success of such efforts by procurement divisions. Going forward, we will continue to work together with suppliers and subcontractors as we vigorously pursue improved product quality and environmental preservation.



(Left)
Tatsuya Suzuki
Inverter and Servo System Design Section
Design Department

(Right)
Hiroshi Furuichi
Purchasing Section
Purchasing Department



Production

Reforming Production Processes to Minimize Chemical Use

At Fuji Electric factories, we are striving to develop manufacturing processes that not only guarantee the high levels of quality and functionality that customers expect but that are also eco-friendly.

To this end, we are implementing ongoing improvements throughout all areas of production sites. These include the development of new production technologies that reduce resource usage and waste production during manufacturing and the introduction of production facilities that improve electricity and fuel efficiency.

Inverter production begins with the creation of circuit boards. In mounting IGBTs, condensers, and other electronic components to these boards, chemicals such as solder, flux, and cleaning agents are used. In order to minimize the use of these chemicals, we analyze production line processes while sending boards down the line at different angles and speeds and measuring the chemical usage and remaining stock volumes. This information is applied to the development of production processes that use lower volumes of chemicals. Furthermore, we aim to prevent over usage of chemicals or unnecessary release into the atmosphere stemming from deterioration or malfunction of production equipment. In this pursuit, we utilize data collected by analyzing each piece of equipment to inspect and improve facilities, while also preventing waste.

Going forward, we plan to begin production of circuit boards at our production bases in China. To reduce the environmental footprint of our overseas production bases, we will implement the chemical-reduction initiatives that we have put in place in Japan.



Circuit board production equipment

VOICE Achieving Both Improved Productivity and Lower Environment Impact

With the aim of making our manufacturing operations eco-friendly, we have continued to inspect various production facilities used for soldering processes in search of ones that required lower volumes of chemicals. Based on these inspections, we chose to introduce tabletop selective soldering system to replace the previously used inclined wave soldering system.

Previously used facilities enabled solder to be applied to several electronic components at once by submersing them in a solder basin. However, this required flux—a substance used to facilitate this process—to be applied to the entire board, thus resulting in wasted chemicals. Furthermore, this process requires the use of large amounts of nitrogen, as it is effective in limiting the oxidation of solder. The introduction of the selective soldering system has enabled us to realize substantial reductions in flux and nitrogen, with flux usage down 97% and nitrogen usage down 94%.

In this manner, we believe that ideas for reducing chemical usage are often inspired by daily productivity improvement efforts. In the future, we will continue to pursue greater reductions in environmental impact through such straightforward and diligent efforts.



Yasuhiro Shiramizu
Manufacturing Engineering Section
Manufacturing Department



Reevaluating Production Facilities to Reduce Energy Usage

When replacing or introducing new production facilities, we make sure to select those that feature low energy usage.

In fiscal 2011, we confirmed the energy usage levels of all our production facilities. This was a move inspired by the significant pressure that was placed on the supply and demand balance for electricity at the time, a result of the Great East Japan Earthquake which occurred in March 2011. Production lines for circuit boards must be equipped with means of preventing the accumulation of static electricity by controlling levels of humidity. The steam-based humidifiers that were used previously successfully raised humidity levels, but a large amount of electricity was required for heating the water this equipment used. For this reason, we decided to switch to more energy-efficient equipment. Dry fog humidifiers, which do not require heating, were judged to be capable of maintaining sufficient levels of humidity for the operation of circuit board production lines, and their introduction helped realize substantial levels of energy consumption reduction, reducing energy usage by 97% when compared to previous facilities and leading to a year-on-year decrease of 47 tons in CO₂ emissions.

We have also implemented other measures to reduce our environmental impact through lower electricity and fuel usage, including introducing LED lighting and electric forklifts.



Humidity-adjusting dry fog

Lowering CO₂ Emissions at IGBT Production Bases

The IGBT power semiconductor modules mounted on circuit boards are a core element of inverters as they optimize electricity control for the entire device. IGBTs are produced at Fuji Electric's Matsumoto Factory, Fuji Electric (Malaysia) Sdn. Bhd., and four other sites inside and outside of Japan.

IGBT production requires a significant amount of electricity as they must be manufactured by large-scale equipment inside clean rooms that are completely free of dust and other potentially disruptive particles. To reduce its environmental footprint while still meeting this substantial electricity demand, the Matsumoto Factory has introduced cogeneration systems.

Cogeneration systems are a type of in-house generator that utilizes city gas as a fuel source to generate electricity and heat energy. The generation efficiency (ratio of energy used in generation that is converted into electricity) of a standard generator is around 40%. Cogeneration systems, however, utilize exhaust heat in a

highly efficient manner, enabling these systems to realize generation efficiency of closer to 80%. Since 2002, the Matsumoto Factory has introduced three such cogeneration systems, which supply approximately 80% of the energy used by the factory. These systems have also enabled the factory to cut CO₂ emissions by approximately 26% compared with previous levels.



IGBT



Cogeneration System Unit 3

Segment Overview

New Segments for Developing Energy-Related Businesses

Striving to create a system for developing energy-related businesses utilizing energy technologies based on electricity and thermal energy, Fuji Electric changed its segments in April 2012.

As part of this change, we established two new segments: the Power and Social Infrastructure segment and the Food and Beverage Distribution segment. The Power and Social Infrastructure segment handles all aspects of our smart community operations, from power generation to the supply of electricity to users. The Food and Beverage Distribution segment combines store distribution and vending machine operations to create new businesses by fusing electricity technologies with heating and cooling technologies to develop new products. In addition, the ED&C Components and Power Electronics segments were combined into a single segment to generate synergies and strengthen these businesses. Meanwhile, the Industrial Systems segment's name was changed to the Industrial Infrastructure segment, but the segment remained otherwise unchanged. Together with the Electronic Devices segment, this makes for a total of five segments.

Subsegment / Main Products

Power and Social Infrastructure

Power Generation	Thermal / Geothermal / Hydraulic power generation
	Nuclear power-related equipment
Social Infrastructure	Energy management systems
	Substation equipments
	Watt-hour meters
	Radiation monitoring systems
	Transport systems

Industrial Infrastructure

Industrial Plants	Industrial drive systems
	Plant control systems
	Measurement instruments
Facilities	Industrial power supplies
	Power receiving and distribution substation equipment for industry

Power Electronics

Drive	Inverters / Servo systems
	Motors
	EV systems
Power Supply	Uninterruptible power supply systems (UPSs)
	Power conditioners (PCSs)
ED&C Components	Power distribution and control equipment

Electronic Devices

Semiconductors	Power semiconductors
	Photoconductive drums
	Solar cells
Magnetic Disks	Magnetic disks

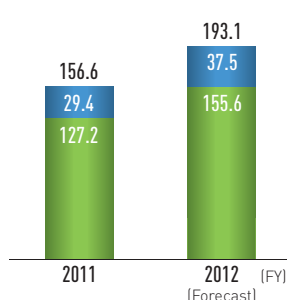
Food and Beverage Distribution

Vending Machines	Food and beverage vending machines
Store Distribution	Retail distribution systems
	Showcases
	Currency handling equipment

Net Sales

■ Japan ■ Overseas

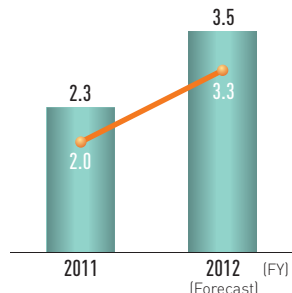
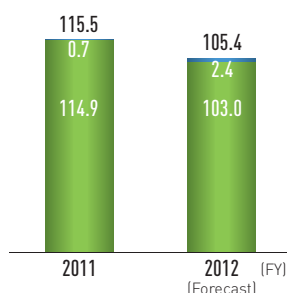
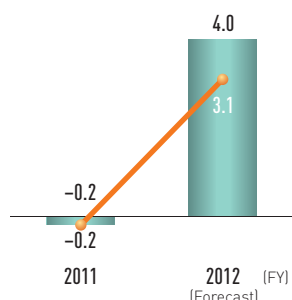
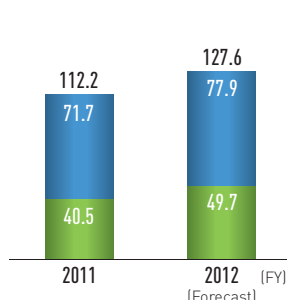
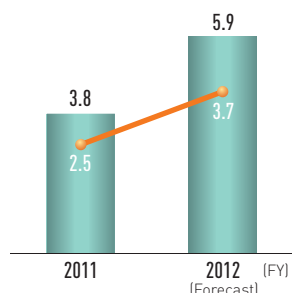
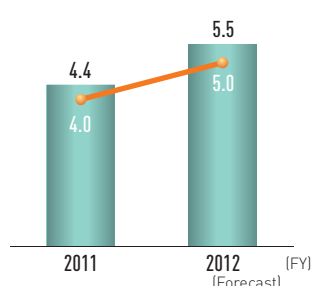
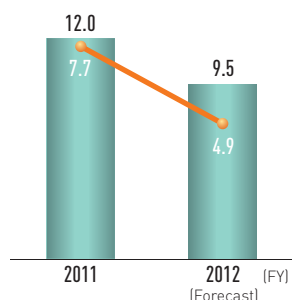
(Billions of yen)



Operating Income (Loss) / Ratio of Operating Income (Loss) to Net Sales

(Billions of yen)

(%)



Three-Year Rolling Plans

(Fiscal 2012-2014)

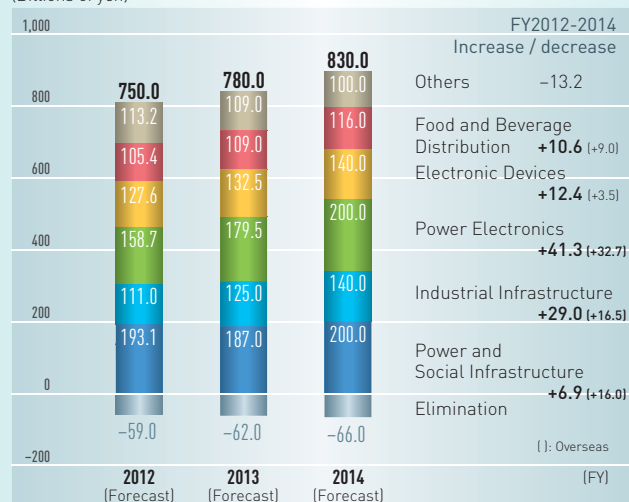
The Company has developed the target for fiscal 2014 of achieving net sales of ¥830.0 billion, 11% higher than fiscal 2012's levels, and operating income of ¥35.0 billion, 52% higher. We will work vigorously over the three-year period from fiscal 2012 to fiscal 2014 to meet these goals.

Looking at different business segments, we will target higher sales in infrastructure businesses (Power and Social Infrastructure and Industrial Infrastructure segments) by leveraging products such as power electronics that utilize the Company's power semiconductors. Furthermore, in the Power and Social Infrastructure, Industrial Infrastructure, and Power Electronics segments, we plan to expand overseas sales to a significant degree.

In addition, we expect all segments to see operating income increases as the Electronic Devices and Power Electronics segments, which experienced deterioration in operating results during fiscal 2011, will record substantial improvements.

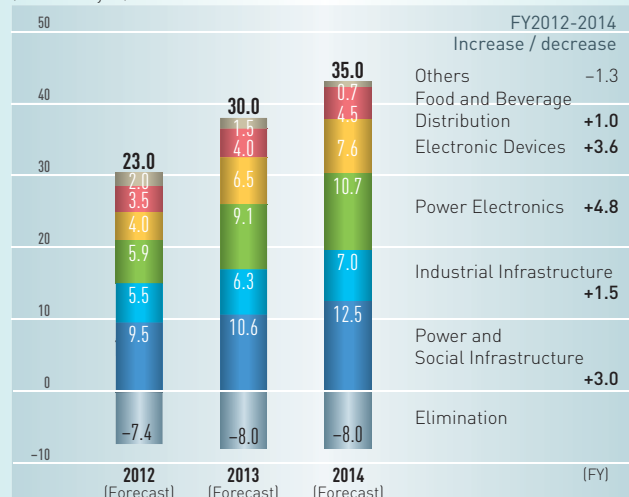
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Power and Social Infrastructure



A Look at the Segment

This segment is divided into the power generation business and the social infrastructure business. The power generation business supplies highly efficient and eco-friendly thermal and geothermal power systems. The social infrastructure business contributes to the realization of smart communities by helping optimally control energy using smart meters, new energy sources, and grid connection and distribution control systems.

Our deliveries of equipment for generating geothermal power—a source of renewable energy—over the past 10 years equate to approximately 40% of all deliveries over that period, representing the leading share in the global market. In this manner, we are helping meet global energy demand.

FY2011 Major Initiatives

In the power generation business, demand for thermal power was strong as electricity demand expanded around the world. Against this backdrop, the Company pushed forward with research ventures geared toward improving the efficiency of steam turbines and turbine generators. Sales efforts targeting increased orders progressed simultaneously. One major accomplishment during fiscal 2011 was the receipt of an order for a large-scale biomass power generation plant in the United States, a strategically important region. This plant will be among the largest in the country.

In the social infrastructure business, we stepped up

production of radiation measurement equipment in response to the rise in concern for the safety of living environments that followed the Great East Japan Earthquake. In order to strengthen our systems for providing these products, we established a radiation equipment calibration and testing base in Fukushima Prefecture. At the same time, we are advancing verification tests for smart community projects in which the Company is participating with the aim of controlling and optimizing electricity supply and demand balances. These projects are located in Kitakyushu City, Fukuoka Prefecture, and other locations.

FY2012 Policies and Strategies

- Enter into domestic combined cycle thermal power market
- Commence capital participation in U.S. geothermal power projects
- Reenter substation equipment business
- Address radioactive waste material treatment and other post-earthquake reconstruction demand

In the power generation business, global electricity demand is expected to continue rising as a result of such factors as population growth. In this environment, the market for thermal power, which accounts for the largest portion of total global generation capacity, is expected to expand by an average of 2% per year up until 2035. Likewise, the market for renewable energy is projected to expand by an average of 9% per year over the same period.

In light of these circumstances, Fuji Electric is planning its full-fledged entry into the domestic market for highly efficient combined cycle thermal power generation systems that utilize gas and steam turbines. At the same time, we view the progressive deregulation in this field as a chance for us to advance into the domestic geothermal market as well.

Overseas, we will expand our thermal power business into the Near and Middle East and South America. In our geothermal power business, we will target increased orders from the growing markets of Central and South America as well as Africa. We are also expanding operations in the U.S. market, and in April 2012 concluded an agreement to commence capital participation in a geothermal project there.

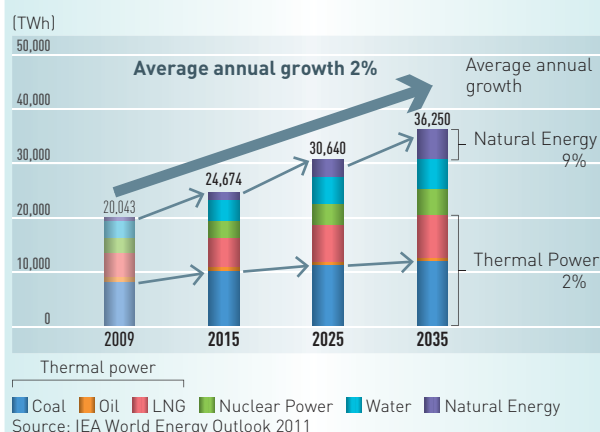
In the social infrastructure business, we are anticipating the accelerated development of smart communities as the realization of more efficient energy usage and low-carbon societies is pursued. We are thus aiming to commercialize our smart communities as quickly as possible. To this end, we are leveraging the energy management and operational knowledge gained through verification tests, conducted in Kitakyushu City and on remote islands in Okinawa Prefecture and Kagoshima Prefecture, and expanding smart meter development and provision activities.

(Billions of yen)

	FY2011	FY2012 Forecast	Change
Net Sales	156.6	193.1	+36.5
(Overseas Sales)	29.4	37.5	+8.1
Operating Income	12.0	9.5	-2.5

We believe that these efforts will help us accelerate the expansion of this business. Furthermore, following the dissolution of our merger agreement with Japan AE Power Systems Corporation in April 2012, this company's transformer and power distribution equipment operations were transferred to the Company, marking our reentry into the substation equipment business. This will enable us to develop a more comprehensive business spanning from power generation to the supply of electricity to users. We are also redoubling our efforts to contribute to the post-Great East Japan Earthquake reconstruction effort by treating radioactive waste.

Global Electricity Demand Forecasts



Industrial Infrastructure



A Look at the Segment

By combining power electronics and control technologies, this segment contributes to improving the productivity and reducing the energy usage of factories and other production facilities.

Businesses in this segment are expanded by leveraging a rich foundation consisting of various measurement and control technologies as well as expertise regarding the creation of a wide range of plant systems, including industrial drive, measurement instruments, and plant control systems. This segment also supplies several highly competitive products including our high-capacity rectifiers, which hold the No. 2 share in the global market and are used in aluminum smelting, and our heating units for induction furnaces, which hold the No. 1 share in the domestic market.

FY2011 Major Initiatives

In Japan, the Great East Japan Earthquake disrupted the production operations of many customers by damaging production bases or forcing them to halt the operation of their facilities. To help such customers rebuild their production operations, we prioritized reconstruction support initiatives throughout fiscal 2011. We also expanded facility upgrade initiatives as well as after-sales services such as maintenance and repairs.

Overseas, capital investment related to steelmakers and chemical plants is accelerating. Such investments are

being focused on China and other parts of Asia, where we are reinforcing our network of engineering bases as well as bolstering staff. These are just a few aspects of our efforts to reinforce systems for expanding overseas businesses. In the United Arab Emirates, we received an order for the world's largest aluminum electrolytic rectifying facilities to be installed in one of the most massive aluminum smelting plants in the world.

FY2012 Policies and Strategies

- Strengthen efforts to expand overseas operations
 - Reinforce network of engineering bases in Asia
 - Collaborate with overseas companies and conduct merger and acquisition (M&A) activities
 - Increase orders for plant systems from overseas steelmakers

The Company is placing particular emphasis on manufacturers, such as those that make steel and chemicals. Over the next three years, capital investment in these areas is expected to grow an average of 9% per year in Asia and 6% a year in China. In Asia and other such growth regions, the Company is strengthening its sales systems and reinforcing its engineering networks. At the same time, we are advancing local design and production initiatives while also establishing collaborative relationships with local companies. In these ways, we are targeting increased orders and higher sales.

Investment by Japanese companies is increasingly shifting overseas, due in part to the impacts of the strong yen on exchange rates and to electricity supply issues. As such, capital investment in Japan is primarily directed toward maintaining, repairing, or updating facilities, and therefore demand in fiscal 2012 is expected to be in line with the previous fiscal year. In this environment, we intend

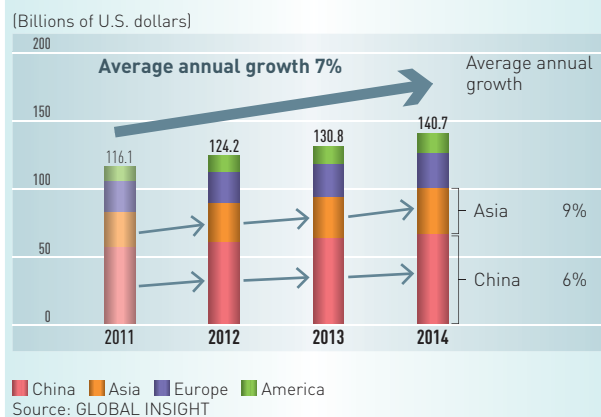
(Billions of yen)

	FY2011	FY2012 Forecast	Change
Net Sales	110.5	111.0	+0.5
(Overseas Sales)	25.8	29.3	+3.5
Operating Income	4.4	5.5	+1.1

to leverage our extensive delivery track record to capture capital investment demand related to efficiency improvement and energy savings. To this end, we are developing and providing products suited to partial facility upgrades and also advancing into the markets for eco-friendly and energy-efficient products by soliciting our environmental impact analyzing apparatuses and other products that lead to improvements in environmental performance.

Furthermore, we are optimizing the placement of overseas engineers and strengthening service business systems, while reducing costs and instituting other initiatives targeting improved profitability.

Forecasts for Investments in Steel, Chemicals, and Other Manufacturing Fields



Power Electronics

A Look at the Segment



This segment is divided into the drive business, in which we deal in inverters, motors, and systems for electric vehicles (EVs); the power supply business, which includes uninterruptible power supply systems (UPSs) and power conditioners; and the electrical distribution and control (ED&C) components business. The core of this segment is Fuji Electric's power electronics technologies, and the segment offers a diverse lineup of products that facilitate efficient electricity usage and stabilize electricity quality.

When combined with motors, inverters are key components in a wide range of equipment that help meet energy-saving needs. Through the provision of these inverters, we are contributing primarily to the construction of industrial systems. In addition, this segment supplies products that help make society safer and more secure, such as UPSs, which provide a stable supply of electricity even during power outages, and ED&C components, used in power distribution boards and various equipment.

FY2011 Major Initiatives

In the drive business, demand for energy-saving measures increased throughout the year, particularly overseas. Aiming to capture this demand, we launched new inverters for use in air conditioning systems and water treatment facilities in Asia and Europe and also introduced new highly cost-competitive inverters that we will market to emerging nations. At the same time, we released a new addition to our lineup of Quick Chargers for EVs. This new low-capacity charger can be installed in various different locations, adding new depth to our Quick Chargers lineup.

New products introduced in the power supply business included a highly efficient UPS that we will market for use

in data centers and telecommunications infrastructure, both of which are experiencing growth in demand. Equipped with a new 3-level insulated gate bipolar transistor (IGBT), this UPS realizes power conversion efficiency of 97%.

The ED&C components business, meanwhile, saw the release of new ultra-compact magnetic contactors and breakers compatible with high-voltage DC current. These components are not only compatible with DC electricity distribution, but also help make equipment more compact.

FY2012 Policies and Strategies

- Comprehensively reduce costs in drive business (inverters / motors)
- Expand overseas sales of power supplies (UPSs / power conditioners)
- Accelerate launch of new ED&C component products

In fiscal 2012, demand for products related to energy savings and new energies is expected to grow around the world. As such, the market for power electronics in China, which features the world's largest market for these products, is expected to grow an average of 12% per year over the next three years. Similar growth will be seen in other Asian markets as well.

Such growth markets will be our primary targets in the drive business. Striving to increase overseas sales in this business, we will launch new products, including those that meet international specification standards and those with high functionality. We will also step up local design and production efforts so that we may provide different regions with products that meet their differing expectations in terms of quality and price. Improving profitability will be another focus area, and we will therefore work to cut costs by reducing material costs through global procurement.

In the power supply business, we will enhance our lineup of UPSs for Chinese and Asian markets, while strengthening production and sales systems. In addition, by introducing new high-capacity power conditioners for

mega solar power generation systems, we will work to expand sales in the growing new energy market.

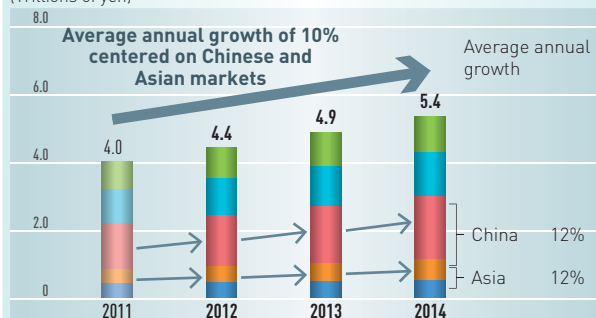
Initiatives in the ED&C components business will include strengthening supply chain management and expanding local procurement at production bases in China. We will also develop and introduce new products targeting Chinese and Asian markets. In these ways, we will strive to boost overseas sales in this business.

(Billions of yen)

	FY2011	FY2012 Forecast	Change
Net Sales	150.8	158.7	+7.9
(Overseas Sales)	45.7	51.7	+6.0
Operating Income	3.8	5.9	+2.1

Power Electronics Market Scale Forecasts

(Trillions of yen)



■ Japan ■ Asia ■ China
■ EMEA (Europe, the Middle East and Africa) ■ The Americas
 Fuji Electric's estimates

Electronic Devices



A Look at the Segment

Power semiconductors are the core business of this segment, and we are developing other operations to which semiconductor manufacturing technologies can be applied, such as those related to magnetic disks, photoconductive drums, and solar cells.

A representative example of our power semiconductor products would be our IGBTs, for which we hold the leading global share. These devices play an important role in power conversion and contribute to energy savings and efficiency in a wide range of fields including industrial fields relating to inverters, machine tools, and robots; hybrid electric vehicles (HEVs) and other automotive application fields; and wind power, solar power, and other new energy fields.

Furthermore, we are developing next-generation silicon carbide (SiC) power devices in our quest to make our power electronics products smaller and more energy-efficient.

FY2011 Major Initiatives

In the semiconductor business, we developed and subsequently introduced 6th generation "V-Series" IGBTs. With industry-leading levels of loss reduction, these state-of-the-art modules can address the energy-saving needs present in industrial fields and lead to the creation of smaller, more energy-efficient power electronics. Also, we refitted our Yamanashi Factory, which formerly was used

for magnetic disk production, to conduct wafer processing for semiconductors. This has enabled us to disperse risks related to earthquakes and electricity shortages.

Business restructuring initiatives progressed in the magnetic disk business as we consolidated development, production, and sales bases in Malaysia, and the business turned a profit on a full-year basis.

FY2012 Policies and Strategies

- Strengthen power semiconductor business
 - Comprehensively reduce costs
 - Expand automotive semiconductor operations
 - Increase overseas production of industrial IGBTs (Shenzhen Factory in China)

In regard to power semiconductors, as energy-saving demand grows around the world, the market for industrial and automotive IGBTs is forecasted to grow by an average of 11% per year for the next three years, and the market for semiconductors for automotive applications will grow by an average of 10% per year over the same period.

In this area, the Company is placing particular emphasis on IGBTs, and is redoubling development ventures to create modules for use in automobiles, such as EVs and HEVs, and in wind and solar power generation systems. These modules will be marketed in Japan, China, and Europe, where we are constantly targeting higher sales. We will also introduce low-capacity IGBTs for consumer products. At the same time, we are bolstering our lineup of high-capacity products and will begin mass production of SiC products.

In July 2012, the Company acquired the Tsugaru Factory of Renesas Northern Japan Semiconductor, Inc., allowing us to further expand our business portfolio by taking over this factory's automotive application product operations. Furthermore, we will commence operation of a back-end process factory in Shenzhen, China, thus enabling us to develop a system for providing products with

(Billions of yen)

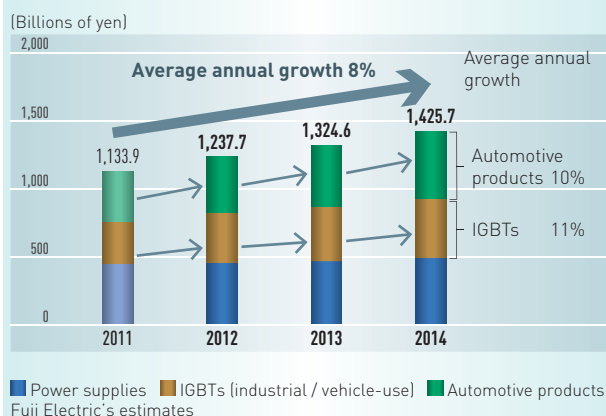
	FY2011	FY2012 Forecast	Change
Net Sales	112.2	127.6	+16.7
(Overseas Sales)	71.7	77.9	+6.2
Operating Income (Loss)	-0.2	4.0	+4.2

the specifications of this market's demands, which we believe will lead to the Company achieving higher sales in this country. In addition, we are endeavoring to boost the profitability of this business through comprehensive cost-reduction measures including the expansion of overseas component procurement.

We are working to expand our photoconductive drum business by enhancing our lineup of products for use in color printers and multifunction printers, which are seeing strong growth in demand in emerging nations.

For magnetic disks, we will leverage the integrated development, production, and sales system in Malaysia to expand the business in a manner that focuses on profitability by providing high-quality, low-cost products.

Power Semiconductor Market Scale Forecasts



Food and Beverage Distribution



A Look at the Segment

The vending machines supplied by this segment hold the top share in the domestic market. The segment also provides equipment, such as refrigerated and freezer show-cases and currency handling equipment, and energy-saving store systems. With this diverse lineup, we are adding an extra degree of safety, security, and energy savings along the route of transporting food from producers to consumers.

Utilizing our core heating and cooling technologies, mechatronics technologies accumulated through vending machine and currency handling equipment operations, and system technologies fused with information technologies (IT), we provide optimal products and solutions in the field of food distribution.

FY2011 Major Initiatives

In the vending machine business, we worked to respond to the drive for electricity savings by introducing new hybrid heat pump vending machines, which realize electricity savings of up to 40% compared to last year's models, and continued to encourage customers to upgrade to eco-friendly vending machines. Also, we worked to restructure the business to boost profitability by better addressing the demand for energy consumption reduction and improving efficiency. To this end, we consolidated domestic production into the Mie Factory, shifting away from the previous two factory system that included both the Mie Factory and

the Saitama Factory, and pursued cost reductions by starting up new highly efficient production lines.

In fiscal 2011, there were significant rises in investments in the food distribution industry to recover from the impacts of the Great East Japan Earthquake and to establish new convenience stores and renovate existing ones. In the store distribution business, we worked to expand orders for refrigerated and freezer showcases to be used in convenience stores, while also cutting costs to strengthen business foundations.

FY2012 Policies and Strategies

- Expand vending machine business in China (No. 1 share)
- Expand eco-store business in Chinese and Asian markets
- Develop new businesses utilizing vending machine heating and cooling technologies

The food distribution market in Japan is characterized by a high saturation of vending machines. However, in the focus regions of China and other Asian countries, there is still significant room for growth in this market, which is expected to grow by an average of 68% per year over the next three years. At the same time, the domestic store distribution market is expected to grow by an average of 7% over this period, while average growth rates in China and other parts of Asia will be 12%.

Amidst this strong growth, we anticipate that replacement demand for eco-friendly vending machines will continue rising in Japan. In capturing this demand, we will target higher sales of our high-value-added products by striving to make eco-friendly vending machines the industry standard. Particular focus will be placed on our hybrid heat pump vending machines, which boast industry-leading levels of energy efficiency. In the Chinese market, demand for vending machines is expected to grow as personal income rises and people seek higher levels of convenience. Fuji Electric will work to maintain its No. 1 share in this market by introducing vending machines that meet the specifications sought after in this market and expanding sales through cooperation with local operators.

(Billions of yen)

	FY2011	FY2012 Forecast	Change
Net Sales	115.5	105.4	-10.1
(Overseas Sales)	0.7	2.4	+1.7
Operating Income	2.3	3.5	+1.2

In the store distribution business, we will continue to advance measures to reduce costs associated with our refrigerated and freezer showcases to further stabilize business operations. At the same time, we will solidify foundations for our eco-store business in the growing markets of China and other Asian countries. In addition, we will fuse our heating and cooling technologies with our systems technologies to create new businesses that provide safety, security, and energy savings throughout the food distribution process, spanning from producers to consumers.

Food Distribution Market Scale Forecasts



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.

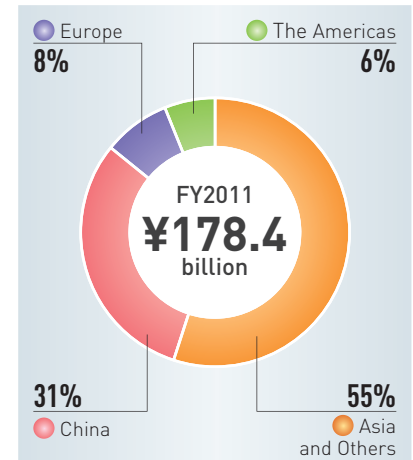
In this harsh environment, sales of power generation-related products, inverters, and ED&C components increased. However, sales of magnetic disks were down, and overseas sales remained relatively unchanged overall at ¥178.4 billion.

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



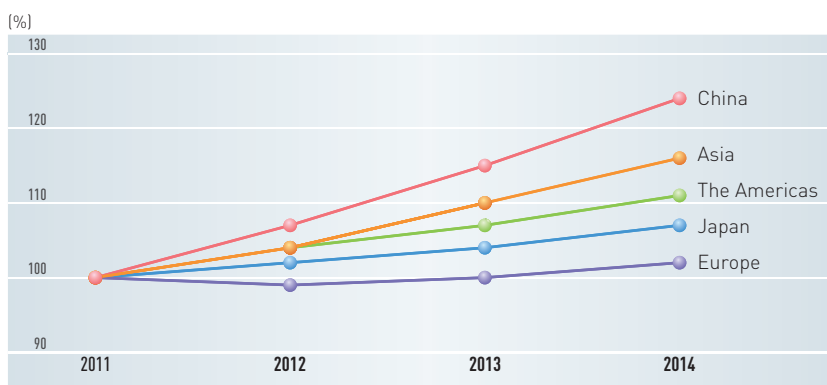
FY2012 Policies and Strategies

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

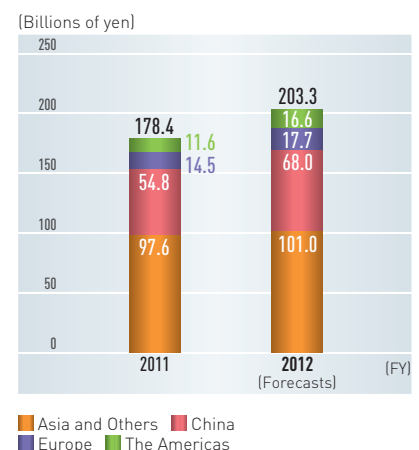
global stage. At the same time, we are striving to conduct as many aspects of overseas operations locally as possible, including design, procurement, and production. Other initiatives include expanding overseas sales networks, strengthening engineering systems, and pursuing cooperation with local companies.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

Growth Rates in Target Markets (2012-2014)

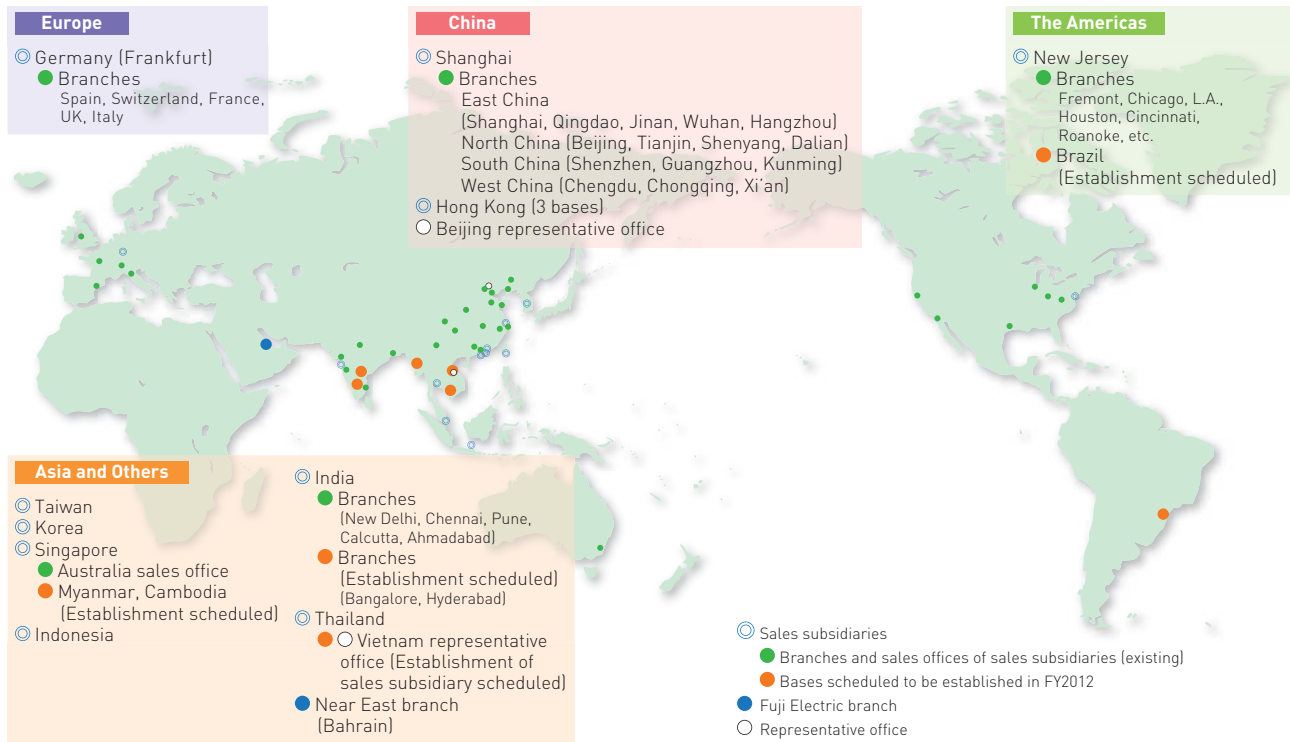


* Fuji Electric's estimates, 100% in 2011

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.

Manufacturing

FY2011 Major Initiatives

Production in the vending machine business had previously been conducted by two bases: the Mie Factory and the Saitama Factory. In fiscal 2011, we consolidated these two facilities into the Mie Factory and installed headquarter functions in this factory. Furthermore, a new building was constructed on the premises of the factory, a new production line was established, and other measures were put into place to reduce production lead times. In these manners, we worked to improve operational efficiency in this business. In the magnetic disk business, we consolidated our two factories in Malaysia and the Yamanashi Prefecture of Japan into one integrated facility located in Malaysia

that contains development, production, and sales functions. This has enabled us to create a system for producing products in the regions where they are used.

In addition, the Saitama Factory, which was previously used to manufacture vending machines, was reborn as the Facility Technology Center. This facility is now a nerve center for global manufacturing operations and also serves as an education center for personnel in areas relating to production technologies, facility manufacturing, and other manufacturing fields throughout the Company.

FY2012 Policies and Strategies

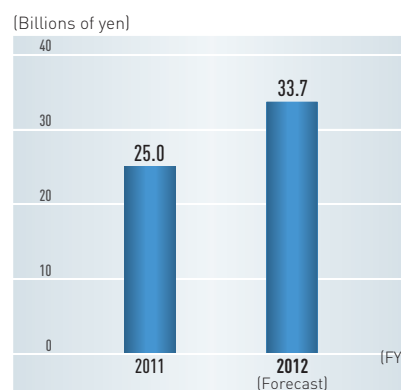
In fiscal 2012, we will work to strengthen production systems, particularly those in Asia, by promoting local design, production, and usage of our products. At the same time, we are pursuing improved profitability by lowering procurement costs through global procurement and concentrated purchasing.

Furthermore, we are implementing initiatives to aid us in our quest to create products that can compete on an international level. At the new Facility Technology Center, we will install more sophisticated automatic production lines and utilize more advanced die technologies with the aim of strengthening the technical capabilities this core facility possesses in the field of production. We also intend to institute education programs for manufacturing staff to cultivate human resources that can function on the global stage.

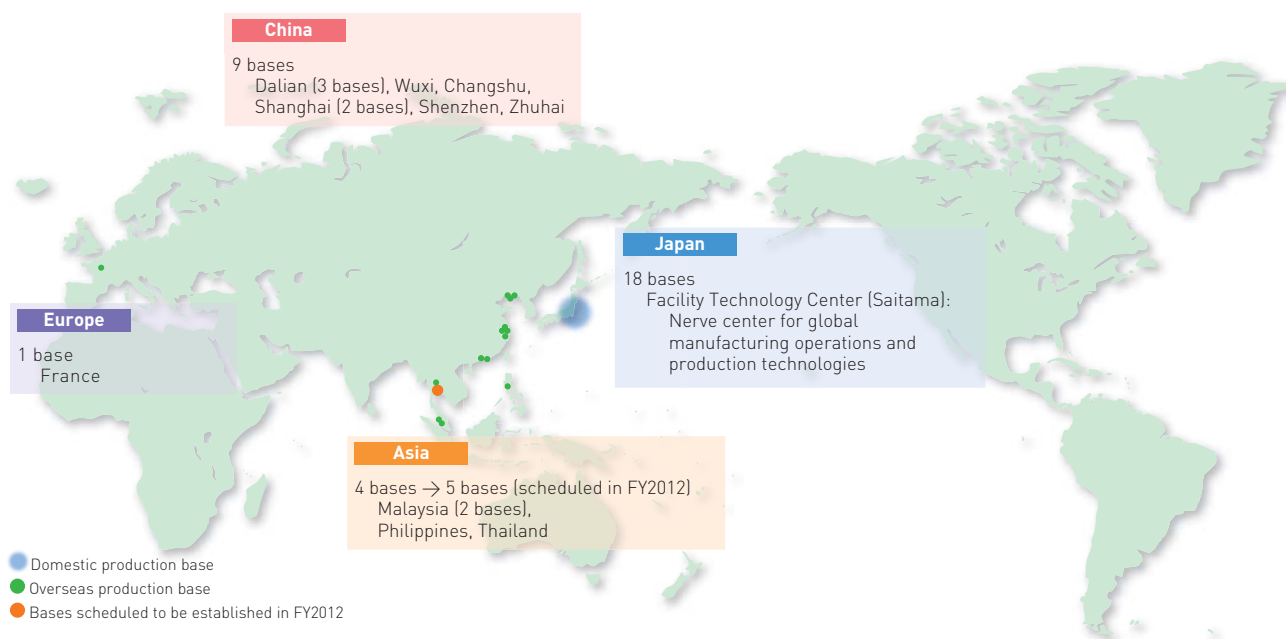
As we further evolve our production systems, Japanese production bases will come to serve as the heart of these systems, as they utilize core technologies in product development and production efforts. Overseas bases, meanwhile, will advance design initiatives based on the specifications in demand in specific markets, conduct local procurement, and implement improvement activities under the guidance of the production nerve center in Japan.

In addition, fiscal 2012 will see the start of operations at the IGBT back-end process factory in Shenzhen, China, as well as the establishment of new production bases in other regions of Asia.

Plant and Equipment Investment



Global Production Base Network



Research and Development

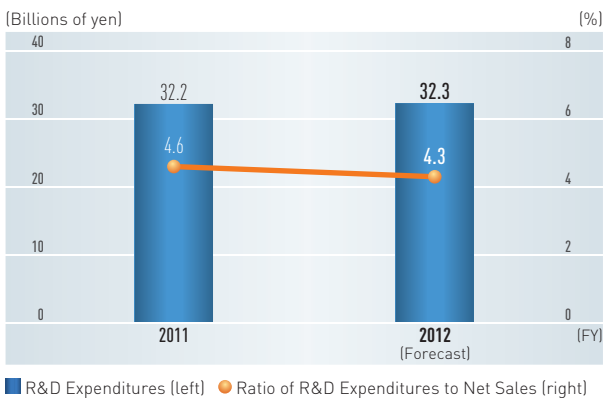
R&D Policies

The Company is committed to strengthening its technological prowess in its core fields of semiconductors, circuits, and control and measuring instruments technologies, particularly those relating to power electronics technologies. Another area of focus is the development of next-generation energy creation technologies and energy-saving technologies that utilize electricity and thermal energy with maximum efficiency. In energy-related fields, we will leverage the technologies developed to accelerate the creation of new products that are synergistic with our business operations as well as those that are responsive to the needs present in the global market.

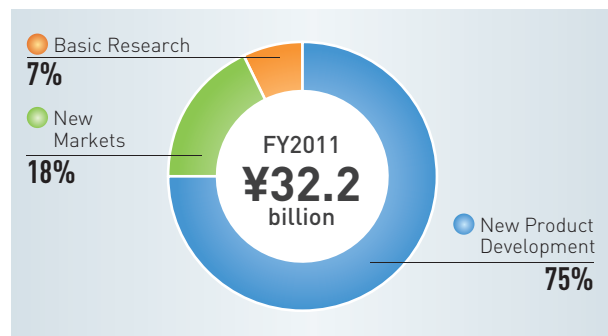
Major Initiatives

- Accelerate new product development
 - Create next-generation power semiconductors and power electronics equipment
 - Develop smart community systems
 - Develop new products that generate company-wide synergies (heat, machinery, control)
- Expand series of existing products and step up cost-reducing development projects targeting new markets (Asia, etc.)
- Continually strengthen shared technological foundations
 - Strengthen core technologies (power electronics, semiconductors, control, etc.)
 - Utilize open innovations

R&D Expenditures / Ratio of R&D Expenditures to Net Sales



Breakdown of R&D Expenditures



FY2011 R&D Results

DOSEe Highly Functional Radiation Dosimeter and Food Radiation Measurement System

The Great East Japan Earthquake sparked a rise in demand for radiation measurement systems.

Aiming to meet this demand, the Company developed a silicon semiconductor detector that features greatly improved radiation sensitivity and a dosimeter that employs this detector. This dosimeter can simultaneously measure accumulative exposure over a given period of time and rates of exposure over specific increments of time. This convenient portable device is the first dosimeter in Japan to feature such functionality.



We also developed a system for measuring radiation in food.

By placing this easy-to-use system in cardboard boxes or other packaging together with food, it enables the food's exposure to radiation to be monitored continuously. It can also determine whether or not food items are below the mandated exposure limits in only 12 seconds.



Japan's First* SiC-SBD Device-Equipped Industrial Inverter



Demand for industrial inverters is rising around the world due to higher concern for energy consumption reduction.

In light of this, Fuji Electric has developed an industrial inverter equipped with a SiC Schottky barrier diode (SBD). This is the first SiC device-equipped industrial inverter in Japan to contain such a diode, and it is able to reduce electricity consumption by over 20% in comparison with preceding Fuji Electric products that employ silicon components.

* As of April 2011, based on Company data

Power Conditioners for Mega Solar Power Generation Systems Featuring World-Leading Efficiency*—The PVI Series



Plans to develop large-scale solar power generation facilities are in progress around the world, as these so-called mega solar power generation systems are a viable source of renewable energy.

To assist these efforts, the Company developed a series of power conditioners that feature superior efficiency and high capacities, perfect for use in mega solar power generation systems. As one conditioner in this series can realize capacity of 1,000 kW, systems can be constructed using fewer conditioners. Furthermore, by employing Fuji Electric's 3-level converters, which utilize proprietary technologies, these power conditioners are able to operate with world-leading efficiency—98.5%—and minimal energy loss. By packaging these items with components that provide basic functions, such as switchgears and transformers, we have also succeeded in reducing installation and assembly times.

* As of April 2012, based on Company data

FRENIC-HVAC and FRENIC-AQUA Inverters for Use in Air Conditioning and Water Treatment Systems



In Asian countries experiencing significant growth, such as India and the ASEAN nations, power supply cannot keep up with the expansion of air conditioning and water treatment infrastructure, so efforts to save energy through inverter control of fans and pumps are progressing rapidly.

The Company has developed inverters for use in air conditioning and water treatment systems that are resistant to both dust and water and come standard equipped with specialized functionality.

A slim design allows the units to be mounted against a wall, like mainstream products sold in Asian and European markets. Moreover, the standard features of these units include a number of functions vital to the operation of fans and pumps in air conditioning equipment and water supply and drainage facilities, such as input interface for temperature sensors and controllers.

Super J-MOS Series of MOSFETs that Realizes Industry-Leading Levels of Loss Reduction



Initiatives to become more environmentally friendly in the fields of IT and new energy, among others, are focusing attention on power semiconductors with efficient power conversion.

Among the principal devices used for power conversion in semiconductors are metal-oxide-semiconductor field-effect transistors (MOSFETs). Fuji Electric has successfully developed the Super J-MOS series of MOSFETs featuring industry-leading levels of loss reduction as well as its newly developed superjunction (SJ) structure, which achieves low on-resistance performance. These devices realize a 14% reduction in electricity usage when compared to conventional Fuji Electric products.

Ultra-Energy-Efficient Vending Machines Equipped with Hybrid Heat Pumps



Vending machines have been installed in various locations due to the convenience they provide in allowing people to purchase beverages and other items with ease. However, as the drive for electricity saving gains momentum, there has been a rising need to reduce the amount of energy used by these machines.

In light of this trend, we have developed ultra-energy-efficient vending machines that employ a hybrid heat pump and a new cooling system. The heat pump is used to cycle heat between the machine and the atmosphere while the cooling system optimally controls the flow of coolant in response to temperature changes. Compared to vending machines released by Fuji Electric in fiscal 2011, these new machines realize a 40% reduction in electricity consumption.

Development of All-SiC Modules for Power Semiconductors and Power Conditioners for the Next Era of Energy Savings

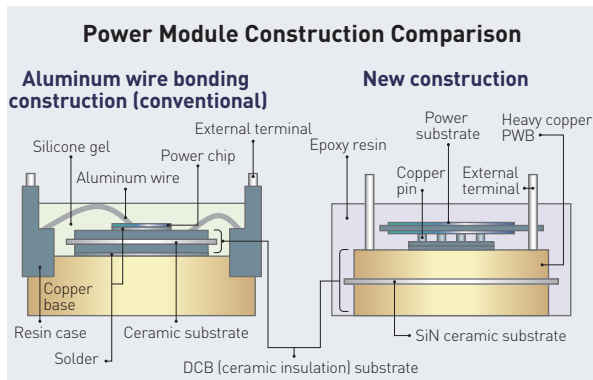
Power semiconductors contribute to energy savings in a wide range of equipment, including industrial robots, data center servers, HEVs, and solar and wind power generation systems. These components also help make equipment smaller and lighter.

For use in such power semiconductors, Fuji Electric has developed modules that are made entirely of SiC modules and that can realize reductions in electricity consumption and size much greater than those achievable using conventional silicon modules. We have also developed power conditioners that employ these all-SiC modules.

● Unique Package Construction that Amplifies the Strengths of SiC

SiC features superior heat resistance and durability. Aiming to utilize these characteristics to the greatest extent possible, Fuji Electric sought out the optimal package structure, arriving at its new SiC package structure.

Using copper pins to mount semiconductor chips to substrates, as opposed to aluminum wire, enables higher currents of electricity to be run through the semiconductor. This also makes the construction simpler, allowing for miniaturization. Furthermore, heat-resistant epoxy resin is used for the casing for the module, rather than conventional silicone gel, contributing to better responsiveness under high temperatures and improved reliability.



● Electricity Use and Size Reduction Through All-SiC Modules

The Company's first module made entirely of SiC components was developed by mounting SiC-MOSFETs and SiC-SBDs on packages featuring the new construction design. This module realizes substantial reductions in electricity use.

For testing purposes, we equipped a power conditioner meant to be used in a solar power generation system with this module. This combination led to 75% reduction in energy when compared to standard household-use models. In addition, the resulting equipment was also only one-fourth the size of conventional equipment, representing a significant decrease in size.

Going forward, we will employ this new module in our inverters, UPSs, and other power electronics in order to further contribute to the realization of energy savings throughout society.



All-SiC module



Power conditioner for solar power generation systems

VOICE A Message from the Developers

The development of this all-SiC module and the power conditioner has allowed us to establish a new technological foundation that will be an invaluable asset in developing future SiC module-equipped power electronics.

This success can be attributed to the collaboration between engineers in the fields of power semiconductors and power electronics. Needless to say, it was important to verify whether or not the SiC module would be able to leverage its unique characteristics as predicted when incorporated into larger pieces of equipment. We therefore conducted comprehensive verification testing of how equipment functions when equipped with the modules, scrutinizing every aspect of the equipment, right down to its circuit boards and noise filters.

Based on the results of these tests, we developed a



(Left)
Hiroshi Kimura
Next Generation Device
Development Center
Electronic Device Laboratory
Corporate R&D Headquarters

(Right)
Yasushi Matsumoto
Power Electronics Technology
Development Center
Product Technology Laboratory
Corporate R&D Headquarters

prototype power conditioner for use in solar power generation systems. The design process for this prototype led to the development of the all-SiC module utilizing the new package construction.

The development of this SiC module was an arduous process, but we will continue to advance development efforts with the aim of getting this module as well as equipment containing the module to market as soon as possible.

Intellectual Property

Intellectual Property Action Policies

In response to the globalization of our business, Fuji Electric, based on respect for both the intellectual property (IP) rights it owns as well as those owned by other companies, is working to strengthen and expand its business through the implementation of IP strategies that are aligned with our business and R&D strategies and through the enhancement of its global patent portfolio and the reinforcement of patent acquisition systems at overseas bases.

In April 2011, the Company merged with its subsidiary that had previously handled patent applications. This enabled it to unify patent examination and application functions with its business strategy and R&D strategic functions. Going forward, we will establish global IP systems that take into account the unique characteristics of different countries and regions. At the same time, we will conduct IP-related activities through cooperation with the IP representatives and divisions of business headquarters and subsidiaries.

Main Measures

- Strengthen global patent portfolio in consideration of R&D resources
- Reinforce patent acquisition systems at overseas bases
- Investigate overseas IP systems

Patent Portfolio:

The patent portfolio concept involves viewing patents held as a single, aggregate body. This is useful in improving Fuji Electric's technology position (strengths and weaknesses) Vis-à-Vis other companies, as well as in establishing business strategies and evaluating competitiveness.

FY2011 Intellectual Property Activity Results

In fiscal 2011, we selected key themes and developed a clear vision for strengthening our patent portfolio through cooperation with IP divisions and operating divisions. Based on Fuji Electric's focus on energy-related businesses, we chose to accelerate efforts to acquire patents related to making more efficient and energy-saving power electronics products, such as power semiconductors, inverters, and UPSs, as well as those related to new energy sources, such as fuel cells and solar cells.

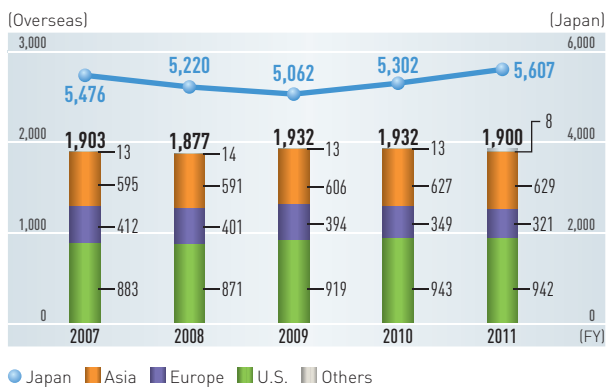
Overseas, carried over from fiscal 2010 was our focus on patent applications and on reinforcing patent acquisition systems at overseas bases.

We have taken steps to make sure that all overseas bases properly understand Fuji Electric's IP regulations,

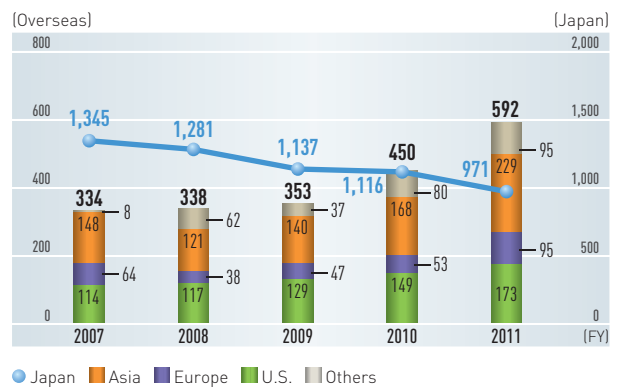
brand imitation countermeasures, and technology transference guidelines. In China, we established employee invention regulations at five subsidiaries. Also, we held training sessions for locally hired engineers at Fuji Electric (China) Co., Ltd., to provide them with basic information regarding the importance of IP rights to corporate activities as well as patent systems and methods of patenting inventions.

Furthermore, our overseas IP activities also involved participation in the Beijing and Shanghai IP groups and working groups, patent application activities at Fuji Electric (China), and the exploitation of a patent office at Fuji Electric Corp. of America.

Number of Patents Held by Region



Number of Patent Applications by Region



Fuji Electric's CSR Philosophy

Fuji Electric's CSR is summed up precisely in its Corporate Philosophy and Management Policy. To promote CSR activities, we have formulated a Code of Conduct as a guideline for all Fuji Electric employees to work in unison so that we can share the same values companywide. Our Code of Conduct reflects the February 2010 announcement of our decision to join the United Nations Global Compact, which defines 10 principles in four areas, and efforts to put these into practice.

Going forward, Fuji Electric aims to expand business globally. As such, we recognize the need to comply with the laws, rules, and business ethics of each country. We are also working to meet the expectations of our stakeholders by addressing societal issues including human rights and the global environment.

FY2011 Initiatives: Setting CSR Objectives as a Global Company

To reinforce our CSR management as a global company, in fiscal 2011 we conducted a comprehensive check of our main CSR responsible and CSR Promoting Departments, highlighting such areas as human resources, the environment, legal issues, procurement, sales, and clarified CSR objectives. We elicited the cooperation of Craig Consulting, to incorporate an objective, third-party perspective and conducted our activities in accordance with ISO 26000, the international standard for CSR.



Discussion between the main CSR responsible and CSR Promoting Departments

STEP 1

Preparation

We prepared a Fuji Electric-specific checklist, rewording the list into language to ease internal understanding, by revising an original checklist of 270 items created by a consulting company and based on ISO 26000.

STEP 2

Recognition and Valuation

Using this checklist, we grasped our current situation. Through this process, we recognized that issues existed in regard to the CSR initiatives in our supply chain, human rights efforts at overseas businesses, and in determining the status of CSR activities at subsidiaries in Japan and overseas.

STEP 3

Formulation of CSR Vision

Following internal discussions, we formulated a CSR Vision, which sets forth seven priority areas: corporate governance, customers, business partners, employees, global environment, communities, and compliance. We then clarified outstanding issues along the path to realizing the vision.

STEP 4

Establishment of Medium-Term Objectives

To realize the CSR Vision, we established goals on each issue, identifying their extent and the degree of result we expected to achieve by 2015. We also set indexes and numerical targets to indicate our degree of achievement.

FY2012 Initiatives

Breaking down the goals to be reached by fiscal 2015, we set targets for fiscal 2012 and began working toward these goals, chiefly through the efforts of our main administration department. Recognizing that having all employees act in a manner reflecting an awareness of CSR would play an important role in our ability to reach these goals, we mounted activities to entrench CSR management at Fuji Electric.

Furthermore, in fiscal 2012, we began work to determine the current status of CSR initiatives at subsidiaries in Japan and overseas.

The CSR Vision is indicated on our website, along with our fiscal 2011 results and fiscal 2012 targets.

Excite Employees, Inspire Pride

The general manager of Fuji Electric's President's Office, which has jurisdiction over the Company's CSR Promoting Department, invited the president of Craig Consulting, Mitsuo Ogawa, to participate in a discussion about Fuji Electric's CSR and to recount the process of preparing the CSR vision and targets for the Company.



(right) **Mitsuo Ogawa**
President, Craig Consulting

(left) **Yoshitada Miyoshi**
General Manager, President's Office

Make Initiatives Stakeholder-Oriented

OGAWA In July, Fuji Electric renewed its brand statement, *Innovating Energy Technology*. This new brand statement reflects Fuji Electric's brand promise: *Through our pursuit of innovation in electric and thermal energy technology, we lead to a responsible and sustainable society*. I believe that the commitment this expresses forms the foundation of Fuji Electric's CSR.

MIYOSHI Yes, that is right. We prepared the brand statement in consultation with employees worldwide. It encapsulates our desire to contribute to society on a wide-ranging global basis.

OGAWA The process of globalizing presents opportunities and risks. It gives Fuji Electric the opportunity to use its original technology to enrich local communities and their residents. That is to say, it is important for the Company to adopt a stakeholder-oriented approach.

MIYOSHI Overseas, our basic approach to meeting stakeholders' expectations is the same as in Japan. In response to the social problems of each region, our employees in these regions will deepen communication with local communities and work to help solve the problems.

Remain Alert to Change

OGAWA Companies must always conduct initiatives based on mutual understanding with stakeholders of priority differences. As companies globalize, the diversification of their stakeholders accelerates, and prioritization becomes increasingly complex.

MIYOSHI As one method of prioritizing our initiatives, we are using ISO 26000 to grasp their current standing and set targets. Based on these targets, we plan to consult with local personnel overseas to decide what types of initiatives to pursue going forward.

OGAWA On the other hand, companies have to consider risk. Recent efforts to gauge the current standing of initiatives have brought to light such problems as failure to check the actual circumstances of overseas subsidiaries and inadequate human rights measures. To manage corporate activities appropriately, companies need to remain sensitive to social trends and changes.

MIYOSHI With a view toward tackling the problems that emerged recently, we will prepare survey sheets and begin investigating the actual circumstances of domestic and overseas subsidiaries. Based on our findings, we will address problems with the subsidiaries in question and the divisions that manage them.

Become an Exciting Company

OGAWA The process of preparing the CSR vision and targets gave me the opportunity to exchange opinions with Fuji Electric's employees for over half a year. This left me with an impression of the seriousness of the Company's corporate culture and the passion of employees. I believe these attributes are Fuji Electric's most valuable assets.

MIYOSHI The project also gave me sense of the desire for change within the Company. I think an important task going forward is to consider how to translate this into companywide impetus.

OGAWA I would like to see Fuji Electric become a highly exciting company in which employees take pride in their work and discuss it with family and friends. I think having a tangible sense that the Company's day-to-day operations are useful to society will inspire such pride.

MIYOSHI I completely agree. The Company has recently decided on the CSR profile that it will target, and I think the practical efforts of our 28,000 personnel around the world will enable us to realize this profile, which is set out in the brand statement. As well as being a Company that benefits society and is dependable, we want to create workplaces that inspire as many employees as possible. Thank you for participating in today's discussion.



Maximizing Customer Satisfaction through Unceasing Improvement

Fuji Electric's subsidiary Fuji Electric FA Components & Systems Co., Ltd. (FCS), primarily manufactures electrical distribution and control (ED&C) components essential to the industrial sector, including magnetic switches and circuit breakers mainly used for production lines. To eliminate malfunctions after sale and ensure customers are able to use our products with peace of mind, rigorously building quality into processes is critical. In this section, we focus on the initiatives of FCS's Fukiage Factory, which has greatly improved product yields through project initiatives.

Passing on the Skill of Veterans to the Next Generation

"We had been steadily implementing improvements at production sites, but the launch of this project gave our efforts a major boost." manager of the production division Tetsuyuki Takahashi recalls the beginning of the initiative. "Realizing high reliability" project, launched in FCS in 2011, aimed to heighten customer trust by having all manufacturing-related divisions—including those engaged in design, production, operational time and motion studies, and quality control—pursue rigorous quality control and improvement.



Tetsuyuki Takahashi,
Manufacturing Section 2
Fukiage Factory

The so called "2007 problem" prompted us to begin this project. As with other plants, the en masse retirement of skilled technicians belonging to the baby boomer generation affected on-site product quality considerably.

Takahashi explains, "Without a doubt, certain operations need the high skill levels of experienced technicians. However, we can compensate for

these skills using technological capabilities. This involves identifying the experience and skills of technicians and passing them on to the next generation. At the same time, we are also willing to change existing practices based on the viewpoints of younger employees. When we launched the project, this was our approach."

Recreating Operators' Intuitive Understanding

In April 2011, we selected 13 members for the project, mainly young personnel who will lead the next generation. One such member, Hironobu Suzuki of the Quality Control Section, selected as a theme enhancing furnace-welding yields.

Magnetic switches use magnetism to switch devices on and off. The key components of these switches are placed on carbon trays and welded within furnaces at a temperature of 800°C. In this furnace-welding process, how silver, which is used as a



Hironobu Suzuki of the Fukiage Factory's Quality Control Section holding a thermocouple



Components laid out on a carbon tray (top), welding in a high-temperature furnace

filler metal, melts is critical in determining whether or not the resulting components are defective.

Suzuki began by aiming to make furnace temperatures visible. He placed a sensor, called a thermocouple, in a large furnace and for seven months continued measuring heat distribution and changes in temperature due to radiant heat while taking into consideration the effect of seasons.

"The temperature of the tray edges is high." Suzuki incorporated the data he had gathered into a simulation, which provided analytical proof supporting what operators understand directly as a result of first-hand experience. Based



on these results, he deduced optimal temperatures and processing times within furnaces to enable processing that realizes uniform quality.

Realizing Improvements through Trial and Error

Moreover, Suzuki's analysis revealed that resistance when components come into contact causes irregularity in the way the silver melts, leading to poor welding.

To address this problem, Suzuki came up with the idea of placing weights on components. This occurred to him because analyzing data on levels of defectiveness by model type showed that there tended to be fewer defects among larger, heavier components.

Suzuki immediately put his idea to the test. However, shape emerged as an obstacle. The shadows that the weights cast affected the welding temperature.

He continued with a process of trial and error. During this process, Suzuki came up with an innovative proposal to use springs to hold down components. However, this idea did not see the light of day because of cost considerations. He recalls, "I made prototype



The silver has melted adequately during welding, thereby firmly welding the two components together. Yields are up thanks to on-site initiatives.

weights, placed them in the furnace and measured the results. I kept at it relentlessly to find the best weight and shape."

These efforts produced an optimal solution. The pressure applied improves heat transmission, and the silver spreads uniformly on the welding surface. As a result, poor welding has decreased significantly.

Preventing Defects through Rigorous Data Control

"This was an area on which predecessors had expended a lot of effort. I was unsure if I would be able to contribute anything. However, it is sometimes precisely because you lack experience that you are more willing to try new things." These were the thoughts that led Hideyuki Ozawa of the Quality Control Section to take part in the project. He explains, "Based on their day-to-day experiences production site operators are able to point out where there are problems. I converted this type of know-how into data."

The products Ozawa sought to improve were thermal relays—devices that detect excessive current flowing



Hideyuki Ozawa of the Fukiage Factory's Quality Control Section holding an inversion spring, an important component

through products. The key to Ozawa's solution lay in "identifying the cause from the mold stage through rigorous data control."

Thermal relays comprise about 30 components. Ozawa continued to collect data about various facets of every component, including contact position, curve angles, and load. By plotting the figures obtained and comparing them in a time series, the degradation and problem points of molds became evident at a glance. He shared these results with the other project members, who used them to enhance yields and realize improvements.

Improving Quality is Our Mission

Quality is at the heart of manufacturing. Naturally, we conduct strict quality inspections before sending products to market. However, in order to reduce malfunctions, rigorously building quality into processes is essential.

Summarizing the backdrop of the project, Takahashi explains, "Eliminating defects from processes is an absolute must. Nevertheless, we may have fallen prey to the complacent attitude that a certain percentage of defects is unavoidable. The project took on the challenge of breaking through such preconceptions."

For Suzuki, the year spent contributing to the project gave him a real sense of quality as something that is fostered. "It is just like a plant. If you do nothing, it withers. But if you put in some effort, the result is higher quality."

What kind of quality do manufacturers have to realize? Replying on behalf of production sites, Ozawa explains, "The word yield implies defective products. Our mission is to cast off such assumptions and as far as possible remove sources of anxiety for customers."



Strengthening the Company by Leveraging Diversity

Reflecting one of its management policies, which calls on the Company to “Maximize our strengths as a team, respecting employees’ diverse ambition” Fuji Electric is actively encouraging diversity. Our goal is to ensure mutual respect among employees with different nationalities, genders, values, and lifestyles, while also capitalizing on these differences to create new value. In this section, we provide two examples of workplace initiatives that are giving this policy concrete form in our day-to-day activities.

Achieving Global Communication

Stating Opinions Clearly — Non-Japanese Employees

“He says clearly what he is able to do or what the problem is.” This is how Nozomu Takamura, the senior manager responsible for sales at the Global Businesses Group describes Chinese employee Mijiti.

Aiming to expand our business on a global scale, we are accelerating the development of “global personnel.” From fiscal 2011, we introduced global training to our training program for new employees. Also, we are actively deploying motivated employees overseas based on our job posting system and the “Professional ambitions” survey.

At the same time, we are increasing non-Japanese personnel, such as Mijiti, who form the core of our global business in Japan. Takamura’s Sales Department I has 17 personnel, of whom four are Chinese. The department’s target market is quite simply the rest of the world.

Because, as Mijiti stresses, “visiting sites is important,” the department’s personnel are constantly visiting countries to solve customers’ problems.



Mijiti (left) and Nozomu Takamura (right),
Sales Department I
Industrial Infrastructure Sales Division
Global Business Group

Laying the Groundwork—An Important Opportunity for Communication

The mission of Takamura and his team is to sell measuring instruments, such as pressure gauges, gas analyzers, and drive control systems, which incorporate inverters, motors, and control systems. As part of these efforts, Mijiti’s sales activities focus on Vietnam, South Korea, and other parts of Asia.

According to Mijiti, the Japanese approach of laying the groundwork posed the greatest problem for him when he began working in Japan. “In China, the leader decides, and that is the end of it. Why do we need to coordinate with so many people?” This was the kind of question he asked himself. Furthermore, his direct manner of speaking sometimes caused problems and led to friction with related divisions in the Company. There were days when, along with Takamura,

he went around the workplace apologetically.

Having worked for Fuji Electric for eight years, Mijiti’s views have changed. “It is interesting because each person has a different way of thinking. Explaining to the key people in advance helps things go smoothly. I now see laying the groundwork as an important opportunity for communication.”

Coexisting through Mutual Respect

Exchanging opinions with Mijiti on a daily basis has given Takamura some insight into the tendencies of different nationalities. “Japanese people tend to be vague. By contrast, Chinese people make things black or white and expect those around them to do the same.” He goes on to explain the benefits of working based on a team with diverse personnel. “Japanese personnel learn a lot by working with other nationalities. This is because being able to understand and adapt to different cultures and customs is a key attribute required of companies expanding their business globally.”

Since May 2011, Mijiti has been concentrating efforts on sales activities targeting a certain company in Vietnam. He received an order for drive control systems from the company after repeated negotiations about specifications and cost with partner companies in Taiwan and contractors



in Vietnam. Through these negotiations he sought to prevail against price competition from competitors that included Japanese companies as well as local companies.

Mijiti stresses that he was able to win the order thanks to cooperation from the technology division and other divisions within Fuji Electric. “I feel Japanese people are considerate. Their eagerness to help others is nice.”

Enabling Women to Play Active Roles

Changing the Workplace—One Person’s Reduced Working Hours

Since it established an office for empowering female employees*¹ in February 2006, Fuji Electric has been stepping up initiatives encouraging female personnel to play more active roles in the Company. We have made these changes because we need to incorporate new perspectives and approaches into our organization in response to society’s diversification. As well as creating systems and developing appropriate environments, with a view to enabling them to assume greater responsibilities, we are



From the left **Hideaki Watanabe**, **Chizuru Inoue**, **Aki Takigawa**, Analysis Group, Applied Physics Research Department

encouraging female personnel to support as well as compete with each other to hone vocational skills.

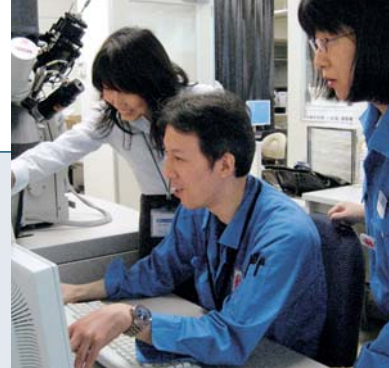
Chizuru Inoue belongs to a department that analyses the performance and the causes of malfunctions for a wide variety of Fuji Electric’s technologies and products. From 2007, she used our reduced working hours system to raise her children for three years. At the time, no one in her workplace used the system, and coworkers were bemused. However, team leader Aki Takigawa provided Inoue with strong moral support.

“I made sure she went home at 4 pm, if that was her leaving time. And, I took over work from her to make sure she finished on time.” Takigawa had experienced combining child-rearing and work. Based on this experience, she took it upon herself to support Inoue. Takigawa’s uncompromising attitude affected other personnel. Gradually, coworkers became supportive and would ask “Are you okay for time?”

*¹ Due to reorganization, this office now promotes diversity as well as active roles for women.

Achieving Results by Giving Play to Individuality

A coworker responsible for the microscopic observation of products, Hideaki Watanabe, recalls the time, “We made sure to inform her of analysis aims and results.” This was because, even though she was working reduced hours, he did not want her job to descend into “assembly line” work. Inoue elaborates, “While my coworkers tried to lighten my workload, they carefully explained important matters to me. This kept me motivated about work.” Takigawa, responsible for the overall management of the team, explains her outlook. “While, of course, being considerate is important, ultimately the team has to produce results.” One way of getting results is to take advantage of the strengths and personality of each



Fostering teamwork through dialogue

individual. For example, she sees “dexterity and an inquiring mind” as Inoue’s attributes.

As a specialist, Inoue mainly supports other team members and as a result usually works on many different themes simultaneously. However, Takigawa praises Inoue. “No matter how busy, she handles her work deftly and achieves results beyond expectations.” As a natural consequence, she has become the “go-to person” for coworkers when they have a problem.

Using Diversity as a Driving Force

Currently, at Fuji Electric women account for 12% of employees and 1% of senior managers.*² By contrast, although women are in the minority in the Company, in Takigawa’s team half of the 18 members and two of the managers, including Takigawa, are women. Takigawa and her team are grappling with a large number of critical themes, such as analyzing the structures of semiconductor modules that use the next-generation material silicon carbide (SiC).

Takigawa explains, “When I am tied up with one project, my boss will do work on my behalf.” Because some personnel take child-rearing leave or work reduced hours, we have established a system whereby personnel work alternately on the same project so that we can respond when urgent work comes in.

The three team members agree that “the workplace has a friendly atmosphere.” Despite being under considerable pressure, using diversity as a driving force, they will work as a team to achieve major tasks.

*² As of June 1, 2012. Figures for Fuji Electric Co., Ltd., and its main domestic subsidiaries

Working with Local Communities to Promote “Fe Share an Hour”

Manufacturing semiconductor products, Fuji Electric Philippines, Inc. (FEP), annually conducts its “Fe Share an Hour”^{*} social contribution activities in which employees participate. These activities began in the Philippines, but in the current fiscal year Fuji Electric brought them across the ocean to Japan, where it is advancing them as a companywide initiative. In this section, we provide a close-up on these activities, which are teaching participating employees a great deal.

* An initiative aimed at enabling Fe (Fuji Electric) and local communities to “share happiness”



Valuing Exchanges with Local Communities

In 2004, FEP, in collaboration with a local non-governmental organization (NGO), launched Fe Share an Hour in the Province of Laguna in the Philippines, where it has its base. Rose Gerona, who works in FEP’s General Affairs Department, explains the aim of the initiative.

“We value exchanges with local communities. Reflecting a philosophy of ‘sharing blessings with the less fortunate’ this initiative forms part of our CSR activities.”

Fe Share an Hour entails employees donating the equivalent of one hour’s salary, in cash or goods, to orphanages or hospices. Every year, employees visit these facilities to deliver their donations. To date, FEP has supported seven facilities. In fiscal 2011, FEP’s employees made donations to three of these facilities. One of which, Laguna’s House, has been receiving



Rose Gerona
General Affairs Department
Fuji Electric Philippines, Inc.

the support of FEP since fiscal 2005. The facility currently houses 25 children, aged five through 17, who need protection because their parents have abandoned them or local residents have mistreated them.



Collecting donations through boxes installed at FEP’s cafeteria and other places

Spreading Smiles at the Orphanage

In December 2011, 20 volunteers from among FEP’s employees visited Laguna’s House, in a suburban area of Laguna. “Every time I see the children’s smiling faces, it really puts my mind at ease.” One of the visitors, Frank Postrero of FEP’s Facilities Department, explains as he recalls spending time with the children.

To welcome the visitors from FEP, the orphanage held a Christmas party. At the event, everyone had lunch together, and the children performed songs and dances. FEP employees played games with the children, and



Frank Postrero
Facilities Department
Fuji Electric Philippines, Inc.

everyone had a great time. At first, the children were self-conscious, but gradually they relaxed, took the hands of FEP personnel, and ran around enjoying the party.

Postrero is enthusiastic. “As much as I can, I want to take part in this initiative in the future. I want to share my time with them and deepen our exchanges.”



Lots of smiles from the children when they spend time with our personnel



Contributing to Education through Our Livelihood Training Program

“The aim of this initiative is not just to get to know the children. We also help them prepare for life after leaving the orphanage.”

Gerona explains that as far as possible the aim is to incorporate livelihood training into visits to the orphanage. In fiscal 2011, volunteers and children made chocolate at Laguna’s House. Other projects themed on processing food have taught the children how to make steamed rice, cake, and pastries.

Fe Share an Hour does not only involve financial and material support. For example, it includes such initiatives as personnel taking an hour, outside their working hours, to teach coworkers computer skills. This bank of shared skills and knowledge form part of the livelihood training program that FEP provides to the facilities it supports.



Making chocolate as part of our livelihood training program

Sharing and Giving

Representing the social workers of Laguna’s House, Erlinda Sune expresses gratitude for FEP’s support. “We have been able to continue livelihood training thanks to the thoughtfulness of FEP’s personnel and their financial and material support. This gives the children a little hope and benefits their physical and emotional well-being. I thank FEP sincerely.”

A participant in the initiative in fiscal 2011, Julie Pearl Gonzales, who belongs to FEP’s Device Engineering Department, says, “It is not just about making the children happy. The initiative gave me pause to think about a lot of things, including what I can do to help solve social problems.”



Erlinda Sune
Representative of the social workers of Laguna’s House

As well as contributing to local communities, FEP aims to instill social awareness in employees through these initiatives. “We want personnel to appreciate the importance of sharing and giving in relation to other members of society. And, we do not want them to forget those less fortunate than themselves.”



Julie Pearl Gonzales
Device Engineering Department
Fuji Electric Philippines, Inc.

Thanking the Local Community for Supporting the Company

Apart from the Fe Share an Hour initiative, FEP and its employees continue to provide food aid to NGOs, plant trees locally, and donate blood. In recognition of such efforts, the Department of Labor and Employment of the Philippines conferred an award upon FEP for having the best family welfare program in December 2010.

In the view of FEP’s President, Takeo Kikuchi, “Local communities support companies’ activities. Our initiatives aim to return the favor to local communities. I want to continue Fe Share an Hour and share happiness with even more people.”

In the current fiscal year, Fuji Electric has begun implementing Fe Share an Hour on a companywide basis as part of its contribution to local communities in Japan. We want more employees to appreciate the support of local communities and focus on prospering with them. This is the ideal driving our efforts.



Takeo Kikuchi
President
Fuji Electric Philippines, Inc.

Environmental Report



Michio Abe
Corporate General Manager of
Production and Procurement Group
Director and Senior Managing
Executive Officer
Fuji Electric Co., Ltd.

Message from the Environmental Officer

Looking at Our Business Activities from a Global Perspective and Promoting Environmental Management to Reduce Our Environmental Impact

The main pillars of Fuji Electric's Environmental Vision 2020 are to stop global warming, create a recycling-oriented society, and meet our corporate social responsibilities. To achieve these aims, we will promote environmental management, and contribute to the protection of the global environment by providing energy-conserving and energy-creating products and technologies. We will also undertake proactive measures to reduce environmental impact through our own production activities.

Fiscal 2011 provided us with an opportunity to review how we look at energy supply and demand. We reduced energy consumption substantially by accelerating our development of products and technologies that contribute to energy conservation, performing energy-saving diagnostics in Japan and overseas bases, and stepping up our rollout of energy conservation measures across the organization.

In response to Japanese government requests to conserve electricity in the Tokyo Electric Power Co. service area, we strove to cut peak power consumption by transferring production to other locations in Japan and overseas, shifting to nighttime production, and installing high-efficiency devices. At the same time, we introduced a power monitoring system to verify our legal compliance. As a result of our activities, we succeeded in reducing peak power consumption by 41%.

As energy-related values and needs are growing increasingly diverse, in the future we believe that existing structures will need to be reformed. Fuji Electric is taking the lead in this area. In response to global environmental trends and stakeholder input, we are introducing improvements and reforms and developing energy-related business globally, based on our power electronics technologies. Through these efforts, we will contribute to the realization of a sustainable society.



Enacting Environmental Management

Fuji Electric is moving forward with the development of energy-creating and energy-conserving products, and by expanding its operations globally the Company intends to contribute to efforts to stop global warming. At the same time, we are aggressively pursuing efforts to reduce the environmental impact of our production activities, which form the base of these initiatives.

Fuji Electric has established and is constantly improving its environmental management system to promote this sort of environmental management. We have created an environmental protection system, set and are working toward environmental targets, and are reinforcing our internal audits. Simultaneously, we are striving to enhance the environmental awareness of each employee.

Introducing a Green Factory / Green Office Evaluation System to Realize the Objectives of Environmental Vision 2020

Activities based on an environmental management system (EMS) are the focus of Fuji Electric's environmental efforts at each of its operating locations.

In fiscal 2011, we introduced a Green Factory / Green Office Evaluation System to bolster the effectiveness of our EMS activities. This system defines evaluation items for environmental activities at each business site, which are directly linked with the medium- to long-term targets in our Environmental Vision 2020. The system specifies certain business activities (such as the percentage of sales derived from environmental businesses, the number of environmental products developed, the contribution to a reduction in society's CO₂ emissions resulting from our

products), and certifies as a Green Factory / Green Office each business site that achieves the top "gold" level for three years in succession.

Through these activities, we are augmenting efforts at each business site toward the achievement of our Environmental Vision 2020 objectives.

In the current fiscal year, we used this system to evaluate 28 EMS business sites in Japan. A total of 25 sites received a "gold" rating for having made improvements in all categories year on year, and no site earned a lower evaluation than in the preceding fiscal year. Going forward, we will endeavor to ensure that all business sites earn a "gold" evaluation.



On-site inspection of Green Factory / Green Office evaluation at Kawasaki Factory

Green Factory / Green Office Evaluation Factors

- Environmentally friendly products and services
- CO₂ reduction
- Reduced waste and efficient use of resources
- Reduction of chemical substance and toxic atmospheric emissions
- Reduction of environmental risk and compliance
- Communication with local communities

Mapping Environmental Risks to Make Environmental Risks Visible and Reinforce Risk Management in Our Business Activities

To promote environmental management, we believe that in addition to the environmental contribution of our products, we must reinforce risk management at each of the business bases that make these products and maintain stable production systems. To this end, we have created an "environmental risk map" for all our production bases in Japan.

This map contains historical data for each business base (such as their history of using chemical substances, history as legally specified facilities, and history of building extensions or reconstruction), thereby recording the background of each division.

We use this map when conducting environmental inspections at business bases to make local confirmation more effective and enhance risk management.

Going forward, we plan to add information about the utility of plant facilities and equipment that uses energy. Making visible the extent to which each business base uses water, electricity, gas, and other resources should contribute to energy and resource conservation efforts at each business base.

1. Stop Global Warming

Fuji Electric provides products and services that contribute to the creation and conservation of energy. We also strive to conserve energy at our factories and other operational sites. In this manner, we are promoting the reduction of CO₂ emissions on a global scale and helping to stop global warming.

Reducing CO₂ during Production

Fuji Electric is participating in the voluntary action plan targets for the industry set by four electronics industry associations*1 to help achieve Japan's goals for reducing CO₂ emissions during the target period (fiscal 2008–2012).

In fiscal 2011, we introduced thorough measures in response to the call to conserve electricity in the wake of the Great East Japan Earthquake.

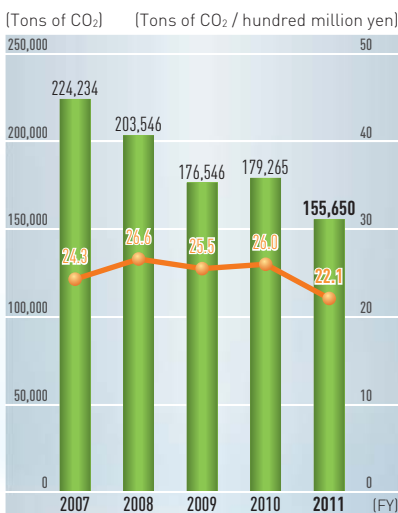
To reduce peak power consumption, we installed high-efficiency devices (inverter systems, lighting, and air conditioning), shifted to a nighttime production schedule, introduced in-house power generation and used backup

generation equipment, increased our number of summer holidays, and extended the period for "Cool Biz" (light attire). We also installed power monitoring systems at all operational sites in the Tokyo Electric Power Co. service area so that we could monitor electricity use in real time and confirm legal compliance*2.

*1 The Japan Electronics and Information Technology Industries Association, the Communications and Information Network Association of Japan, the Japan Business Machine and Information System Industries Association, and the Japan Electrical Manufacturers' Association

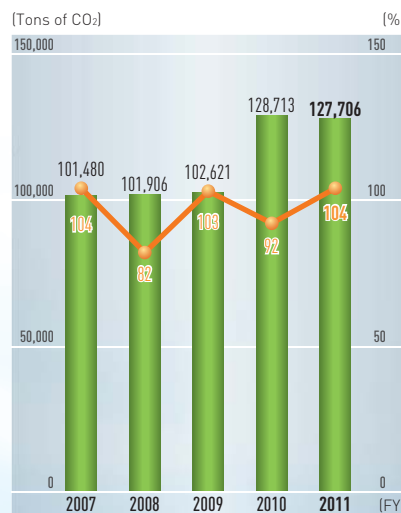
*2 Order to limit use of maximum electricity to 15% less than summer 2010 levels

CO₂ Emissions and CO₂ Emissions per Unit of Sales in Japan



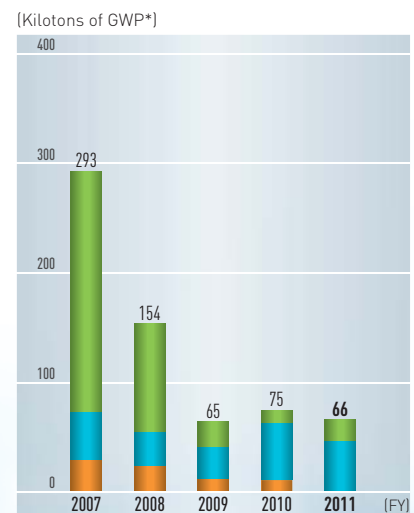
■ CO₂ Emissions (left)
● CO₂ Emissions per Unit of Sales (right)

Overseas CO₂ Emissions per Unit of Sales



■ CO₂ Emissions (left)
● CO₂ Emissions per Unit (FY2006 = 100) (right)

Domestic Greenhouse Gas Emissions Other than CO₂



■ SF₆ ■ PFCs ■ HFCs

* Global warming potential (GWP) measures the relative greenhouse effect caused by a gas compared with CO₂, which is assigned a GWP value of 1.

PRIMARY INITIATIVES

Promoting Efforts to Make Electrical Power Use Visible and Conserve Energy

At the Otawara Factory, we installed the F-MPC System—a power monitoring system made by Fuji Electric—to promote energy conservation and ensure that our use of electricity remained within our contracted amount, with full-fledged operations commencing in fiscal 2011. This system makes electricity use visible at 150 measurement points on production equipment and lines throughout the factory. Its use led us to completely reconsider the need for air conditioning and lighting equipment, particularly at night or on holidays, thereby lowering power consumption. Consequently, we succeeded in reducing the equivalent of 50 tons of CO₂ per year.

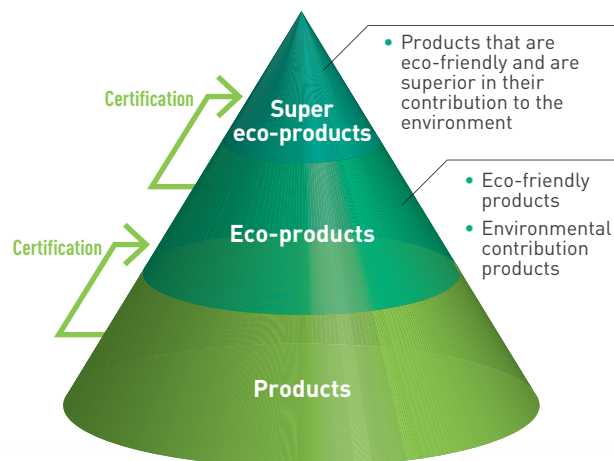


F-MPC System

Contributing to Reduced CO₂ Emissions through Products

Fuji Electric evaluates the degree of product environmental contribution and eco-friendliness on a companywide platform. Products meeting fixed criteria are certified as “eco-products,” while those that are at the top of the industry for environmental benefit and contribution, or which are recognized outside the Company at the national level for environmental superiority are labeled “super eco-products.”

In fiscal 2011, our eco-product sales ratio was 40.9%, up from 32.1% in fiscal 2010. This indicates that using products we sold in fiscal 2011 for a one-year period would contribute to a 772,000-ton reduction in CO₂ emissions.



Eco-Product Definitions

Eco-Friendly Products	Products that have a reduced environmental impact over the entire product lifecycle, from the use of raw materials, the procurement and production of components, and through distribution, use, disposal, and recycling UPSs, vending machines, IGBT modules, etc.
Environmental Contribution Products	Products that contribute to environmental preservation during use Geothermal power generation systems, energy monitoring equipment, inverters, etc.

SUPER ECO-PRODUCTS

Industrial Fuel Cells Contributing to Reduction in CO₂ Emissions

Fuel cells supply clean energy. As they use oxygen and hydrogen to generate electricity and emit only water, emissions of harmful substances that could lead to environmental pollution are essentially zero. Furthermore, harnessing the heat that fuel cells emit when generating electricity to heat water can lead to reduction of 680 tons of CO₂ emissions per year.

Fuji Electric’s industrial fuel cells retrieve hydrogen from city gas and generate electricity. However, if a disaster or other situation interrupts the supply of city gas, the fuel cells can be switched to the use of LP gas, enabling them to be used for backup power generation.

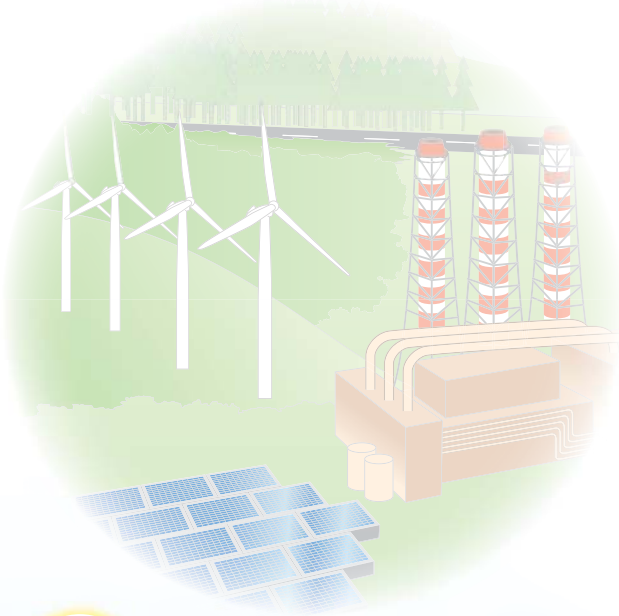


Introduced at the Kawasaki and Fukiage Factories in fiscal 2011

Products that Reduce CO₂ Emissions

Fuji Electric has established Eco-product Certification Standards for products that contribute to society-wide reductions in environmental impact.

Here, we will introduce some of Fuji Electric's eco-products that help prevent global warming by reducing CO₂ emissions.



Power Plants Geothermal Power Generation Facilities

Geothermal power is energy generated using the geothermal steam created by subterranean magma. As geothermal power generation does not require the burning of oil or coal, CO₂ emissions are substantially lower than those from thermal power generation. Furthermore, this power source is able to provide supplies of electricity that are more stable than other renewable energy sources.

**CO₂ emissions reduction:
Approx. 378,000 tons / year**
[Compared to thermal power generation]



Wayang Windu Geothermal Power Station in Indonesia



Factories Inverters

Inverters are used in a wide variety of equipment, including elevators, building air conditioning systems, and factory manufacturing facilities. By optimally controlling the rotation speed of the motors that move such equipment, inverters eliminate energy loss during operation and contribute to energy savings.

**CO₂ emissions reduction:
Approx. 10.3 tons / year
(50.2% reduction)**
[Compared to damper control]



Data Centers Local Air Conditioning Systems

Data centers consume extraordinary amounts of electricity. Fuji Electric's local air conditioning systems help identify localized heat accumulations to provide efficient cooling for these facilities.

**CO₂ emissions reduction:
Approx. 294 tons / year
(51.5% reduction)**
[Compared to underfloor air conditioning systems]



Office Buildings UPSs

Equipped with batteries, UPSs protect computers and factory equipment from power outages. We have created UPSs that realize world-leading levels of power conversion efficiency at 98.5%, thus contributing to energy savings.



**CO₂ emissions reduction:
Approx. 103 tons / year
(82.4% reduction)**

[Comparison between models released in fiscal 2006 and those released in fiscal 2011]



Stores Building Energy Management Systems



Building energy management systems are used to monitor and efficiently control energy usage in stores and other buildings. By employing combinations of renewable energy systems and storage batteries, these management systems help equalize electric power loads.

**CO₂ emissions reduction:
Approx. 20 tons / year
(8.1% reduction)**

[Benefit from introducing Fuji Electric's building energy management systems]



Automobiles IGBTs

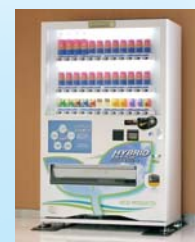
IGBT modules are a type of power semiconductors. They are used in inverters, EVs, and the power conversion equipment of wind and solar power generation facilities, and are essential to realizing energy savings.

**CO₂ emissions reduction:
Approx. 75 kg / year
(13.0% reduction)**

[Comparison between the S-Series and the V-Series]

Vending Machines

Fuji Electric's vending machines employ heat pump technologies, nonfluorocarbon refrigerants, and state-of-the-art vacuum insulation materials. By combining these features with light-emitting diode (LED) displays, we have created ultra-energy-efficient vending machines that realize substantial reductions in electricity consumption.



**CO₂ emissions reduction:
Approx. 332 kg / year
(49.4% reduction)**

[Comparison between models released in fiscal 2006 and those released in fiscal 2012]

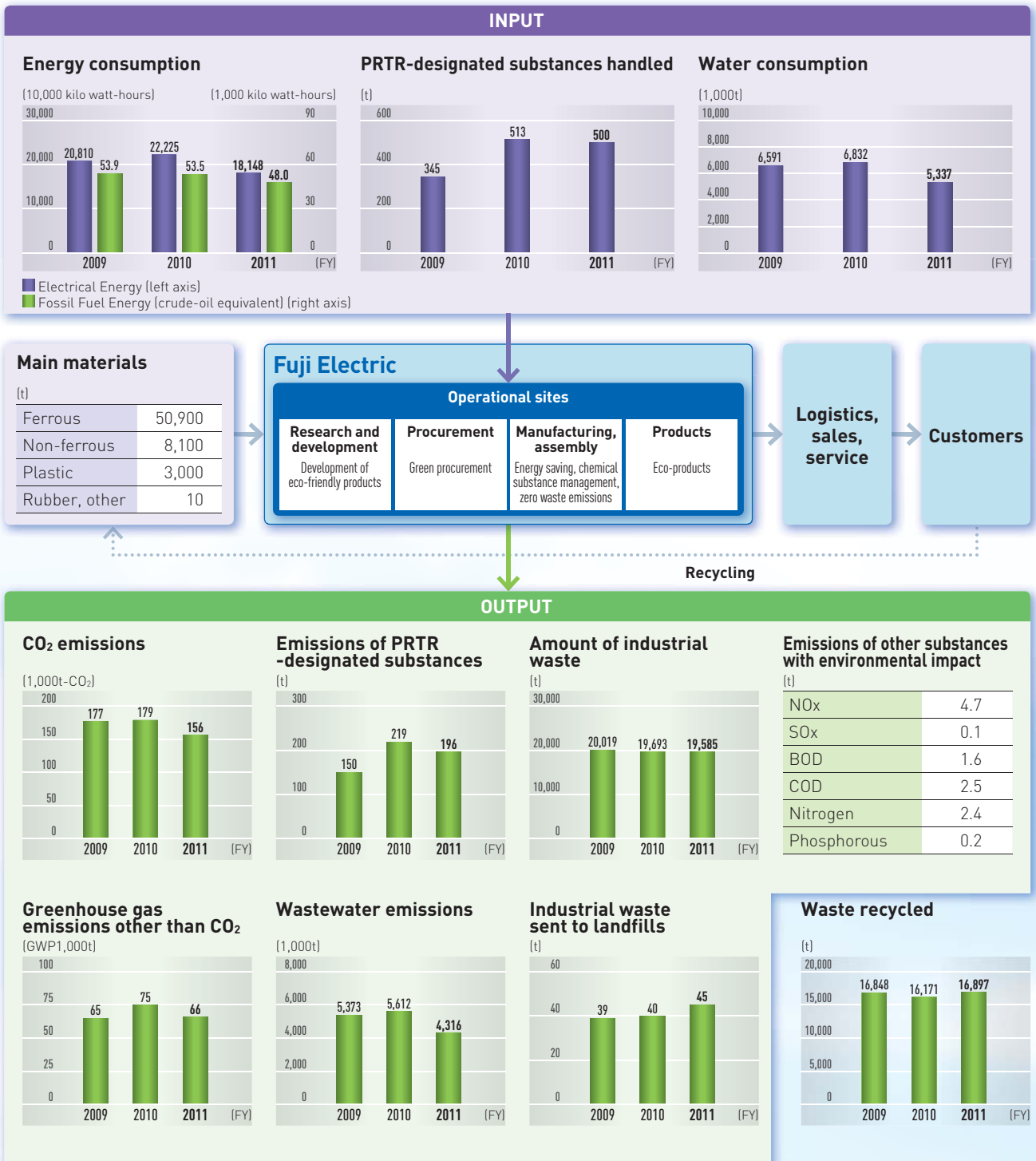
* Information regarding the methods used to calculate CO₂ emission reductions can be found on Fuji Electric's website.

2. Creating a Recycling-Oriented Society

Fuji Electric is promoting the 3Rs (reduce, reuse, recycle) in its products and working to expand the number of eco-friendly products for energy-creating and energy-conserving. At the same time, we are contributing to the creation of a recycling-oriented society by striving for zero emissions at our operational sites.

Our efforts targeting zero emissions focus on attaining the goal of zero waste—a ratio of waste sent to landfills to total waste of no more than 1%. These activities promote waste reductions and resource recycling. From fiscal 2011, we have set our goal as 0.5%. We outperformed against this target, with a ratio of 0.2%.

Interplay between Business Activities and Environmental Impact in Japan



EXAMPLES OF INITIATIVES

MATSUMOTO FACTORY IN JAPAN

Reusing Wastewater from Semiconductor Production Processes

Semiconductor production consumes large amounts of pure water by process such as product cleaning. Therefore, we have mounted a proactive effort to reuse the pure water emitted by the Matsumoto Factory, which manufactures these products.

In the past, we used equipment to process wastewater that had not lost its level of purity, reusing this water in production processes. In fiscal 2011, equipment within the factory also began reusing water with a lower degree of purity, following confirmation of its commercial viability. We process wastewater having a lower level of purity through microfiltration membranes and other equipment, using it in cooling towers and for general use within offices. These efforts have reduced our water requirements by approximately 1,000m³ per day.



From the left
Yoshiharu Kato, Tadataka Izutani,
Makoto Miyazawa,
Environment & Facility Planning
Department, Matsumoto Factory

FUJI ELECTRIC (CHANGSHU) IN CHINA

Efforts to Reduce Emissions of Metal Waste and Reuse Resources

Fuji Electric (Changshu) Co., Ltd., resells “punch plate”—the magnetic sheet steel and other metals that are generated during the press process when manufacturing magnetic contactors and thermal relays—and reuses such materials as resources. Through its thorough quality improvement and waste reduction activities, the company is also boosting yields, reducing the amount of waste that is generated. These efforts have earned the company high praise from its environmental ISO audit institution, the China Association for Standardization.



Punch plate generated during the
press process

TSUKUBA FACTORY IN JAPAN

Community Welfare Facilities and Environmental Protection Activities

In 2011, the Tsukuba Factory, which makes uninterruptible power supply systems (UPSs) and backup power generation equipment, began cooperating with the nearby Asunaro Society, a social welfare corporation, to reuse as resources irreparable or discarded products that had previously been processed as industrial waste.

We have consigned the disassembly and separation of these products to the Asunaro Society, which conducts these activities at a workplace set up inside the Tsukuba Factory. In 2011, these efforts led to the 100% effective use of such resources as the factory’s discarded batteries and metal scrap, reducing its industrial waste emissions 59% from the preceding year. Furthermore, the commission paid to the Asunaro Society, balanced against the revenue generated by selling on these resources, led to a 30% reduction in processing costs.

We have begun working with the Asunaro Society, which strives to provide work opportunities for people with disabilities, on environmental protection and community contribution initiatives. We plan to continue these activities going forward.



Consigning the disassembly and
separation of products to a social
welfare corporation

Management Structure

CORPORATE GOVERNANCE

To realize its corporate mission, Fuji Electric is reinforcing its corporate governance by increasing management transparency and enhancing the oversight function.

The Fuji Electric Governance Framework

Fuji Electric's corporate governance framework consists of a Board of Directors, which performs the functions of management supervision and making important decisions, and auditors and the Board of Auditors, which are in charge of the management audit function.

Comprising nine directors (including three outside directors) and five auditors (of whom three are outside auditors), the governance framework is designed to reinforce the Company's management supervision and audit functions.

To this end, the system actively calls on outside officers, making them an essential part of the system.

Outside officers fulfill the role of providing management supervision and management audits from an objective perspective. At the same time, they provide useful advice and instructions across the entire spectrum of Fuji Electric's business, helping to ensure the appropriateness of management judgments.

Clarifying the Management and Execution Functions

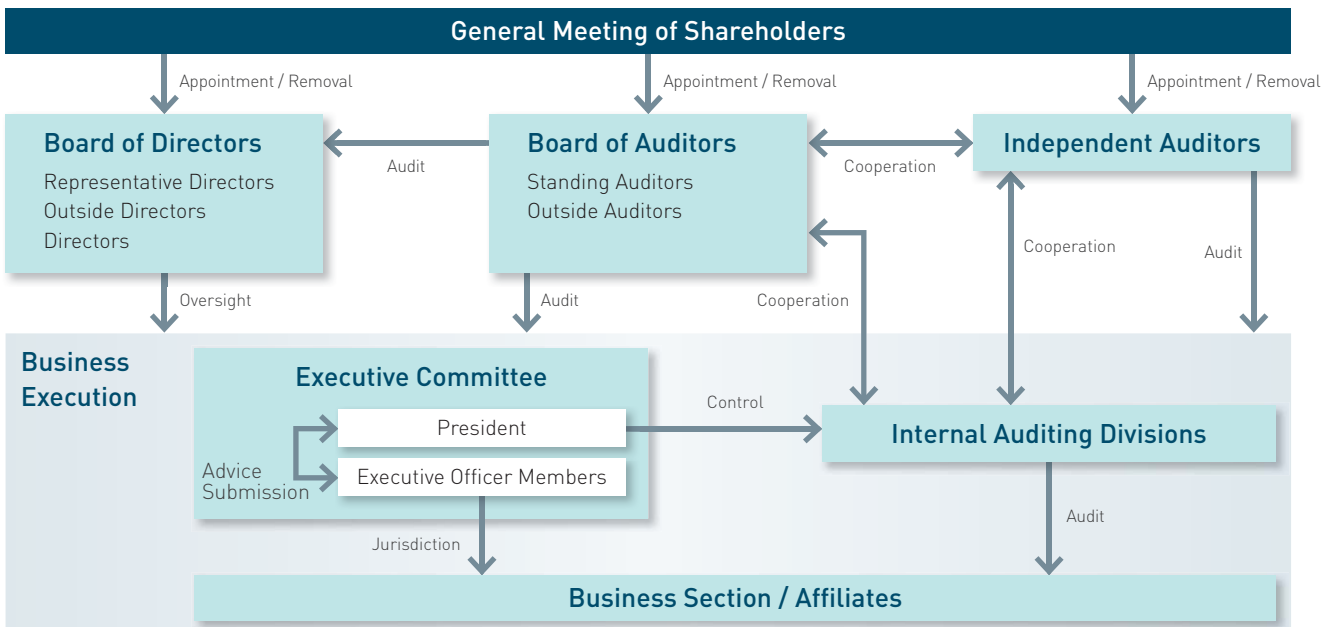
In April 2011, we launched the "New Fuji Electric" by consolidating our operating subsidiaries and integrating the management and business execution functions.

Under the new structure, we have introduced an executive officer system that has been implemented across the Company, including our affiliates. The management and execution roles have been made clear, as has executive responsibility for each business. In accordance with the

Company Act, directors execute business personally and are responsible for supervising the execution of business. To enhance the business execution function, we have also introduced an executive officer system and appointed 15 officers.

The officers, who are appointed by the representative director for one-year terms of office, have the same management duty of care as directors.

Corporate Governance Framework



(1) Directors and Board of Directors

The Board of Directors conducts decision-making and oversight of the management of Fuji Electric and the execution of its important business. Fuji Electric proactively appoints outside directors with a view to strengthening the management supervisory function from an objective perspective and maintaining the rationality and propriety of business decisions.

(2) Auditors and Board of Auditors

The auditors inspect Fuji Electric's management and business execution. In addition to our proactive appointment of outside auditors, we shore up our auditing functions by having standing auditors to attend Executive Committee.

(3) President, Executive Officers, Executive Committee

Led by the president, the Executive Committee rules on the execution of business other than that decided upon by the Board of Directors. The Executive Committee is composed of executive officers and serves to advise the president, and fulfills functions such as reporting to enable deliberation, recommendation, and monitoring of important matters. Each executive officer controls the execution of the business of which he is in charge.

Outside Officers

To ensure that outside directors augment Fuji Electric's management supervision function and assure the adequacy and appropriateness of important decisions, the standards for outside officers are that they have the insights and experience necessary for making multifaceted management decisions, understand Fuji Electric's management, and are independent from the Company. Outside directors are selected after taking all these factors into due consideration.

Outside auditors are chosen after taking into overall account such aspects as their ability to reinforce Fuji Electric's management audit function, whether they have the insights and experience necessary to make management judgments, their understanding of Fuji Electric's management, and their independence from the Company.

The three outside directors are Mr. Hiroaki Kurokawa, who has experience as a manager in the manufacturing sector; Mr. Motoyuki Suzuki, who is an expert in environmental engineering; and Mr. Takashi Okimoto, who is experienced

in the management of financial institutions. These members provide Fuji Electric with useful advice and instructions in every aspect of its business.

Our three outside auditors are Mr. Takahiko Ito, who has experience as a standing auditor at a listed company; Mr. Yoshiki Sato, who is experienced in the management of financial institutions; and Ms. Akiko Kimura, an attorney. In addition to the responsibility of augmenting the management audit function, the outside auditors provide Fuji Electric with useful advice and instructions in every aspect of its business.

These outside officers have been appointed as independent directors as required by financial instruments exchanges.

In fiscal 2011, outside officers attended the Board of Directors (which was held 13 times) and the Board of Auditors (which was held nine times). Their rates of attendance were 95% and 96%, respectively.

Executive Remuneration

Fuji Electric has established a remuneration system and remuneration levels for directors and auditors that are deemed appropriate for their respective duties and in accordance with the shareholders' mandate, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the improvement of business performance.

● Standing Directors

As standing directors are charged with the responsibility of improving consolidated operating performance for each fiscal year and realizing improvements in corporate value over the medium to long term, their remuneration is structured and managed in two categories: base remuneration and performance-linked remuneration.

● Base Remuneration

Base remuneration is a predetermined amount that is paid to executives according to their position. A portion of the base remuneration, depending on rank, is contributed to the director shareholding association to share the economic interests of shareholders and as an incentive to make management aware of share value.

● Performance-Linked Remuneration

Performance-linked remuneration is paid only in instances in which dividends are paid to all shareholders from

retained earnings. The total amount of executive performance remuneration shall be within 1.0% of consolidated net income for the fiscal year prior to the date of payment in order to make the link with consolidated results for each fiscal year more transparent.

● Outside Directors and Auditors

Remuneration for outside directors and auditors is paid as a fixed sum determined in advance, according to their rank, as outside directors and auditors are charged with the duty of supervising or auditing the execution of duties across Fuji Electric. Outside directors and auditors may acquire stock in the Company at their own discretion.

Total Remuneration for Directors and Auditors (Fiscal 2011)

	Number of recipients	Amount of payment (Millions of yen)
Directors (of which, outside directors)	14 (3)	366 (22)
Auditors (of which, outside auditors)	5 (3)	80 (22)

- Notes
1. Includes three directors who retired as of the end of the 135th Ordinary General Meeting of Shareholders, held on June 24, 2011.
 2. The amount paid to directors includes performance-based remuneration for FY2010.
 3. In addition to the above, ¥36 million was paid as employee bonuses to directors who are also employees (four people).

Internal Control System

The Fuji Electric Board of Directors determines basic policies concerning the establishment of an internal control system as stipulated in the Company Act, and the Company discloses that policy. Fuji Electric's companywide internal control system is designed to respond promptly and accurately to the demands

placed upon the Company by society, and improvements are continuously made to it.

Note: For details please refer to the "Corporate Governance" section under "Investor Relations" of our website.

COMPLIANCE

We employ thorough measures to ensure compliance with laws and corporate ethics and always act with a high degree of social conscience, because achieving sustained corporate growth is premised upon doing so.

Basic Compliance Policy and Framework

● Basic Compliance Policy and Individual Regulations

The Fuji Electric Code of Conduct, which was revised in October 2010, states that we shall "Respect, value and conform with all applicable laws and regulations." We have established the Fuji Electric Compliance Regulations and the Fuji Electric Compliance Program, which bring together four aspects of domestic and overseas compliance (internal rules, oversight, monitoring, education), based upon this policy, to achieve sustained growth.

● Fuji Electric Compliance Promotion Committee

The Fuji Electric Compliance Promotion Committee, which is headed by the president and composed of the managers responsible for compliance, with outside experts (attorneys) as observers, has jurisdiction over compliance.

The committee meets twice each fiscal year to deliberate compliance planning and execution with the goal of achieving full compliance with laws and social norms.

● Compliance Program

Amid its efforts to promote the localization of management and construct partnerships with offshore entities, Fuji Electric is bolstering the compliance of its overseas operations.

In addition to globally consistent items such as the prohibition of discriminatory acts and unfair dealings, including bribery and corruption, the Fuji Electric Compliance Program reflects the laws and regulations of each region where we conduct business. In addition to Fuji Electric itself, we practice compliance on this basis through the actions of all our subsidiaries in Japan and overseas.

● Operation of Whistle-Blowing Systems in Japan and Overseas

To prevent infractions of laws, regulations and internal rules and ensure early detection, Fuji Electric has introduced the Business Ethics Helpline System. Under this system, employees in Japan and overseas can report to Fuji Electric's president via the department responsible for compliance.

In fiscal 2012, we plan to initiate a Partner Hotline, which will handle notifications from business partners about Fuji Electric's materials procurement operations.

Conducting Compliance Training

Fuji Electric has created a compliance training program for officers and employees of the Company and its affiliates that addresses matters they encounter in the course of their business activities. This program is conducted year-round. Compliance training has two main thrusts: level-specific and job-specific courses.

In March 2012, we conducted group training at Fuji Electric (China) Co., Ltd., to communicate information concerning the prohibition of bribery. This training brought to attention the United Kingdom Bribery Act that went into force in July 2011 and that assigns penalties for bribery occurring even among private-sector firms and for acts that occur outside the United Kingdom.



RISK MANAGEMENT

We are redoubling our management of a broad range of risks, including disaster preparedness measures, information security, and protection of intellectual property.

Thorough Risk Management

● Organizational and Systematic Risk Management

Based on the Fuji Electric Risk Management Regulations, which were formulated in May 2006, the various risks that could affect the Company (strategic, financial, operational, and hazard risks) are recognized and evaluated in a coordinated, systematic manner and are appropriately managed and processed.

The Company formulates business plans each fiscal year. After evaluating the risks related to each operational site, the Company incorporates them into its plans.

● Crisis Management in Preparation for Large-Scale Disasters

Learning lessons from the Great East Japan Earthquake, which struck in March 2011, we have revised our disaster response rules and regulations and produced a Disaster Prevention and Procedural Manual.

Based on this manual, we have created a disaster preparedness headquarters system that appoints the vice president as the officer in charge of crisis management and assigns overall responsibility to the president. We have also revised our fire safety and disaster preparedness systems, put in place thorough measures to ensure that structures and facilities are earthquake resistant and renewed our cache of emergency stores at operational sites and subsidiaries.

At least once each year, we conduct training on preparedness for large-scale disasters at each operational site, including overseas bases.

Enhancing Information Security

● Third-Party Certification Related to Information Security

To protect personal and confidential information, Fuji Electric has formulated internal rules, instituted training programs for employees and implemented various other measures.

These measures include acquiring outside certification for companies demanding a high level of information security. As of April 1, 2012, six of our operations (at four companies) had acquired ISMS certification.

Also, currently two companies—Fuji Electric Co., Ltd., and Fuji Electric IT Center Co., Ltd.—have acquired Privacy Mark certification.

● Extending Information Security Overseas

As part of our aggressive rollout of information security initiatives overseas, we have translated our information security policy and regulations into English and Chinese. Based on it, each overseas company has also drafted security regulations for overseas bases, taking into account individual countries' laws and regulations.

In 2011, we also translated the information security handbook distributed in Japan into English and Chinese. In November 2011, this handbook was distributed to all employees at each subsidiary except Japan.

We conducted overseas information security audits at 29 companies in fiscal 2011. Going forward, we will work to entrench related activities throughout Fuji Electric, including overseas bases, and strive for ongoing improvement.

Promoting the Protection of Intellectual Property

● Promotion of Activities to Prevent Patent Infringement

As part of our intellectual property activities, we employ a system to monitor other companies' patents on a daily basis to ensure against the inadvertent infringement of third-party (other companies') patents.

In addition to patents, we conduct prior surveys to prevent infringements pertaining to such intellectual property as utility models, designs, and trademarks.

To prevent infringement, we also conduct compliance program training concerning other intellectual property rights, such as industrial property rights. To protect our own intellectual property, we take proactive measures to acquire and protect rights. In fiscal 2011, the Company formulated guidelines against brand imitation and on the protection of expertise, creating a framework for such protection.

List of Officers

As of July 1, 2012

Directors



Michihiro Kitazawa
President and
Chairman of the
Board of Directors



Yoshio Okuno
Representative
Director



Hisao Shigekane
Representative
Director



Hiroaki Kurokawa
Outside Director
Senior Executive
Advisor,
FUJITSU LIMITED



Motoyuki Suzuki
Outside Director
Visiting Professor,
The Open University
of Japan;
Chairman of the
Central Environmental
Council, Ministry of the
Environment



Takashi Okimoto
Outside Director
President and
Representative Director,
Chuo Fudousan Co., Ltd.



Michio Abe
Director



Takamichi Hamada
Director



Naoto Yoneyama
Director

Auditors



Keiichi Hirata
Standing Auditor



Toshio Shinozaki
Standing Auditor



Takahiko Ito
Outside Auditor
Standing Auditor,
Furukawa Electric
Co., Ltd.



Yoshiki Sato
Outside Auditor
President and
Representative Director,
Asahi Mutual Life
Insurance Company



Akiko Kimura
Outside Auditor
Advisor,
Anderson Mori &
Tomotsune

Executive Officers

President	Michihiro Kitazawa	General Management
Executive Vice Presidents	Yoshio Okuno	Assistant to the President; Sales Management; Corporate General Manager, Global Business Group
	Hisao Shigekane	Assistant to the President; Corporate General Manager, Corporate Management Planning Headquarters; General Manager, Export Administration Office; In charge of compliance management and crisis management
Senior Managing Executive Officers	Michio Abe	Corporate General Manager, Production and Procurement Group
	Takamichi Hamada	In charge of external affairs and marketing
Managing Executive Officer	Naoto Yoneyama	Corporate General Manager, Power and Social Infrastructure Business Group; In charge of construction business
Executive Officers	Kenzo Sugai	Corporate General Manager, Sales Group
	Takashi Kusaka	Corporate General Manager, Industrial Infrastructure Business Group
	Motofumi Matsumura	Corporate General Manager, Power Electronics Business Group
	Kuniaki Yanagisawa	Corporate General Manager, Electronic Devices Business Group
	Hidehiko Asahi	Corporate General Manager, Food and Beverage Distribution Business Group; President and Representative Director, Fuji Electric Retail Systems Co., Ltd.
	Naoya Eguchi	Corporate General Manager, Corporate R&D Headquarters
	Toshihiko Ishihara	General Manager, Human Resources and General Affairs Office
	Junichi Matsumoto	General Manager, Corporate Finance Office, Corporate Management Planning Headquarters
	Fumio Ito	General Manager, ED&C Division, Power Electronics Business Group; President and Representative Director, Fuji Electric FA Components & Systems Co., Ltd.

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Financial Information

Consolidated Balance Sheets

As of March 31, 2012 and 2011	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Assets			
Current Assets:			
Cash and cash equivalents	¥ 64,261	¥ 81,796	\$ 783,682
Short-term investments	61	87	753
Trade receivables	199,677	197,350	2,435,089
Allowance for doubtful accounts	(836)	(561)	(10,206)
Inventories	133,314	109,451	1,625,784
Deferred tax assets	20,131	15,849	245,508
Other current assets	36,589	39,052	446,190
Total Current Assets	453,197	443,024	5,526,800
Property, Plant and Equipment:			
Land	26,623	27,697	324,671
Buildings and structures	201,804	201,113	2,461,033
Machinery and equipment	160,628	165,222	1,958,883
Lease assets	44,998	37,520	548,768
Construction in progress	4,900	1,273	59,740
	438,953	432,825	5,353,095
Less accumulated depreciation	(280,514)	(266,894)	(3,420,909)
Net Property, Plant and Equipment	158,439	165,931	1,932,186
Investments and Other Assets:			
Investment securities:			
Unconsolidated subsidiaries and affiliates	30,127	29,079	367,412
Other	95,464	100,253	1,164,199
Long-term loans receivable	1,530	2,037	18,660
Deferred tax assets	4,319	4,634	52,676
Other investments and other assets	51,254	62,260	625,027
Allowance for doubtful accounts	(1,482)	(1,421)	(18,081)
Total Investments and Other Assets	181,212	196,842	2,209,893
Total Assets	¥ 792,848	¥ 805,797	\$ 9,668,879

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Liabilities and Net Assets			
Current Liabilities:			
Short-term debt	¥ 58,423	¥ 37,132	\$ 712,484
Current portion of long-term debt	119,639	90,718	1,459,014
Trade payables	136,466	134,686	1,664,223
Lease obligations	11,102	9,608	135,397
Advances received	46,575	37,539	567,995
Income taxes payable	1,905	2,416	23,239
Other current liabilities	91,704	92,799	1,118,308
Total Current Liabilities	465,814	404,898	5,680,660
Long-term Liabilities:			
Long-term debt	77,802	146,168	948,813
Lease obligations	22,521	23,228	274,648
Provision for retirement benefits	10,849	12,647	132,313
Provision for directors' retirement benefits	375	365	4,584
Deferred tax liabilities	26,814	38,263	327,000
Other long-term liabilities	5,456	5,293	66,505
Total Long-term Liabilities	143,817	225,964	1,753,863
Total Liabilities	609,631	630,862	7,434,523
Contingent Liabilities:			
Net Assets			
Shareholders' Equity:			
Capital stock:			
Authorized— 1,600,000,000 shares			
Issued— 746,484,957 shares as of March 31, 2012	47,586	—	580,318
746,484,957 shares as of March 31, 2011	—	47,586	—
Capital surplus	46,734	46,734	569,930
Retained earnings	63,438	54,378	773,642
Treasury stock at cost:			
31,888,102 shares as of March 31, 2012	(7,110)	—	(86,718)
31,867,094 shares as of March 31, 2011	—	(7,106)	—
Total Shareholders' Equity	150,648	141,592	1,837,172
Accumulated Other Comprehensive Income (Loss)			
Valuation difference on available-for-sale securities	18,848	19,895	229,856
Deferred gains or losses on hedges	(81)	4	(996)
Foreign currency translation adjustments	(5,838)	(6,136)	(71,197)
Total Accumulated Other Comprehensive Income	12,929	13,763	157,663
Minority Interests in Consolidated Subsidiaries	19,640	19,580	239,521
Total Net Assets	183,217	174,935	2,234,356
Total Liabilities and Net Assets	¥792,848	¥805,797	\$9,668,879

Consolidated Statements of Income

Years ended March 31, 2012 and 2011	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net Sales	¥703,534	¥689,065	\$8,579,684
Cost of Sales	546,689	543,558	6,666,937
Gross Profit	156,845	145,507	1,912,747
Selling, General and Administrative Expenses	137,593	133,590	1,677,958
Operating Income	19,252	11,917	234,789
Non-Operating Income (Expenses):			
Interest and dividend income	2,643	2,913	32,237
Interest expense	(4,937)	(5,585)	(60,208)
Other, net	1,596	(2,020)	19,456
	(698)	(4,692)	(8,515)
Ordinary Income	18,554	7,225	226,274
Extraordinary Income (Loss), Net	(13,206)	19,222	(161,054)
Income Before Income Taxes and Minority Interests	5,348	26,447	65,220
Income Taxes	(7,897)	10,202	(96,306)
Income Before Minority Interests	13,245	16,245	161,526
Minority Interests in Net Income of Consolidated Subsidiaries	(1,444)	(1,141)	(17,601)
Net Income	¥ 11,801	¥ 15,104	\$ 143,925

	Yen		U.S. dollars
	2012	2011	2012
Per Share of Common Stock:			
Basic	¥16.52	¥21.14	\$0.201
Diluted	16.49	21.10	0.201

Consolidated Statements of Comprehensive Income

Years ended March 31, 2012 and 2011	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Income Before Minority Interests	¥13,245	¥ 16,245	\$161,526
Other Comprehensive Income (Loss)			
Valuation difference on available-for-sale securities	(1,085)	(33,111)	(13,243)
Deferred gains or losses on hedges	(86)	(108)	(1,059)
Foreign currency translation adjustments	370	(3,004)	4,521
Share of other comprehensive income (loss) of associates accounted for using equity method	34	(10)	427
Total Other Comprehensive Loss	(767)	(36,233)	(9,354)
Comprehensive Income (Loss)	¥12,478	¥(19,988)	\$152,172
Comprehensive Income (Loss) Attributable to:			
Shareholders of the Company	¥10,967	¥(20,763)	\$133,750
Minority interests	1,511	775	18,422

Consolidated Statements of Changes in Net Assets

	Thousands				Millions of yen						
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Treasury stock	Total	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2010	746,484	¥47,586	¥46,734	¥42,010	¥ 52,985	¥ 110	¥(3,463)	¥(7,095)	¥178,867	¥17,267	¥196,134
Net income for the year	—	—	—	15,104	—	—	—	—	15,104	—	15,104
Change of scope of consolidation	—	—	—	56	—	—	—	—	56	—	56
Change of scope of equity method	—	—	—	(291)	—	—	—	—	(291)	—	(291)
Cash dividends	—	—	—	(2,501)	—	—	—	—	(2,501)	—	(2,501)
Purchase of treasury stock	—	—	—	—	—	—	—	(12)	(12)	—	(12)
Sales of treasury stock	—	—	(0)	—	—	—	—	1	1	—	1
Net change in the year	—	—	—	—	(33,090)	(106)	(2,673)	—	(35,869)	2,313	(33,556)
Balance at March 31, 2011	746,484	¥47,586	¥46,734	¥54,378	¥ 19,895	¥ 4	¥(6,136)	¥(7,106)	¥155,355	¥19,580	¥174,935
Net income for the year	—	—	—	11,801	—	—	—	—	11,801	—	11,801
Change of scope of consolidation	—	—	—	117	—	—	—	—	117	—	117
Cash dividends	—	—	—	(2,858)	—	—	—	—	(2,858)	—	(2,858)
Purchase of treasury stock	—	—	—	—	—	—	—	(5)	(5)	—	(5)
Sales of treasury stock	—	—	(0)	—	—	—	—	0	0	—	0
Net change in the year	—	—	—	—	(1,047)	(85)	299	—	(833)	60	(773)
Balance at March 31, 2012	746,484	¥47,586	¥46,734	¥63,438	¥ 18,848	¥ (81)	¥(5,838)	¥(7,110)	¥163,577	¥19,640	¥183,217

	Thousands of U.S. dollars										
Balance at March 31, 2011		\$580,318	\$569,930	\$663,147	\$242,623	\$ 55	\$(74,839)	\$(86,659)	\$1,894,575	\$238,785	\$2,133,360
Net income for the year		—	—	143,925	—	—	—	—	143,925	—	143,925
Change of scope of consolidation		—	—	1,429	—	—	—	—	1,429	—	1,429
Cash dividends		—	—	(34,859)	—	—	—	—	(34,859)	—	(34,859)
Purchase of treasury stock		—	—	—	—	—	—	(63)	(63)	—	(63)
Sales of treasury stock		—	(0)	—	—	—	—	4	4	—	4
Net change in the year		—	—	—	(12,767)	(1,051)	3,642	—	(10,176)	736	(9,440)
Balance at March 31, 2012		\$580,318	\$569,930	\$773,642	\$229,856	\$ (996)	\$(71,197)	\$(86,718)	\$1,994,835	\$239,521	\$2,234,356

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
Years ended March 31, 2012 and 2011	2012	2011	2012
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 5,348	¥ 26,447	\$ 65,220
Depreciation and amortization	29,755	27,945	362,875
Increase (decrease) in allowance for doubtful accounts	332	(11)	4,055
Interest and dividend income	(2,643)	(2,913)	(32,237)
Interest expense	4,937	5,585	60,208
Foreign exchange losses	203	748	2,479
Gain on sales of noncurrent assets	(2,081)	(232)	(25,380)
Gain on sales of investment securities	(290)	(30,760)	(3,544)
Gain on sales of subsidiaries' stocks	—	(539)	—
Loss on disposal of noncurrent assets	459	923	5,602
Loss on devaluation of investment securities	207	2,863	2,526
Loss on disappearance of pension assets	6,987	—	85,211
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,270	—
Impairment loss	—	1,269	—
Changes in operating assets and liabilities:			
Notes and accounts receivable—trade	(2,034)	24,122	(24,812)
Inventories	(23,476)	(16,179)	(286,304)
Notes and accounts payable—trade	2,110	5,384	25,736
Advances received	9,030	10,525	110,124
Other, net	6,389	3,680	77,921
Cash generated from operations	35,233	61,127	429,680
Interest and dividends received	2,920	2,745	35,621
Interest expenses paid	(5,371)	(5,381)	(65,511)
Income taxes paid	(4,468)	(4,638)	(54,496)
Net cash provided by operating activities	28,314	53,853	345,294
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(15,014)	(12,321)	(183,109)
Proceeds from sales of property, plant and equipment	4,418	4,987	53,882
Purchase of investment securities	(275)	(398)	(3,360)
Proceeds from sales of investment securities	312	94,153	3,810
Proceeds from sales of investments in subsidiaries	—	1,450	—
Payments of loans receivable	(3,103)	(7,439)	(37,853)
Collection of loans receivable	3,163	6,622	38,583
Other, net	(2,990)	(2,813)	(36,454)
Net cash provided by (used in) investing activities	(13,489)	84,241	(164,501)
Cash Flows from Financing Activities:			
Net decrease in short-term loans payable	21,184	(59,835)	258,345
Proceeds from long-term loans payable	30,956	1,709	377,515
Repayment of long-term loans payable	(90,264)	(24,692)	(1,100,790)
Proceeds from issuance of bonds	20,000	—	243,902
Repayments of lease obligations	(11,319)	(7,777)	(138,046)
Proceeds from sales of treasury stock	0	1	4
Purchase of treasury stock	(5)	(11)	(63)
Cash dividends paid	(2,858)	(2,501)	(34,859)
Cash dividends paid to minority shareholders	(191)	(362)	(2,337)
Other, net	(96)	—	(1,142)
Net cash used in financing activities	(32,593)	(93,468)	(397,471)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(56)	(1,103)	(689)
Net Increase (Decrease) in Cash and Cash Equivalents	(17,824)	43,523	(217,367)
Cash and Cash Equivalents at Beginning of Year	81,796	37,283	997,520
Increase in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	289	990	3,529
Cash and Cash Equivalents at End of Year	¥ 64,261	¥ 81,796	\$ 783,682

Corporate Information

Consolidated Subsidiaries and Equity-method Affiliates (As of July 1, 2012)

Fuji Electric has a total of 47 consolidated subsidiaries (26 Japanese companies and 21 overseas companies). Also, Fuji Furukawa Engineering & Construction Co., Ltd. is listed in the Second Section of the Tokyo Stock Exchange. In addition, four companies—METAWATER Co., Ltd., METAWATER SERVICE Co., Ltd., Fuji Furmanite Co., Ltd., and Fuji Furukawa E&C (Thailand) Co., Ltd.—are equity-method affiliates.

Consolidated Subsidiaries and Equity-method Affiliates	
Consolidated Subsidiaries (Domestic): 26	Consolidated Subsidiaries (Overseas): 21
Fuji Electric FA Components & Systems Co., Ltd.	Fuji Electric Europe GmbH
Fuji Electric Retail Systems Co., Ltd.	Fuji Electric FA (Asia) Co., Ltd.
Fuji Furukawa Engineering & Construction Co., Ltd.	Fuji Electric Dalian Co., Ltd.
Fuji Electric Technica Co., Ltd.	Fuji Electric Taiwan Co., Ltd.
Fuji Electric Finance and Accounting Support Co., Ltd.	Fuji Electric Corp. of America
Hoei Denki Co., Ltd.	Fuji Electric Asia Pacific Pte. Ltd.
Hokkaido Fuji Electric Co., Ltd.	Fuji Electric Philippines, Inc.
Fuji Office & Life Service, Co., Ltd.	Fuji Electric (Malaysia) Sdn. Bhd.
Chichibu Fuji Co., Ltd.	Fuji Electric (China) Co., Ltd.
Ibaraki Fuji Co., Ltd.	Fuji Electric (Shenzhen) Co., Ltd.
Hoei Plastics Co., Ltd.	Wuxi Fuji Electric FA Co., Ltd.
Fuji IT Co., Ltd.	Fuji Electric Hong Kong Co., Ltd.
Shinshu Fuji Electric Co., Ltd.	Shanghai Fuji Electric Switchgear Co., Ltd.
Fuji Electric Power Semiconductor Co., Ltd.	Fuji Electric Motor (Dalian) Co., Ltd.
Tottori Electric Manufacturing Co., Ltd.	Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.
Fuji Electric IT Center Co., Ltd.	Hoei Hong Kong Co., Ltd.
Fuji Electric Chiba Tech. Co., Ltd.	Fuji Electric (Changshu) Co., Ltd.
Fuji Electric F-Tech Co., Ltd.	Fuji Electric FA Korea Co., Ltd.
Hakko Electronics Co., Ltd.	Shanghai Fuji Electric Transformer Co., Ltd.
Fuji Electric IT Solutions Co., Ltd.	Fuji Electric Power Supply (Thailand) Co., Ltd.
Mie Fuji Co., Ltd.	Fuji Electric France S.A.S
Fuji Electric Thermo Systems Co., Ltd.	Equity-method Affiliates (Overseas): 1
Fuji Electric FA Service Co., Ltd.	FUJI FURUKAWA E&C (THAILAND) Co., Ltd.
GE Fuji Meter Co., Ltd.	
FESTEC Co., Ltd.	
Fuji Electric Tsugaru Semiconductor Co., Ltd.	
Equity-method Affiliates (Domestic): 3	
METAWATER Co., Ltd.	
METAWATER SERVICE Co., Ltd.	
FUJI FURMANITE Co., Ltd.	

Company Information (As of March 31, 2012)

Company Name	FUJI ELECTRIC CO., LTD.
Established	August 29, 1923
Head Office	1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi 210-9530, Japan
Head Office Business Address	Gate City Ohsaki, East Tower, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Capital Stock	¥47.5 billion
Employees (consolidated)	24,973 (Domestic 17,933, Overseas 7,040)
Net Sales (consolidated)	¥703.5 billion (Year ended March 31, 2012)
Stock Code	6504

Stock Information (As of March 31, 2012)

Issued and Outstanding Shares	746,484,957
Paid-in Capital	¥47,586,067,310
Number of Shareholders	63,122

Major Shareholders

Shareholders' name	Number of shares (1000s)	Voting rights (%)
FUJITSU LIMITED	74,333	10.40
Japan Trustee Services Bank, Ltd. (Trust Account)	49,262	6.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,802	4.87
Asahi Mutual Life Insurance Company	23,266	3.26
Mizuho Corporate Bank, Ltd.	22,254	3.11
The Furukawa Electric Co., Ltd.	13,422	1.88
FANUC LTD	13,421	1.88
FURUKAWA CO., LTD.	11,025	1.54
Sompo Japan Insurance Inc.	9,851	1.38
Fuji Electric Employee Shareholding Association	8,476	1.19

Notes:

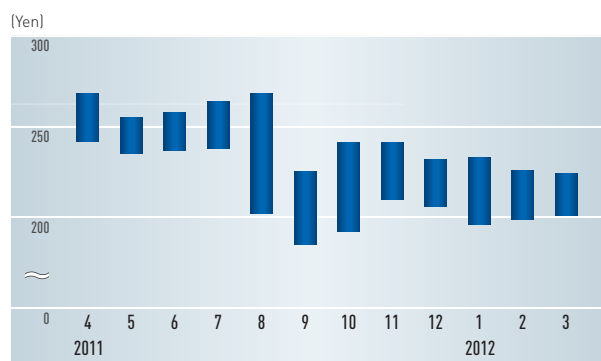
- Treasury stock of 31,888,102 shares is excluded from the above list of top 10 shareholders.
- Ratio of shareholding is calculated by deducting the number of treasury stocks from the total number of shares outstanding based on the provisions of the Finance for Enforcement of the Companies Act.

Share Distribution by Shareholder Type

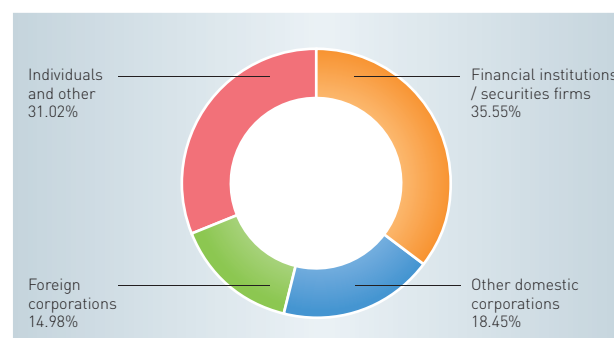
Type	Number of shareholders	Number of shares
Financial institutions / securities firms	158	265,378,467
Other domestic corporations	671	137,699,685
Foreign corporations	369	111,845,497
Individuals and other	61,924	231,561,308
Total	63,122	746,484,957

Note: "Individuals and other" includes treasury stock.

Share Price Fluctuations (Tokyo Stock Exchange)



Holding





This mark symbolizes the commitment of Fuji Electric to environmental protection.

FE Fuji Electric Co., Ltd.

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