

Review of Operations — Capital Expenditures and R&D Expenditures

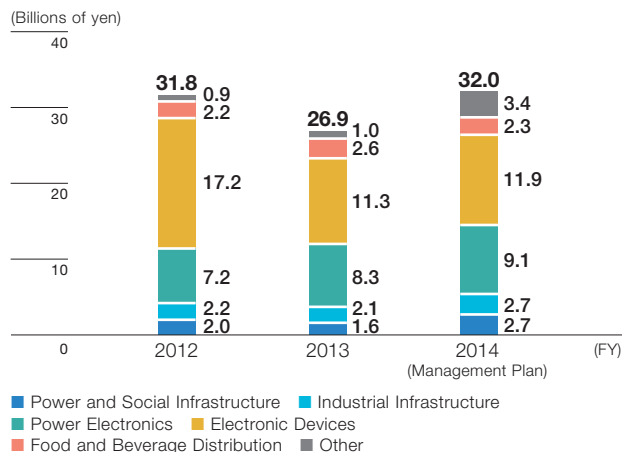
Plant and Equipment Investment

Structural Organization of Bases in Asia and Enhancement of New Product Development and Production Capabilities

In fiscal 2013, we focused on the power electronics and industrial infrastructure fields, where sales growth was expected, building a new factory in Thailand to serve as a core production site for products for Asia, Europe, and the U.S., and introduced production facilities for products such as inverters and uninterruptible power supply systems. We also proceeded to automate our facilities for manufacturing smart meters to prepare for mass production. In addition, we established a 6-inch SiC mass production line for next-generation power semiconductor devices.

Looking ahead, at the new factory in Thailand we will expand the production capacity for power electronics. We will also expand our business areas to include fields such as industrial infrastructure and food and beverage distribution, and introduce production facilities for gas-insulated switchgear and vending machines. In doing so, we will strengthen it as a core production site. We will also respond to increasing orders for smart meters by accelerating investment in

Amount of Plant and Equipment Investment



automated facilities. Finally, we will introduce facilities to develop next-generation power semiconductors, and build new research and development buildings to enhance our development capabilities for creating new products.

R&D Expenditures

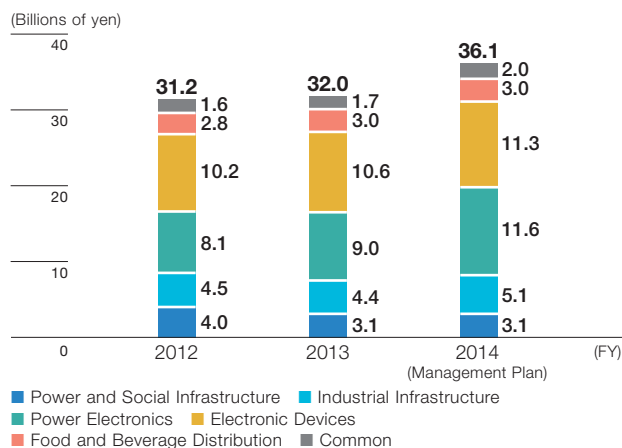
Strengthen Core Technologies in all Aspects and Accelerate Development of New Products

Fuji Electric is bolstering its core technologies, such as power semiconductors and power electronics, and developing distinctive components and systems. In addition, we are also working to develop new products that generate Company-wide synergies between thermal, machinery and, control systems.

In fiscal 2013, we continued our development of next generation power semiconductors by SiC (silicon carbide) that will reduce energy use in a wide range of industrial sectors. Moreover, to accelerate the development of power electronics equipment that applies these SiC power semiconductors, such as power conditioners and uninterruptible power supply systems, we concentrated our R&D expenditure on electronic devices and power electronics.

Looking ahead, Fuji Electric will work to expand its global operations by speeding up product development through open innovation with research institutions and universities, while also continuing to promote the product development in line with local needs. Specifically, we will promote initiatives such as our development of SiC power semiconductors with the National Institute of Advanced Industrial Science and Technology* and the establishment of the Zhejiang University—Fuji Electric Cooperation Center in China. We will also continue construction of

R&D Expenditures



Note: Figures for research and development expenses are allocated by research theme and therefore differ from those in the Consolidated Financial Report.

research and development buildings in our three main sites in Japan (the Tokyo Factory, the Matsumoto Factory, and the Fukiage Factory) with the goal of enhancing our research and development structure.

* An independent administrative institution