

July 30, 2010

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Fuji Electric and GE Moving Forward on New Joint Venture for Japan's Meter Business

Fuji Electric Holdings Co., Ltd. (hereinafter referred to as “Fuji” or “the Company”) and the General Electric Company (hereinafter referred to as “GE”) today announced their decision to pursue substantive discussions on the establishment of a joint-venture company to design, manufacture and market electric meters for use by Japan's electric utilities and other customers. This decision follows the execution of a non-binding memorandum, details of which were previously outlined in the press release “Fuji Electric Holdings and GE signed MOU to Form a JV for Japan's Meter Business” issued on February 25, 2010.

In accordance with the aforementioned non-binding memorandum, and following a meeting of the Company's Board of Directors held today, Fuji, its consolidated subsidiary Fuji Electric Systems Co., Ltd. (hereinafter referred to as “FES”), and FES's consolidated subsidiary Azumi Fuji Co., Ltd. (hereinafter referred to as “Azumi Fuji”) agreed to the establishment of a new company (hereinafter referred to as “the New Company”) by way of a joint establishment-type company split (hereinafter referred to as “the Company Split”) involving each of the meter businesses of FES and Azumi Fuji. As a part of the Company Split, the New Company will succeed the rights and obligations of the meter businesses of FES and Azumi Fuji, effective October 1, 2010. At the same time, it was resolved that GE and GE Energy Japan, Ltd. (hereinafter referred to as “GEEJ”) would conclude an agreement between shareholders. This agreement between shareholders will outline those terms and conditions that relate to the future management and operation of the joint-venture company as well as details of the agreement to establish a joint-venture company including the transfer of 49.99% of the common stock of the New Company held by FES (hereinafter referred to as “the Stock Transfer”) to GEEJ following the merger of FES and Azumi Fuji, details of which are outlined later in this release.

Furthermore, following meetings of the boards of directors of FES and Azumi Fuji, and with the condition precedent that the Company Split will take effect, the resolution was passed for FES to merge with Azumi Fuji after the Company Split (hereinafter referred to as “the Merger”) effective October 1, 2010. On the basis of this resolution, a merger agreement was concluded between the two companies.

Taking all of the aforementioned into consideration, plans are now in place to inaugurate the joint-venture company GE Fuji Electric Meter Co., Ltd. Issued and outstanding shares of this company will be held in the ratio of FES 50.01% and GEEJ 49.99%. All other details are provided briefly as follows.

1. Reasons for Establishing the Joint-Venture Company

With the push to realize a low-carbon society, the need to enhance energy efficiency will become more and more important. Under these circumstances, smart meters will play an increasingly vital role within modern smart grid strategies that strive to better understand, manage and utilize electricity. Smart meters enable an accurate visualization of energy consumption, giving customers and utilities the necessary information to better monitor, understand, manage and control energy usage. At the same time, meters boast interactive communication capabilities, which help to promote greater efficiency and confidence in grid infrastructure. As a company that aims to help build a low-carbon society, the joint venture will leverage the quality and performance inherent in smart meters to contribute to their increased acceptance and use within Japan.

The Fuji Electric Group has actively engaged in meter business activities for over 70 years and boasts comprehensive capabilities spanning manufacturing, sales and service. The Group is also adopting an aggressive stance toward developing its smart meter business.

GE, in turn, maintains significant global expertise and capabilities in smart grid technologies and has been continuously working to develop, design, manufacture and sell meters worldwide in order to enhance smart grid efficiency.

The Fuji Electric Group and GE, both leading entities in the energy and electricity industries, bring to the table such wide-ranging attributes as technological expertise and specialist knowledge. In addition to a wealth of experience, GE boasts substantial skills in global business development. For its part, the Fuji Electric Group will make available its well-established meter manufacturing and sales network in Japan. The joint-venture company will supply high-quality, flexible and cost competitive meters throughout Japan.

2. The Company Split

2-1. Overview of the Company Split

(1) Schedule for the Company Split

Date on which the Company Split plan was prepared	July 30, 2010 (Friday)
Date on which FES and Azumi Fuji held their respective Board of Directors' meetings to approve and resolve Company Split plans	July 30, 2010 (Friday)
Date on which FES and Azumi Fuji plan to hold their respective shareholders' meetings to obtain approvals to and resolutions of Company Split plans	September 30, 2010 (Thursday) planned
Date of company registration (effective date of the joint establishment-type company split)	October 1, 2010 (Friday) planned

If any unforeseeable circumstance should arise, the aforementioned schedule and procedures may change subject to deliberations between FES and Azumi Fuji.

(2) Method for the Company Split

The Company Split will be undertaken by way of a joint establishment-type company split with FES and Azumi Fuji as the company split entities. Both entities will jointly establish GE Fuji Electric Meter Co., Ltd.

(3) Allocation details relating to the Company Split

Following the Company Split, the New Company will issue 10,000 shares of common stock. Shares will be delivered and allocated as follows: 6,077 shares to FES and 3,923 shares to Azumi Fuji.

(4) Method for calculating allocation details relating to the Company Split

Evaluations of the companies to be split are based on the respective book values of each relevant business as of March 31, 2010.

(5) Handling of rights to subscribe for new shares as well as bonds with rights to subscribe for new shares in connection with the Company Split

Not applicable.

(6) Increase or decrease in capital as a result of the Company Split

Not applicable.

(7) Rights and obligations to be succeeded as a result of the Company Split

The New Company will succeed all of the assets and liabilities as well as the contractual status of all agreements together with attendant rights and obligations relating to the meter businesses of FES and Azumi Fuji (excluding any and all items precluded under the joint establishment-type company split plan).

(8) Prospects for the fulfillment of obligations

The Company is confident that all obligations resulting from the Company Split with respect to FES, Azumi Fuji and the New Company will be met on and after the effective Company Split date.

2-2. Profiles of the Companies Involved in the Company Split as well as the Newly Established Company

(As of March 31, 2010 (however, details with respect to the newly established company are as of the date immediately following the effective date))

	FES (Company Split Entity)	Azumi Fuji (Company Split Entity)	New Company (Company Scheduled to be Established)				
(1) Company name	Fuji Electric Systems Co., Ltd.	Azumi Fuji Co., Ltd.	GE Fuji Electric Meter Co., Ltd.				
(2) Principal business activities	Development, manufacture, sale and service of a wide range of equipment, devices and systems relating to social infrastructure including industry, the public sector, energy and transportation	Manufacture, sales and transportation of electric machinery and equipment	Design, development, manufacture, sale, maintenance and repair service of meters (including smart meters and related products) for utility companies and other customers in Japan				
(3) Date established	December 1965	March 1968	October 2010 (planned)				
(4) Head office	Shinagawa Ward, Tokyo	Azumino City, Nagano Prefecture	Shinagawa Ward, Tokyo				
(5) Name and title of representative	Mitsunori Shirakura, president and representative director	Hiroto Itahana, president and representative director	Micho Shinozaki, chairperson and CEO, representative director				
(6) Paid-in capital	¥25,000 million	¥60 million	¥350 million				
(7) Number of shares issued and outstanding	12,980,006 shares	120,000 shares	10,000 shares				
(8) Net assets	¥70,697 million (non-consolidated)	¥880 million (non-consolidated)					
(9) Total assets	¥395,410 million (non-consolidated)	¥1,819 million (non-consolidated)					
(10) Balance date	March 31	March 31	March 31				
(11) Number of employees	7,735 (non-consolidated)	145 (non-consolidated)	Approximately 200				
(12) Major trading partners	Denso Corporation, The Tokyo Electric Power Company, Incorporated	Fuji Electric Systems Co., Ltd.					
(13) Principal bankers	Mizuho Corporate Bank, Ltd.	The Hachijuni Bank, Ltd.					
(14) Major shareholders and percentage of shares held	Fuji Electric Holdings Co., Ltd. 100%	Fuji Electric Systems Co., Ltd. 100%	Fuji Electric Systems Co., Ltd. 60.77% Azumi Fuji Co., Ltd. 39.23%				
15)	Relationship between the subject companies	Capital relationship	Azumi Fuji Co., Ltd., is a wholly owned subsidiary of Fuji Electric Systems Co., Ltd.				
		Human resource relationship	As of the date of this report one director of Fuji Electric Systems Co., Ltd., holds the concurrent position of director of Azumi Fuji Co., Ltd.				
		Trading relationship	Azumi Fuji Co., Ltd., procures materials from Fuji Electric Systems Co., Ltd. In addition, Fuji Electric Systems Co., Ltd., procures a certain portion of its components from Azumi Fuji Co., Ltd.				
		Relevant status with respect to related parties	Azumi Fuji Co., Ltd., is a wholly owned subsidiary of Fuji Electric Systems Co., Ltd., and accordingly falls within the scope of a related party.				
16)	Operating results for the most recent three years	Fuji Electric Systems Co., Ltd. (Company Split Entity)	Azumi Fuji Co., Ltd. (Company Split Entity)				
Balance date		March 31, 2008	March, 31, 2009	March 31, 2010	March 31, 2008	March, 31, 2009	March 31, 2010
Net sales (millions of yen)		218,810	261,169	328,972	4,263	3,883	3,771
Operating income (millions of yen)		5,679	10,411	15,401	69	55	119
Net income (millions of yen)		2,414	6,421	20,455	35	29	74
Net income per share (yen)		186	495	1,576	292	242	616
Cash dividends per share (yen)		68	139	371	100	100	150
Net assets per share (yen)		2,998	3,684	5,447	6,725	6,816	7,333

2-3. Overview of the Businesses to be Succeeded by Way of Company Split

(1) Details of the businesses to undergo Company Split

The meter development, manufacture and sales business activities of FES and Azumi Fuji

(2) Operating results of the businesses to undergo Company Split (the fiscal year ended March 31, 2010; unit: millions of yen)

FES

	Business to undergo Company Split (a)	FES (consolidated) (b)	Ratio (a/b)
Net sales	6,508	328,972	2.0%

Azumi Fuji

	Business to undergo Company Split (a)	Azumi Fuji (consolidated) (b)	Ratio (a/b)
Net sales	3,734	3,734	100.0%

(3) Asset and liability items and amounts to undergo Company Split (as of March 31, 2010; unit: millions of yen)

FES

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	1,012	Current liabilities	10
Non-current and other assets	86	Non-current liabilities	81

Azumi Fuji

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	47	Current liabilities	19
Non-current and other assets	629	Non-current liabilities	7

3. The Merger

3-1. Overview of the Merger

(1) Schedule for the merger

Date on which each company's Board of Directors approved respective resolution to the merger between FES and Azumi Fuji	July 30, 2010 (Friday)
Date of merger agreement execution	July 30, 2010 (Friday)
Date the merger takes effect	October 1, 2010 (Friday) planned

If any unforeseeable circumstance should arise, the aforementioned schedule and procedures may change subject to deliberations between FES and Azumi Fuji.

With respect to FES, the merger will be undertaken subject to the requirements of Article 796 of Japan's Companies Law and accordingly will be based on the simple merger method. With respect to Azumi Fuji, the merger will be undertaken subject to the requirements of Article 784 of the Companies Law and accordingly will be based on the short-form merger method. Consequently, meetings of each company's shareholders to ratify the proposal for the merger are not required.

(2) Method for the merger

The merger will be undertaken with FES as the surviving company. Azumi Fuji will cease to exist following the merger.

(3) Allocation details relating to the merger

The merger is between consolidated subsidiaries of Fuji Electric Holdings Co., Ltd. Accordingly, the merger does not require the issue of new shares and delivery of compensation. There will be no increase in the capital of FES.

(4) Handling of rights to subscribe for new shares as well as bonds with rights to subscribe for new shares in connection with the company that will cease to exist

Not applicable

3-2. Profiles of the Companies involved in the Merger

(As of March 31, 2010)

	Fuji Electric Systems Co., Ltd. (the Surviving Company)	Azumi Fuji Co., Ltd. (the Company That Will Cease to Exist)
(1) Company name	Fuji Electric Systems Co., Ltd.	Azumi Fuji Co., Ltd.
(2) Principal business activities	Development, manufacture, sale and service of a wide range of equipment, devices and systems relating to social infrastructure including industry, the public sector, energy and transportation	Manufacture, sales and transportation of electric machinery and equipment
(3) Date established	December 1965	March 1968
(4) Head office	Shinagawa Ward, Tokyo	Azumino City, Nagano Prefecture
(5) Name and title of representative	Mitsunori Shirakura, president and representative director	Hiroto Itahana, president and representative director
(6) Paid-in capital	¥25,000 million	¥60 million
(7) Number of shares issued and outstanding	12,980,006 shares	120,000 shares
(8) Net assets	¥71.0 billion	¥1.1 billion
(9) Total assets	¥395.4 billion	¥0.2 billion
(10) Balance date	March 31	March 31
(11) Major shareholders and percentage of shares held	Fuji Electric Holdings Co., Ltd. 100%	Fuji Electric Systems Co., Ltd. 100%

3-3. Profile of FES after the Merger

(1) Company name	Fuji Electric Systems Co., Ltd.
(2) Principal business activities	Development, manufacture, sale and service of a wide range of equipment, devices and systems relating to social infrastructure including industry, the public sector, energy and transportation
(3) Date established	December 1965
(4) Head office	Shinagawa Ward, Tokyo
(5) Name and title of representative	Mitsunori Shirakura, president and representative director
(6) Paid-in capital	¥25,000 million
(7) Number of shares issued and outstanding	12,980,006 shares
(8) Net assets	¥59.0 billion
(9) Total assets	¥391.5 billion
(10) Balance date	March 31
(11) Major shareholders and percentage of shares held	Fuji Electric Holdings Co., Ltd. 100%

4. Overview of the Newly Established Joint-Venture Company

4-1. Summary of the Newly Established Joint-Venture Company

(1) Schedule for the establishment of a new joint-venture company

Date on which a meeting of the Board of Directors was held to approve the agreement to establish a new joint-venture company and agreements between shareholders	July 30, 2010 (Friday)
Date on which the agreement to establish a new joint-venture company and	July 30, 2010 (Friday)

agreements between shareholders were executed	
Effective date for the transfer of shares	October 1, 2010 (planned)

(2) Method for the establishment of a new joint-venture company

The New Company will be converted into a joint-venture company through the transfer of 49.99% (4,999 shares) of common stock of the New Company held by FES to GEEJ.

4-2. Profile of the Joint-Venture Company

(1) Company name	GE Fuji Electric Meter Co., Ltd.
(2) Head office	Shinagawa Ward, Tokyo
(3) Name and title of representative	Micho Shinozaki, chairperson and CEO, representative director
(4) Principal business activities	Design, development, manufacture, sale, maintenance and repair of meters (including smart meters and related products) for utility companies and other customers in Japan
(5) Paid-in capital	¥350 million
(6) Date established	October 2010 (planned)
(7) Balance date	March 31
(8) Shareholdings (percentage interests)	Fuji Electric Systems Co., Ltd. 50.01%; GE Energy Japan, Ltd. 49.99%

Note: Plans are in place for an officer from GE to be appointed as COO and representative director of the joint-venture company following the transfer of shares.

4-3. Profile of GEEJ

(1) Company name	GE Energy Japan, Ltd.
(2) Head office	Minato- Ward, Tokyo
(3) Names and titles of representatives	Shinjiro Oyama, director and representative director (Bently Office) Katsuyuki Tozuka, director and representative director (Environmental Service Office) Takehiro Nozue, director and representative director (Water & Process Technology Office)
(4) Principal business activities	Provision of plant asset management systems and solutions encompassing the vibration measurement and analysis of industrial motors
(5) Paid-in capital	¥25 million
(6) Date established	March 1988
(7) Balance date	December 31
(8) Net assets	¥1.1 billion
(9) Total assets	¥1.5 billion
(10) Equity share	GE 100%
(11) Relationship with the subject company	Not applicable

5. Outlook

In the event that the subject Company Split, Merger and establishment of the joint-venture should have a material impact on the Company's consolidated operating results, all relevant details will be disclosed in a timely manner.