

April 26, 2012

Company Name: Fuji Electric Co., Ltd.
Representative: Michihiro Kitazawa, President and Chairman of the Board of Directors
Code Number: 6504, listed on the first sections of TSE, OSE and NSE, and on FSE
Contact: Junichi Arai, General Manager, Corporate Planning Office
Telephone: +81-3-5435-7213

Notice of Merger Preparations to Begin at Consolidated Subsidiary

At a meeting convened today, the Board of Directors of Fuji Electric Co., Ltd. (the “Company”), resolved to begin preparations for an absorption-type merger of wholly owned subsidiary Fuji Electric Retail Systems Co., Ltd., into the Company, as outlined below.

As the Company plans to follow the procedures for a simple merger, as provided in Paragraph 3, Article 796, of the Companies Act, certain matters pertaining to disclosure and content have been omitted.

1. Objective of the merger

Fuji Electric Retail Systems Co., Ltd., is a specialized company that develops, manufactures, and sells vending machines and also conducts after-sales services following their installation.

The Company aims to expand its operations starting with its smart store, food and beverage distribution businesses, which it will further develop by fusing its power electronics equipment and energy saving equipment with Fuji Electric Retail Systems’ heating and cooling technologies and other elemental technologies. To strengthen the internal systems needed to undertake this endeavor, the Company’s Board of Directors approved a resolution to begin preparations for a merger between the Company, and Fuji Electric Retail Systems.

2. Outline of the merger

(1) Schedule for the merger

Board of Directors resolution to commence merger preparations	April 26, 2012 (Thursday)
Planned date of merger resolution by the Board of Directors	Late July 2012(plans)
Planned conclusion of merger agreement	Late July 2012(plans)
Planned effective date of merger	October 1, 2012 (Monday)(plans)

Note: The Company and Fuji Electric Retail Systems Co., Ltd., plan to follow procedures for a simple merger and a short-form merger which, in accordance with the provisions of Paragraph 3, Article 796, and Paragraph 1, Article 784, of the Companies Act, do not require approval from a general meeting of shareholders.

(2) Form of the merger

The merger is expected to take the form of an absorption-type merger, with Fuji Electric Co., Ltd., as the surviving company and Fuji Electric Retail Systems Co., Ltd., being dissolved.

(3) Content of allotments related to the merger

As Fuji Electric Retail Systems Co., Ltd., is a wholly owned subsidiary of the Company, no plans exist to issue new shares or augment common stock in relation to the merger, nor is any money expected to be delivered due to the merger.

- (4) Handling of share options and bonds with share options in the company to be absorbed
 Fuji Electric Retail Systems Co., Ltd., has issued no share options or bonds with share options, nor does the company plan to issue any of said options.

3. Overview of companies involved in the merger

(1) Company name	Fuji Electric Co., Ltd. (Surviving company)	Fuji Electric Retail Systems Co., Ltd. (Company to be absorbed)
(2) Business content	Development, manufacturing, sales, and service of various equipment and systems related to social infrastructure in the industrial, public, energy, and transportation sectors, as well as of semiconductor devices and photoconductive drums, and providing solutions in relation to these items	Development, manufacturing, sales, and service of vending machines
(3) Established	August 29, 1923	September 20, 1965
(4) Head office	1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi	11-2, Osaki 1-chome, Shinagawa-ku, Tokyo
(5) Representative name, position	Michihiro Kitazawa, President and Chairman of the Board of Directors	Hidehiko Asahi, President and Representative Director
(6) Paid-in capital	¥47,586 million	¥9,789 million
(7) Shares issued	746,484,957 shares	52,113,641 shares
(8) Total net assets (As of March 31, 2011)	¥174,935 million (consolidated)	¥25,816 million (non-consolidated)
(9) Total assets (As of March 31, 2011)	¥805,797 million (consolidated)	¥69,737 million (non-consolidated)
(10) Fiscal year-end	March 31	March 31
(11) Employees (As of March 31, 2011)	24,562 (consolidated)	1,632 (non-consolidated)
(12) Major shareholders and percentage ownership (As of March 31, 2011)	FUJITSU LIMITED: 9.96% Japan Trustee Services Bank, Ltd. (Trust Account): 6.76% The Master Trust Bank of Japan, Ltd.(Trust Account): 4.76%	Fuji Electric Co., Ltd.: 100%
(13) Relationships between the companies involved in the merger	Capital relationship	The Company holds 100% of voting rights in the company to be absorbed.
	Personal relationships	Some directors and employees of the Company are concurrently directors of the company to be absorbed.
	Transactional relationships	The Company commissions research and development from the company to be absorbed.
	Status of related parties to the merger	As the company to be absorbed is a consolidated subsidiary of the Company, it is a related party to the merger.

(14) Operating performance for the most recent three-year period

Fiscal period	Fuji Electric Co., Ltd. (consolidated)			Fuji Electric Retail Systems Co., Ltd. (non-consolidated)		
	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net sales (Millions of yen)	766,637	691,223	689,065	135,728	115,602	84,849
Operating income/loss (Millions of yen)	-18,855	924	11,917	-407	-1,146	224
Ordinary income /loss (Millions of yen)	-20,769	-537	7,225	-568	-1,016	78
Net income/loss (Millions of yen)	-73,306	6,757	15,104	-2,667	-7,850	-2,901
Net income/loss per share (Yen)	-102.57	9.46	21.14	-51.18	-150.64	55.66
Dividends per share (Yen)	4.0	1.5	4.0	11.0	5.5	-
Net assets per share (Yen)	182.37	250.28	217.40	720.69	564.31	495.38

4. Post-merger status

(1) Company name	Fuji Electric Co., Ltd.
(2) Business content	Development, manufacturing, sales, and service of various equipment and systems related to social infrastructure in the industrial, public, energy, and transportation sectors, as well as of semiconductor devices, photoconductive drums, and vending machines, and providing solutions in relation to these items
(3) Head office	1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi
(4) Representative name, position	Michihiro Kitazawa, President and Chairman of the Board of Directors
(5) Paid-in capital	There are no plans to increase common stock through the merger.
(6) Total net assets	(To be determined)
(7) Total assets	(To be determined)
(8) Fiscal year-end	March 31

5. Outlook for the future

As the company to be absorbed is a consolidated subsidiary, with 100% of its voting rights owned by the Company, the merger is not expected to impact consolidated operating performance. If it becomes apparent that this merger is likely to materially affect consolidated operating performance, the Company will provide timely notice of such expectations.