Securities code: 6504

To Our Shareholders

132st Term (Fiscal 2007) Annual Business Report

(April 1, 2007–March 31, 2008)

Fuji Electric Holdings Co., Ltd.

(Translation)

Annual Business Report (April 1, 2007–March 31, 2008)

【Business Overview】

1. Overview

In fiscal 2007, the year ended March 31, 2008, the business environment for the Fuji Electric Holdings Group was strong during the first half due to high growth in China and other Asian economies and increased domestic private-sector capital investment. During the second half, however, the environment was adversely affected by further steep rises in crude oil and raw material prices, revisions to the building standard law of Japan, and the sub-prime housing loan problem in the U.S. Furthermore, the future outlook has recently become increasingly uncertain, with signs of weakness in market conditions for electronic components and global semiconductor shipments.

Against this backdrop, during the interim fiscal year of the medium-term management plan, the Fuji Electric Holdings Group endeavored to strengthen its earnings structure by reliably grasping growth opportunities. Moreover, to lay the foundations for the achievement of the goals in the final fiscal year of the plan, we continued to actively channel management resources into growth areas and worked to strengthen our cost competitiveness via Group-wide business process reengineering (BPR) and other measures.As a result, the Group posted the following consolidated earnings results in fiscal 2007.

Net sales exceeded the level of the previous fiscal year. In the Energy & Electric Systems Group, net sales were higher than in the previous year, as the Group stepped up endeavors in major sectors to capitalize on the favorable business environment. In the ED&C･Drive Systems Group, control and drive system sales were robust, but overall segment sales were lower than in the previous year due to a sluggish domestic market for ED&C components. In the Electronic Devices Group, net sales increased only slightly year on year. As the Group made aggressive capital investments, sales of semiconductors increased, particularly in the industrial sector, but sales of magnetic disk fell far below our initial estimate. Net sales in the Retail Systems Group also exceeded the previous year's level, thanks to the capture of demand for work to outfit existing cigarette vending machines with age verification functionality and expanded sales of currency handling systems.

In the second half, sales growth slowed primarily in the ED&C components sector, the control and drive systems sector, and the semiconductors sector, reflecting the impact of deterioration in the domestic market and the slowdown in the U.S. economy, as well as the appreciation of the yen, and the weakness of business conditions for electronic components and other products.

On the profit front, operating income, ordinary income, and net income all declined year on year. In the magnetic disk business, where we made aggressive capital investments, we were unable to generate sufficient sales volume to compensate for an increase in depreciation and other fixed costs, due to the impact of a decline in sales at major customers in the first half and industry realignment. Consequently, earnings in the Electronic Device Group declined substantially year on year.

In the second half, however, the magnetic disk business saw a recovery in both production volume and shipment volume. This resulted from the fact that we boosted production, brought forward the conversion to perpendicular magnetic recording technology, and further accelerated activities to develop products based on customers' specifications.

2007 and the previous three fiscal years were as follows:

Fiscal 2007(April 1, 2007 to March 31, 2008)

Net sales	¥922.1 billion	(Up 1.6% YoY)
Operating income	¥35.8 billion	(Down 22.3% YoY)
Ordinary income	¥35.8 billion	(Down 26.6% YoY)
Net income	¥16.7 billion	(Down 27.4% YoY)
Net income per share (¥)	¥23.49	(Down 8.88 duplicate YoY)
Total assets (¥ Millions)	¥1,035.9 billion	(Up 1.1% YoY)

Results of the previous three fiscal years

Classification	129th term Fiscal 2005	130th term Fiscal 2006	131th term Fiscal 2007
Net sales (¥ billion)	844.2	897.2	908.0
Operating income (¥ billion)	26.8	41.0	46.2
Ordinary income (¥ billion)	22.2	41.8	48.7
Net income (¥ billion)	7.7	18.6	23.1
Net income per share (¥)	10.69	25.70	32.37
Total assets (¥ billion)	882.4	990.0	1,024.8

(Note) From the 131st term (Fiscal 2006), consolidated financial statements were prepared based on "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Implementation Guidance No. 8)

2. Segment overview

Operating Results

(¥ million)

		131st term FY2006	132nd term FY2007	Change (%)
Energy and Electric Systems	Sales	401,855	409,881	102.0
	Operating income	12,161	13,253	109.0
	(Operating margin)	(3.0%)	(3.2%)	
ED&C・Drive Systems	Sales	193,909	191,740	98.9
	Operating income	11,593	10,712	92.4
	(Operating margin)	(6.0%)	(5.6%)	
Electronic Devices	Sales	182,399	184,805	101.3
	Operating income	19,222	8,162	42.5
	(Operating margin)	(10.5%)	(4.4%)	
Retail Systems	Sales	152,571	158,714	104.0
	Operating income	2,507	2,817	112.4
	(Operating margin)	(1.6%)	(1.8%)	
Others	Sales	65,505	65,276	99.7
	Operating income	2,105	2,485	118.1
	(Operating margin)	(3.2%)	(3.8%)	
Sub-total	Sales	996,241	1,010,418	101.4
	Operating income	47,590	37,430	78.7
Eliminate/Corporate	Sales	(88,182)	(88,245)	—
	Operating income	(1,381)	(1,547)	—
Total	Sales	908,059	922,172	101.6
	Operating income	46,208	35,883	77.7
	(Operating margin)	(5.1%)	(3.9%)	

2. Segment Information

Energy and Electric Systems Group

《Main Businesses》

Automation and solutions business

Information systems, radiation monitoring systems, industrial instruments, energy solutions

Environmental systems

Water treatment and water environment systems, waste treatment and recycling systems

Electrical machinery engineering business

Power electronics, instrumentation plant systems, electrical machinery equipment for facilities, clean room facilities, transportation equipment and systems, power supply equipment

Electric power systems

Thermal power plant equipment, hydroelectric power plant equipment, nuclear power-related equipment

Plant facility construction business

Electrical equipment, air-conditioning, water supply and drainage installation work

Net sales in this overall segment in fiscal 2007 rose 2.0% year on year to ¥409.8 billion, while operating income increased 9.0% year on year to ¥13,253 million.

Operational focus of the segment

Throughout the year, the Energy & Electric Systems Group strove to restructure business operations and strengthen the management structure with the aim of reinforcing operations in the private sector. As a result, we capitalized on the favorable business environment and managed to achieve an increase in sales and operating income.

Field-by-field overview

In the automation and solutions business, sales rose compared with the previous year thanks mainly to large information systems projects, but operating income declined due primarily to the impact of higher investment in the solar cell business.

In the environmental systems business, both sales and operating income were down year on year due to a decline in water treatment system projects stemming from the contraction of the public-sector market in Japan.

In electrical machinery engineering business, net sales and operating both grew substantially year on year, lifted by an increase in large projects in steel and other private-sector industries. Orders were also robust mainly due to projects related to mainstay sectors such as steel, chemicals, and electrical and electronic equipment.

Sales of electric power systems fell sharply compared to the previous year, reflecting a decrease in large orders for thermal power plant equipment, but operating income rose on the back of an improvement in profit margins. Orders posted a solid performance, mainly for geothermal power generation equipment, in response to rising electric power demand in Asia and other regions.

In the plant facility construction business, sales declined due to a drop in large projects, but operating income increased due to a rise in profit margins on small and medium-sized projects.

ED&C・Drive Systems Group

《Main Businesses》

Electric distribution & control (ED&C) components

Magnetic contactors, manual motor starters, operation indicators, molded-case circuit breakers, earth-leakage circuit breakers, high-voltage vacuum circuit breakers, low-voltage/high-voltage fuses, gas detectors, energy management equipment

Control & drive systems

General-purpose inverters, servomotor systems, motors, programmable logic controllers, programmable operation displays

Net sales in this overall segment declined 1.1% year on year to ¥191.7 billion, and operating income dropped 7.6% to ¥10,712 million.

Operational focus of the segment
In the domestic market, the segment pursued sales expansion in buoyant sectors in the face of a slowdown in the growth of private-sector capital investment. Overseas, we endeavored to reinforce our manufacturing and sales bases in China, which has maintained rapid growth, and to bolster the sales network in North America. We also worked to expand sales of global products. In terms of profits, we promoted a total reduction in costs through measures such as the consolidation of models with the aim of further strengthening the management structure.

Field-by-field overview
In the ED&C components business, sales declined year on year. We focused our efforts on reinforcing sales expansion activities in buoyant sectors such as machine tools and intensifying marketing activities by shifting staff to marketing divisions, but sales were adversely affected by weak market conditions mainly in the transportation systems sector. Operating income also declined in response to the impact of lower sales, an increase in fixed costs, and a steep rise in raw material prices, even though we promoted total cost cutting through the consolidation of models and other measures.

In the control and drive systems business, we focused on expanding sales of new inverters and servosystems. In the domestic market, we concentrated on boosting sales in buoyant sectors, such as semiconductors and cranes, and sales recorded an increase. Overseas, sales rose sharply mainly in China, Europe, and North America. As a result, sales in this segment were up year on year, but in the second half, they became sluggish and fell below our initial estimate due to deterioration in the domestic market. Operating income increased, as higher sales offset an increase in fixed costs and a steep rise in raw material prices.

Electronic Devices
《Main Businesses》
Semiconductors
Power supply ICs, insulated gate bipolar transistor (IGBT) modules, power discrete devices, hybrid devices, pressure sensors
Storage devices
Aluminum and glass magnetic disks, aluminum substrates
Imaging devices
Photoconductive drums, peripheral imaging devices

Net sales in this overall segment rose 1.3% to ¥184.8 billion, but operating income declined 57.5% to ¥8,162 million.

Operational focus of the segment
The definitive business characteristics of the segment are dramatic changes in market environments and rapid technological innovation.

In fiscal 2007, the segment boosted production capacity by making aggressive capital investments and, in the semiconductor business, it expanded the plant in the Philippines and established a new semiconductor manufacturing company in Malaysia. In the magnetic disk business, we completed the conversion to equipment compatible with the perpendicular magnetic recording method ahead of schedule, and established a solid foundation for a substantial recovery next fiscal year. In addition, we endeavored to achieve a continued reduction in the cost of manufacturing. We also carried out a review of the R&D organization based on the viewpoint of the market and customers.

Field-by-field overview
In the semiconductor business, sales of power supplies for information devices decreased, reflecting sluggish

growth in the plasma TV market, but sales of mainstay IGBT modules for industrial use expanded, as we aggressively invested in capacity expansion to meet burgeoning demand. Sales of automotive electronic devices also grew in response to the launch of new products. As a result, both sales and operating income were higher than in the previous year. In the second half, however, earnings were adversely affected by customers' inventory adjustments in Japan and overseas due to the impact of the economic slowdown.

The magnetic disk business was adversely influenced by a decline in sales at major customers and industry realignment in the first half. In the second half, however, production volume and shipment volume grew, as we boosted production capacity and converted to perpendicular magnetic recording technology ahead of schedule, and further accelerated activities to develop products based on customers' specifications. In the case of perpendicular magnetic recording media, the Fuji Electric Holdings Group achieved full-scale mass production of 2.5-inch glass substrate media (160GB/disk) and 3.5-inch aluminum substrate media (334GB/disk), the largest capacity in the world. As a result, sales remained flat year on year, but operating income was down sharply year on year, as we were unable to generate sufficient sales volume to compensate for an increase in depreciation and other fixed costs.

Imaging device sales fell year on year due to a decline in product prices, but operating income was higher than in the previous year, as we promoted the streamlining of production.

Retail Systems Group

《Main Businesses》

Vending machines, food service equipment and currency handling systems

Vending machines, beverage dispensers, tea servers, coin mechanisms and bill validators, automatic change dispensers, contactless IC card systems

Cold-chain equipment

Freezing and refrigerated showcases, energy-saving systems for retail premises, modularized store construction systems

Net sales in this overall segment rose 4.0% year on year to ¥158.7 billion, while operating income increased 12.4% to ¥2,817 million.

Operational focus of the segment

The goals of this segment are to strengthen the earnings structure and expand the scope of operations in growth sectors. During fiscal 2007, we endeavored to carry out restructuring centered on enhancing the earning power of vending machines and to expand sales of cold-chain equipment and currency handling systems, with the main focus on contactless IC cards.

Field-by-field overview

In the vending machines, food service equipment, and currency handling systems business, beverage dispensers recorded a drop in sales in response to sluggish industry demand stemming from curtailed investment by large-scale customers. However, vending machine sales rose year on year thanks to a favorable performance by cigarette vending machines with age verification functions and work to outfit existing cigarette vending machines with age verification functionality. Sales of currency handling systems also grew strongly on the back of business discussions regarding large-scale orders for automatic change dispensers and billing devices for copy machines as well as an increase in sales of new models of electronic settlement systems. As a result, sales in this segment rose year on year, and operating income grew, as restructuring and cost reductions centered on reducing fixed costs absorbed the impact of a steep rise in the price of steel materials and other products.

In the cold-chain equipment business, capital investment in the food distribution industry declined sharply mainly due to revisions to the building standard law of Japan and weak consumer spending. However, as we expanded aggressive order activities centered on existing store refurbishment and special location projects, sales exceeded the level of the previous year. Operating income declined year on year, mainly due to the impact of an increase in expenses associated with the reinforcement of the marketing organization and a steep rise in raw material prices.

Others Group

《Main Businesses》

Real estate operations, insurance agency services, travel agency services, financial services, printing and information-related services, research and development, personnel and administration, financial Accounting, staffing services, intellectual property services, manufacturing and sales of printed circuit board, etc

Net sales in this overall segment declined 0.3% year on year to ¥65.2 billion, and operating income rose 18.1% to ¥2,485 million.

3. Group Research and Development Activities

The Fuji Electric Group enhanced technology development and basic research with a view to strengthening core technologies where Fuji Electric is already strong, and made strategic investments in core technologies to accelerate the market launch of distinct new products.

Details on the Group's research and development activities follow below.

Energy & Electric Systems Segment

In the power electronics business, we developed new products based on the ideas of being "compact" and "energy efficient." We commercialized a machine to handle momentary power dropouts at 99.7% efficiency to serve side-by-side with the non-insulated, high-efficiency uninterruptible power system (UPS7000D Series). We also developed many high-performance, high-quality products targeted at overseas markets, including a 10kV high pressure inverter and "S-Former Mini," a middle capacity electrolytic rectifier for electrolyzing soda.

In the measuring equipment business, we carried out development with the aim of achieving a higher level of functionality. We commercialized a non-interactive control temperature module that group controls multiple temperature regulators, and enabled high precision temperature control for semiconductor manufacturing equipment.

ED&C Drive Systems Segment

In the control and drive systems business, we enhanced the control function and expanded the capacity of the "FRENIC-MEGA Series" general-purpose inverters, which possess the highest level of control performance in the industry.

In the components business, we enhanced the "G-Twin Series," which are global twin breakers that offer compatibility with all countries' certification standards with one unit. These breakers are compliant with the EU (European Union) environmental regulation RoHS directive.

Electronic Devices Segment

In the power semiconductors business, we commercialized the 1200V New Dual module, which is highly-efficient, compact, inexpensive and quiet, to respond to the needs of power electric machinery.

In the magnetic recording media business, we quickly organized a mass production platform for perpendicular magnetic recording media in response to the market's demand for greater storage volume. In the 3.5 inch aluminum disk area, we made it possible to store 1 terabyte of data on 3 disks with 334GB per disk, and increased the number of units shipped as there was an expansion in usage in digital home appliances.

Retail Systems Segment

In the vending machine business, we utilized a heat pump system to raise the energy efficiency of a can vending machine that uses safe CO2 as the refrigerant of the refrigeration device and which has a very low global warming coefficient. We also developed the "Super Multi Mini," a vending machine that can offer both hot and cold products.

In the cold chain business, we developed the "ECOMAX R Series," which offers a higher level of energy efficiency, environmental-friendliness, safety, and performance.

In the field of new enterprises and core technology, we developed a function for the phosphate fuel cell generator to respond to the April 2006 amendment to the Fire Defense Law. Going forward, we will widely market emergency-use generators, including emergency power generators for fire-fighting.

In the development of full color organic EL panels, we developed panels that satisfy the performance requirements for portable devices, using the active matrix control drive system which applies the CCM (color conversion) system.

We are working to speed up product development and design activities by constructing technology platforms, including those for electronics technology, and we are gradually seeing the results of these efforts.

4. Group Capital Investment

This fiscal year marked the middle year of our mid-term business plan. During the period, we advanced our strategy of selection and focus while accelerating our proactive investment in businesses in which we are particularly competitive. Including leases, we invested a total of ¥75.2 billion.

The details of such investment are as follows.

In the Electronic Devices segment, we established Fuji Electric Semiconductor (Malaysia) Sdn. Bhd. as an overseas base in the area of industrial-use IGBT modules, and began constructing a platform semiconductor chip production and module assembly in a single, continuous production flow. In the discrete product area, we bolstered the production facilities of Fuji Electric Philippines, Inc., and built a second building to handle additional production in the future. In the disk media business, in order to respond to the demand for increased storage capacity in the HDD market, which is growing both from the demand from PC applications and from home appliances, we upgraded the aluminum substrate and glass production lines at the Matsumoto Plant and Yamanashi Plant operated by Fuji Electric Device Technology, and at Fuji Electric (Malaysia) Sdn. Bhd, so that they could produce perpendicular magnetic storage media.

In the Energy & Electric Systems segment, in conjunction with the start of production of solar cells at Fuji Electric Systems' Kumamoto Plant, we introduced development equipment for the purpose of achieving higher through-put in the film-forming process, and to increase the efficiency of the power generation effective area. At the Azumino Plant, we upgraded the large transfer brace for processing electricity meter components.

In the ED&C Drive Systems Group, at the Fuji Electric FA Components & Systems' Otawara Plant, capital investment was made in a global new product (low voltage circuit breakers) for which future growth in sales is expected, and a mass production platform was put in place. In the inverter business, production bases in the Suzuka area were integrated, and capital investment was made in order to bolster production capacity and improve technology for credible predictions and verifications.

In the Retail Systems segment, in conjunction with the completion of the development of a testing building at Fuji Electric Retail Systems' Mie Plant, we redoubled our efforts to enhance development capability, improve quality, and shorten development lead time for vending machines and open showcases. In other developments, at the Saitama Plant, a short line was built to produce a variety of machines in small lots, such as cup vending machines, and this improved production efficiency.

In other areas of research and development, in order to facilitate the efficient research and development of new devices, an electric beam drawing device was introduced to serve as the base for refined processes.

5. Group Financing

During the period, the Group issued a total of ¥60.0 billion in unsecured straight bonds. The funds were allocated for the redemption of corporate bonds and for capital investment in future growth areas.

6. Initiatives to Protect the Environment

Since its founding, the Fuji Electric Group has promoted "Certain Monotsukuri," which pursues the maximum benefits of conserving both natural resources and energy. Environmental initiatives are built into this philosophy, and the Group aims to contribute to society through its business activities.

During the fiscal year under review, we positioned both combating global warming and reducing environmental risk as two of the Group's most important management issues, and took initiatives in the area of environmental management.

The key initiatives are discussed below.

The Group's efforts to combat global warming included conserving energy at Group offices as well as expanding the scope of environmentally-friendly products for reducing emissions of CO_2.

Specifically, at Fuji Electric Instrumentation, electricity use was reduced by "making things visible," while Fuji Electric Device Technology introduced a third cogeneration system at its Matsumoto Plant. In the area of vending machines, a life-cycle assessment method was used to quantify the environmental impact of specific vending machines, and we received the first "Green Leaf Environment Label" certification in the industry.

In terms of environmentally-friendly products, we developed a new type of vending machine that uses no CFCs in the refrigerant, and uses significantly less electricity than other models. With respect to Power MOSFET, IGBT modules and other semiconductor-related products, we further reduced the amount of electrical power consumption and expanded general-use inverters which are necessary for conserving energy at manufacturing plants.

In order to reduce environmental risk, risk management at offices and production bases was enhanced, and in response to the RoHS directive in Europe, a system for managing chemical substances in the Group was constructed and a platform for shipping out green products was established.

7. Initiatives to Contribute to Society

The Fuji Electric Group views social action programs as an important part of corporate activities. In addition to providing support in a wide range of fields, including academia, culture, sports activities, as well as help to victims following major natural disasters, as a member of the local community, the Group proactively participates in activities that aim to benefit the community.

In fiscal 2007, the Fuji Electric Group sponsored a classical music concert that has been held since 1992, and provided financial support for school and educational programs.

Additionally, the Group engages in activities to protect the environment, encourage sports, and promote disaster prevention and safety in the local communities in which business sites are located. As examples of such a social action programs, the Group engaged in a program called "Fureai no Mori" (an activity to revive nature) in the town of Nagomi in Kumamoto Prefecture (where the Group built a solar cell production plant the year before last), and sponsored the Togenkyo Marathon held by the town of Minami-Alps in Yamanashi Prefecture.

8. Group Issues to be Addressed

We expect the Japanese economy to grow modestly over the long term horizon. Although certain uncertainties are intensifying, such as the U.S. economic slowdown following the subprime mortgage crisis, the strengthening of the yen versus the dollar, and the rising prices of crude oil and raw materials, demand from private sector capital investment is expected to remain firm.

With respect to overseas economies, although the U.S. economy is slowing down, emerging economies such as China, India and Russia are experiencing high rates of economic growth. As a result, we expect the overall recovery to continue.

In this business environment, the challenge for the Fuji Electric Group is to sincerely reflect upon the poor fiscal 2007 business performance and build a business platform that allows the Group to achieve continued growth for fiscal 2008 (the final fiscal year of the current mid-term management plan) and in future years.

Specifically, in fiscal 2008 the following management reforms will be advanced to achieve new growth.

Acceleration of reforms for new growth

◆Reforms in Group Management Organization
- Business segment heads to serve concurrently as holding company directors
- Enhance the function of the holding company

◆Group Business Operational Reforms
- Strengthen and expand new Group-driving businesses
- Enhance business portfolio by working together with best partners

◆Group Personnel and Organizational Reforms
- Eliminate personnel and organizational barriers
- Develop and utilize diverse personnel

◆Reforms in Group Management Organization

In 2003, the Fuji Electric Group switched to a pure holding company management system. This Group management system involved a separation of Group management from business execution. The aim of this was to establish a system whereby each business area could take responsibility for its own management and carry out flexible and speedy management in line with the nature of the business and changes in the business environment.

With this change, the Group's business companies were able to improve profitability by undertaking initiatives autonomously. On the other hand, however, some disadvantages of this change in management system have also become apparent. These disadvantages include the communication gap resulting from the growing distance between the Group's stakeholders and business execution, delayed business development and business restructuring from an overall Group perspective, and a slowdown in the speed of policies and business strategies that cover multiple business companies in the Group.

As a result, the following reforms will be effected. These reforms are aimed at improving the cohesive power of the Fuji Electric Group and creating a balanced management platform.

Business Segment Heads to Serve Concurrently as Holding Company Directors

From the standpoint of keeping management and supervision separate from business execution, holding company directors have not served as directors of business companies and vice versa. However, in order to increase the level of accountability towards our stakeholders, and to respond to the demand for enhanced supervision of business execution by holding company directors, we have decided to have business segment heads serve concurrently as holding company directors. The appointment of these directors will be presented at the 132nd Ordinary General Meeting of Shareholders.

Enhance the Functions of the Holding Company

To enhance the Group's cohesive power, the functions of the holding company will be enhanced in the following ways.

- Bolster Group Business Strategy
  Enhance efforts to formulate future strategies for current businesses and generate new businesses, with the aim of building an optimal overall Group business portfolio.
- Enhance Group Technology Development
  Focus on strengthening and extending core technologies, as well as developing technologies for the middle to long term, in order to bolster technology development and production technology from a middle- to long-term standpoint.
- Strengthen Group's Market Strategy
  Bolster the strategy for expanding business in countries and regions where growth is expected, in order to further globalize the Group's business.
  We have positioned China as a particularly important area, and this July we will establish a management company in Shanghai which will handle functions shared within the Group, and the entire Group will strive to expand its business scope.

◆Group Business Operational Changes

We will restructure the way our business operations are organized in order to maximize synergies of the businesses and technologies that the Group possesses, and expand and strengthen new Group-driving businesses that will re-accelerate the Group's growth.

Also, we will bolster our business portfolio by proactively developing collaborative efforts with outside partners.

Strengthen and Expand New Group-driving Businesses

Fuji Electric Systems and Fuji Electric FA Components & Systems will integrate their respective drive components businesses, and focus on the drive business and the automation business as leading businesses, based on the themes of environment and safety.

- Drive Business
  Based on our power electronics technologies for electric power conversion and control, we will package together the control area (inverters, servos, etc.) and the drive area (motors, etc.) and pursue growth underpinned by demand for energy conservation in the societal infrastructure and industrial fields, as well as demand for building societal infrastructure in emerging countries.

- Automation Business
  Based on our sensor technology, in the areas of FA (factory automation), PA (process automation), SA (socio-automation), by "making things visible" we will provide systems and solutions that offer a higher degree of safety and protect the environment.

Enhance Business Portfolio by Working Together with Best Partners

- Joint Venture in Water Environment Business
  The two leading companies in Japan's water environment business area (Fuji Electric Group for electric technology and NGK Insulators, Ltd. for machinery and equipment technologies) formed a joint venture (METAWATER Co., Ltd.) which began operations on April 1, 2008.

- Joint Venture in Electrical Distribution and Industrial Control Equipment Business
  In March 2008, an agreement in principle was reached with France's Schneider Electric Industries SAS (a top global manufacturer) to form a joint venture aimed at expanding global development. Going forward, discussions will be continued towards a final agreement on the

establishment of the joint venture. (The joint venture is expected to be established on or after July 1, 2008.)

▶ Strengthening of Automation Business Platform and Establishment of New Collaborative Relationship with Fujitsu Ltd.

On June 1, 2008, the Group will transfer all of the shares it owns in FFC Ltd. (a joint venture with Fujitsu in the information control business) to Fujitsu, in order to reposition expertise and personnel. At the same time, an agreement was made to keep personnel who will be dedicated to engaging in business for the Fuji Electric Group. The Fuji Electric Group will effectively utilize these personnel as core personnel in the automation business.

Also, both companies will build a new collaborative relationship in all business areas, including "green IT."

◆Group Personnel and Organizational Reforms

In conjunction with the switch to a pure holding company management system in which business divisions were split into individual companies, some barriers to personnel exchange between companies have emerged. In light of this situation, we will break down such personnel and organizational barriers, and strategically realign personnel in order to accelerate Group reforms.

- Eliminate Personnel and Organizational Barriers

  In addition to proactively rotating personnel (mainly executives) among business companies, we will make significant changes to the organizational structure.

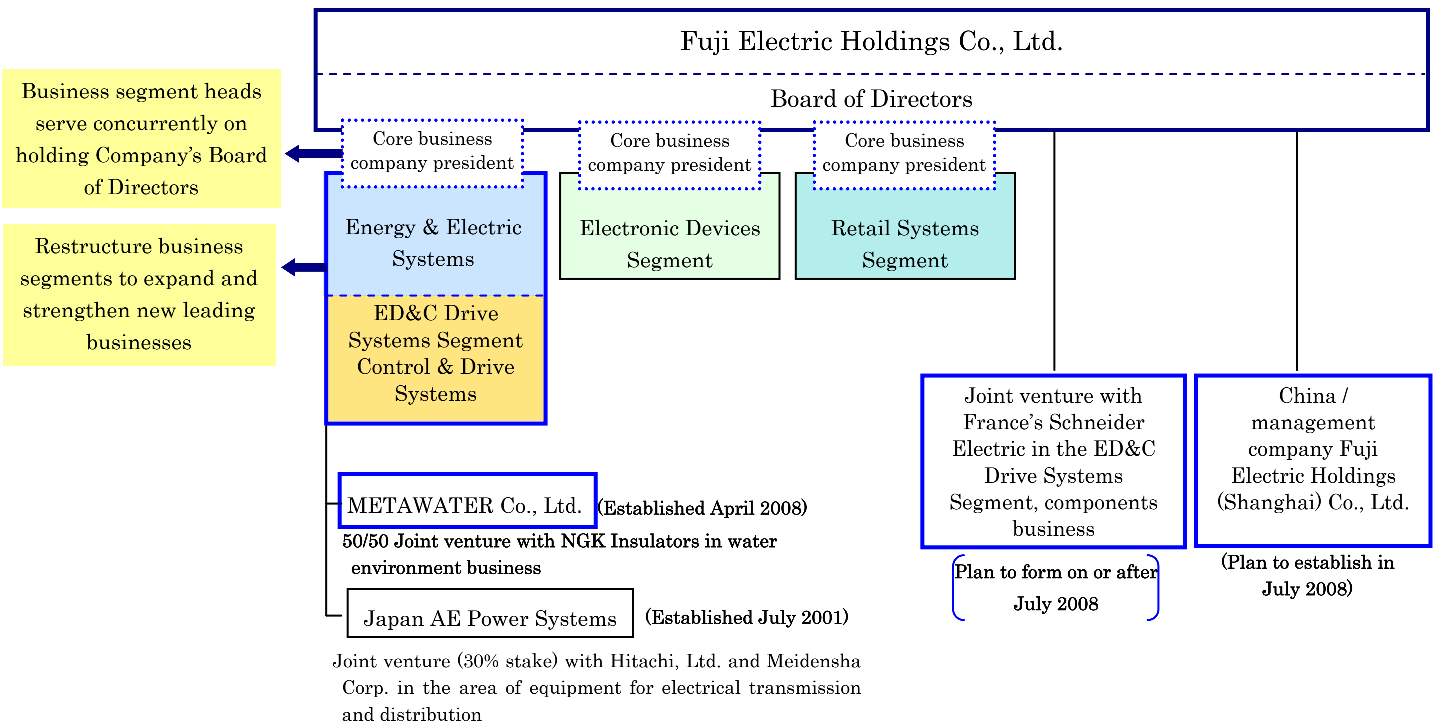
- Develop and Utilize Diverse Personnel

  We will introduce a Group-wide career development system which will offer the Group's future leaders opportunities for a wide-range of career experiences.

All Group executive officers and employees will work on the above reforms with a sense of urgency to get through the current difficult situation. Heading forward, we will strive to realize a "strong Fuji Electric Group" which achieves continuous growth.

Towards that end, we will greatly appreciate the continued understanding and support of all of our shareholders going forward.

Fuji Electric Group's New Management System



Matters Concerning Dividends

1. Policies relating to decisions on the dividend of surplus (funds) etc.

The Company holds the basic policy of striving to return profits to shareholders. Integral to this policy are the Company's endeavors to enhance shareholder equity by improving the revenue capacity of the Group, strengthen the management base and ensure there are adequate internal reserves to invest in the infrastructure and R&D necessary for future growth.

Based on this policy, the Company has decided that the distribution of surplus should be stable and continual. To this end, the Company determines the dividend payment amount based on considerations of the consolidated business performance for the fiscal year, investment plans for R&D and capital investment necessary for future growth, as well as the business environment.

With respect to internal reserves, the Company will create and expand the corporate value of the Group by effectively using such internal reserves for research and development, capital investment, activities aimed at Group operational innovation, expansion of overseas operations, and the utilization of human resources, in order to further advance the strategy of selection and focus and accelerate the aggressive investment in select businesses.

The Company regards share repurchases as way of supplementing the distribution of surplus, allowing for the flexible returning profits to shareholders, based on the business environment and Company's cash flows.

In addition, the Company may pursue, when necessary, the matters referred to in Paragraph 1 of Article 459 of the Company Law.

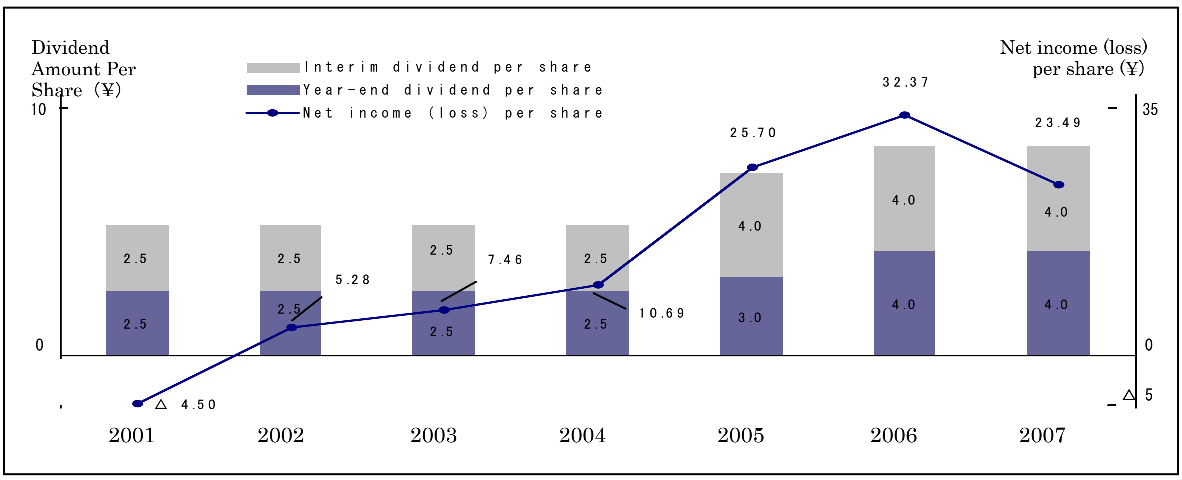
Matters referred to in Paragraph 1 of Article 459 of the Company Law may be decided by the Board of Directors or by resolution of the ordinary general meeting of shareholders.

2. Year-end dividend for fiscal year ended March 31, 2008

In line with the aforementioned basic policy, the Company decided by resolution at the meeting of the Board of Directors held on May 22, 2008, after comprehensive consideration the Company's aims of returning profits to shareholders in a stable and continuous manner and securing internal reserves, to pay a year-end dividend of ¥4 per share.

This results in an ¥8 per share dividend payment for the full fiscal year (including the interim dividend), which is the same as the previous year.

■Dividend Chart



【Corporate Overview】

Stock information (as of March 31, 2008)

1. Authorized shares: 1,600,000,000
2. Issued and outstanding shares: 746,484,957
3. Number of shareholders: 50,267 (a decrease of 2,239 from the end of the previous term)
4. Shareholdings by type of shareholder

Classification	Number of shareholders (persons)	Number of shares (shares)	Voting rights (%)
Financial institutions/Securities firms	148	341,057,933	45.69
Other domestic corporations	623	134,576,269	18.03
Foreigners	363	114,696,124	15.36
Individuals and others	49,133	156,154,631	20.92
Total	50,267	746,484,957	100.00

(Notes) 1. "Other domestic corporations" includes shares exceeding the number of shares on the substantial shareholder list recorded in the name of the Japan Securities Depository Center, Inc.,
2. "Individuals and others" includes treasury shares stock.

5. Major ten shareholders

Name	Capital contribution to the Company	
	Number of shares (1,000s)	Capital contribution (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	83,080	11.13
Japan Trustee Services Bank, Ltd. (Trust Account)	80,217	10.75
FUJITSU LIMITED	74,333	9.96
Asahi Mutual Life Insurance Company	23,266	3.12
Mizuho Corporate Bank, Ltd.	22,254	2.98
The Furukawa Electric Co., Ltd.	13,422	1.80
FANUC LTD.	13,421	1.80
Furukawa Co., Ltd.	11,025	1.48
Sompo Japan Insurance Inc.	9,851	1.32
Japan Trustee Services Bank, Ltd. (Trust Account 4)	8,582	1.15

(Notes) 1. The above major ten shareholders include the shareholders holding over 10% of the number of issued and outstanding shares (excluding treasury stock).
2. Treasury stock of 31,743,998 shares is excluded from the above list of major shareholders.

Type of Bonds With Stock Acquisition Rights (as of March 31, 2008)

Fuji Electric Holdings Co., Ltd. Euro yen convertible bonds maturing 2016 with stock acquisition rights

Issued date	Total amount of issued price	Total amount of remaining price	Conversion price
June 1st, 2006	¥30 Billion	¥30 Billion	¥968

Status of Directors and Auditors

1. Directors and Auditors

Name	Position or responsibility in the Company, or main occupation	
Haruo Ito	President and Representative Director	
Kuniyoshi Saito	Executive Vice President and Representative Director	
Tadashi Sekizawa	Part-time Director	
Eisuke Masada	Outside Director	
Tadashi Kudo	Outside Director	
Katsuji Nakayama	Director	Senior Executive Officer Manager, HR Office In charge of Marketing Office
Masanori Tsuji	Director	Executive officer General manager of Craft "Monotsukuri" Office, In charge of Technology and Intellectual Property Rights Department
Keiji Sato	Director	Executive officer Manager, Business Planning Department
Zenta Morita	Standing Auditor	
Katsumi Yoshida	Standing Auditor	
Tsuyoshi Nagahama	Outside Auditor	
Shiro Okuda	Outside Auditor	
Yuzuru Fujita	Outside Auditor	

(Notes) 1. Tadashi Sekizawa worked for a subsidiary of the Company some 40 years ago. Consequently, he does not satisfy the requirements for candidates for outside directors as defined in Article 2, Item 15, of the Company Law. However, he serves as a non-executive director who has the same official responsibilities as an outside director.

2. The financial, accounting and other expertise possessed by each auditor is as follows:

- Standing Auditor Zenta Morita is highly knowledgeable about human resources and corporate legal matters, which he has gained from his longstanding career in the Company in many areas of management, including clerical officer, manager of an affiliated company, and department manager of the legal compliance department.
- Standing Auditor Katsumi Yoshida is highly knowledgeable about financial and accounting matters, which he has gained from his longstanding career in the Group including top positions in corporate management.
- Outside Director Tsuyoshi Nagahama is highly knowledgeable about legal, financial and accounting matters, which he has gained from his career as an attorney of law working in areas including corporate legal matters, merger and acquisition, securities transaction, and legal matters about finance.
- Outside Auditor Shiro Okuda is highly knowledgeable of overall corporate management, particularly in financial and accounting areas, which he has gained from his career in a manufacturing company, where he served as company director, company representative, executive vice president and director in charge of the financial department.
- Outside Director Yuzuru Fujita is highly knowledgeable of overall corporate management, which he has gained from his career in a financial institution, where he served as company representative and president.

3. The responsibilities of a Director have been changed as described below since April 1, 2008.
   Masanori Tsuji General manager of Craft "Monotsukuri" Office

2. Material Concurrent responsibility and representative status (including at other companies) of Directors and Auditors

Position	Name	Responsibility and representative status (including at other companies)
Director	Haruo Ito	(Outside) Director, FUJITSU LIMITED
	Tadashi Sekizawa	Advisor, FUJITSU LIMITED
	Eisuke Masada	Chairman, Electric Technology Research Association Chairman, Railway Technical Research Institute
	Tadashi Kudo	Advisor, Mizuho Bank,Ltd. Outside Director, Meiji Seika Kaisha, Ltd. Corporate Statutory (Outside) Auditor, ITOCHU Corporation Corporate Statutory (Outside) Auditor, The Furukawa Electric Co., Ltd.
	Masanori Tsuji	(Outside) Director, FUJI TRANSPORT SYSTEMS CO., LTD. Non-executive Director, Fuji Electric Advanced Technology Co., Ltd.
	Keiji Sato	Outside Director, Fuji Logistics Co., Ltd. Outside Director, FUJI ELECTRIC ENGINEERING & CONSTRUCTION CO .,Ltd
Auditor	Zenta Morita	Part-time Auditor, Fuji Electric Device Technology Co., Ltd. Part-time Auditor, Fuji Electric Retail Systems Co., Ltd.
	Katsumi Yoshida	Part-time Auditor, Fuji Electric Systems Co., Ltd. Part-time Auditor, Fuji Electric FA Components & Systems Co., Ltd.
	Tsuyoshi Nagahama	Attorney, Partner, of Anderson Mori & Tomotsune Corporate (Outside) Auditor, Computer Engineering & Consulting, Ltd.
	Shiro Okuda	Director, The Furukawa Electric Co., Ltd. Corporate (Outside) Director, Asahi-Seiki Manufacturing Co., Ltd.
	Yuzuru Fujita	Representative Director and President CEO, Asahi Mutual Life Insurance Company Outside Director, FUJI KYUKO CO., LTD. Outside Auditor, ADEKA CORPORATION Corporate (Outside) Auditor, The Yokohama Rubber Company, Limited Auditor, ZEON Corporation Outside Auditor, NIPPON EXPRESS CO., LTD. Outside Auditor, The Furukawa Electric Co., Ltd. Chairman, United World Colleges Japan

3. Remuneration for Directors and Auditors

(1) Policy on the determination of remuneration

Remuneration for the Company's Directors and Auditors should be in line with the expectations of the shareholders, allowing for the acquisition and retention of top talent along with incentives to improve performance. The Company will determine remuneration systems and remuneration levels for Directors and Auditors corresponding to their respective duties.

The Company undertakes frequent reviews as to the appropriateness and the necessity of revision of these systems and levels, taking into account changes in the business environment and objective data from outside.

a) Executive Directors

Since Executive Directors are charged with a duty to improve consolidated results for each fiscal year and realize mid-to-long term improvement in corporate value, their remuneration is structured and managed as follows.

i) Base remuneration

Base remuneration shall be paid as a monthly financial sum determined in advance, applicable to that senior management rank. A portion of the remuneration of Executive Directors, applicable to that senior management rank, shall be contributed to the Employee Shareholders Association to actively promote the acquisition of shares in the Company.

ii) Executive performance remuneration

Executive performance remuneration shall only be paid in instances in which dividends are paid to all shareholders from retained earnings. The total amount of executive performance remuneration shall be within one percent of the consolidated net income for the fiscal year prior to the date of payment in order to make the linkage with consolidated results for each fiscal year more transparent.

b) Non-executive Directors and Auditors

Remuneration for Non-executive Directors and Auditors shall be paid as base remuneration as a monthly financial sum determined in advance, applicable to that senior management rank, since Non-executive Directors and Auditors are charged with the duty of supervising or auditing the execution of duties across the entire group.

Non-executive Directors and Auditors may acquire stock in their Company at their own discretion.

(2) Remuneration amounts paid to Directors and Auditors

	Payees (number of persons)	Payment (¥ Millions)
Directors (Outside)	8 (2)	279 (14)
Auditors (Outside)	5 (3)	86 (21)

(Notes)
1. Remuneration to Directors and Auditors include only the remuneration for service as Director or Auditor; they exclude the employee salary portion in the case of Directors or Auditors who concurrently earn salaries as employees.
2. Remuneration to Directors includes an estimated amount of Directors' executive performance remuneration for the term.
3. Of the above remuneration, JPY 24 million of the remuneration to Directors and JPY 6 million of the remuneration to Auditors was contributed to the Employee Shareholders Association.

4. Status of Outside Directors and Outside Auditors

(1) Concurrent positions of executive directorship, outside directors, and outside auditors held in other companies

(Including the relationship that the Company holds with the other company that the outside director concurrently serves as executive officer and director.)

	Name	Status of interlocking
Outside Director	Tadashi Kudo	Outside Director, Meiji Seika Kaisha, Ltd. Outside Auditor, ITOCHU Corporation Outside Auditor, The Furukawa Electric Co., Ltd.
Outside Auditor	Tsuyoshi Nagahama	Outside Auditor, Computer Engineering & Consulting, Ltd.
	Shiro Okuda	Outside Director, Asahi-Seiki Manufacturing Co., Ltd.
	Yuzuru Fujita	Representative Director, Asahi Mutual Life Insurance Company The Company has agreed to the Fund Donation Contract between Mutual Life Insurance. (the above mentioned company) Outside Director, FUJI KYUKO CO., LTD. Outside Auditor, ADEKA CORPORATION Outside Auditor, The Yokohama Rubber Company, Limited Outside Auditor, ZEON CORPORATION Outside Auditor, NIPPON EXPRESS CO., LTD. Outside Auditor, The Furukawa Electric Co., Ltd. Outside Auditor, Nippon Light Metal Company, Ltd.

(2) Major activities

	Name	Status of attendance and activities
Outside Director	Eisuke Masada	Attended 13 of the 14 meetings of the Board of Directors held in fiscal 2007, and offered opinions concerning future business strategies for the Group and business activities overall, based principally on his viewpoint and considerable insight as an expert in electrical engineering.
	Tadashi Kudo	Attended 11 of the 14 meetings of the Board of Directors held in fiscal 2007, and offered opinions concerning the financial situation of the Group and other matters, based on his extensive experience as a manager in financial institutions and considerable insight.
Part-time Director*	Tadashi Sekizawa	Attended all 14 meetings of the Board of Directors held in fiscal 2007, and offered opinions concerning future business strategies for the Group and business activities overall, based on his extensive experience as a manager in the electronic communications equipment manufacturing industry and considerable insight. At the Board of Directors meeting held on September 28, 2007, the Company referred to his opinions expressed during discussion of the downward revisions of the fiscal 2007 interim and full-year forecasts, and was able to better understand the impact of various phenomena (the latest market and customer trends, progress made in priority policies, etc.), as well as conventional management indices, on future Group performance. The Company then regularly engaged in follow-up activities (activities based on the visualization of management information).
Outside Auditor	Tsuyoshi Nagahama	Attended all 14 meetings of the Board of Directors held in fiscal 2007, along with all 7 meetings of the Board of Auditors, and offered opinions concerning the Group's compliance and other matters, based on his specialized viewpoint as a lawyer and considerable insight.
	Shiro Okuda	Attended all 14 meetings of the Board of Directors held in fiscal 2007, along with all 7 meetings of the Board of Auditors, and offered opinions concerning the Group's risk management and other matters, based on his extensive experience as a manager in manufacturing and considerable insight.
	Yuzuru Fujita	Attended 10 of the 14 meetings of the Board of Directors held in fiscal 2007, along with 6 of the 7 meetings of the Board of Auditors, and offered opinions concerning the management plans of the Group and other matters, based on his extensive experience as a manager in financial institutions and considerable insight.

(Note) Tadashi Sekizawa worked for a subsidiary of the Company some 40 years ago. Consequently, he does not satisfy the requirements for candidates for outside directors as defined in Article 2, Item 15, of the Company Law. However, he serves as a non-executive director who has the same official responsibilities as an outside director.

(3) Outline of Limited Liability Agreement with Outside Directors

The Company concluded an agreement, based on laws and the Articles of Incorporation of the Company, with both Outside Director and Outside Auditor, to limit the liability for damages caused to the Company by non-performance of their duties. The Outside Director and Outside Auditor shall pay the Company whichever is the a higher amount of 6 million or the minimum liability based on the Company Law. The liability limitation described above shall be limited to cases where the Outside Directors and the Outside Auditor performed the duties that became the cause of liability in good faith and without gross negligence.

After concluding the agreement, the Company will set articles to provide instruction limiting the duties of Outside Directors to duties of due diligence and providing guidance on executing these duties sincerely and will do its best to ensure the propriety of the duties of Outside directors.

Matters related to Accounting Auditor

1. Designation of accounting auditor Ernst & Young ShinNihon

2. Accounting auditor remuneration for the period

Category	Payment amounts (¥ million)
(i)Remuneration and other amounts payable by the Company for the period	47
(ii) Total profit on cash and other financial assets payable by the Company and its subsidiaries	303

(Note) In the audit contract between the Company and the accounting auditor, no distinction is made in the amounts of auditing fees under the Commercial Code and audit fees under the Securities and Exchange Law. For this reason, no distinction can be made and the sum of these two is entered in the total amount under (i) above.

3. Non-audit services

The Company and its subsidiaries paid compensation to the accounting auditor for advisory services related to internal control regarding financial reporting; that is, services (non-audit services) other than those stipulated in Article 2, Paragraph 1, of the Certified Public Accountant Law.

Policy for determining Independent Auditor dismissal or non-reappointment

If any matters or circumstances surrounding the Independent Auditor apply to any of the items under Article 340, Paragraph 1 of the Commercial Code, and the Board of Auditors deems dismissal appropriate, the Independent Auditor will be dismissed.

If the Company for any reason deems it appropriate to dismiss or chooses not to reappoint the Independent Auditor, at the request of the Board of Auditors or with its concurrence, such dismissal or non-reappointment becomes a matter for the general shareholders meeting.

【The Fuji Electric Group】

Group companies (As of March 31,2008)

Fuji Electric Holdings Co., Ltd. (Holding Company)

Energy & Electric Systems Group

Fuji Electric Systems Co., Ltd.

FFC Limited
Fuji IT Co., Ltd.
Fuji Electric IT Solutions Co., Ltd.
Azumi Fuji Co., Ltd.
Fuji Electric Instruments Co., Ltd.
Fuji Electric Instrumentation Co., Ltd.
Fuji Electric Water Environmental Systems Co., Ltd.
Tottori Manufacturing Electric Co., Ltd.
Fuji Electric Chiba Tech. Co., Ltd.
Fuji Electric Hi-Tech Corp.
Fuji Electric Thermo Systems Co., Ltd.
Fuji Electric Power Engineering & Service Co., Ltd.
Fuji Gas Turbine Research Center Co., Ltd.
Fuji Electric Enginieering & construction Co., Ltd.
Fuji Denki Sosetsu Co., Ltd.
Ibaraki Fuji Co., Ltd.
Shanghai Fuji Electric Switchgear Co., Ltd.
Japan AE Power Systems Corporation*

ED&C・Drive Systems Group

Fuji Electric FA Components & Systems Co., Ltd.

Chichibu Fuji Co., Ltd.
Hakko Electronics Co., Ltd.
Fuji Electric Motor Co., Ltd.
Fuji Eletctric F-Tech Co., Ltd.
Fuji Electric Technica Co., Ltd.
Fuji Electric Dalian Co., Ltd.
Fuji Electric Motor (Dalian) Co., Ltd.
Atai Fuji Electric Co., Ltd.
Wuxi Fuji Electric FA Co., Ltd.
Fuji Electric FA Singapore Private Ltd.
Fuji Electric Corp. of America
Fuji Electric (Shanghai) Co., Ltd.
Fuji Electric (Asia) Co., Ltd.
Fuji Electric FA Europe GmbH

Electronic Devices Group

Fuji Electric Device Technology Co., Ltd.

Hokuriku Fuji Co., Ltd.
Iiyama Fuji Co., Ltd.
Omachi Fuji Co., Ltd.
Fuji Electric Matsumoto Mechanics Co., Ltd.
Fuji Electric Philippines Corp.
Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.
Fuji Electric (Malaysia) Sdn. Bhd.
Fuji Electric (Shenzhen) Co., Ltd.
Fuji Electric Device Technology America, Inc.
Fuji Electric Device Technology Europe Gmb
Fuji Electric Device Technology Hong Kong Co., Limited.
Fuji Electric Taiwan Co., Ltd.
Fuji Electric Singapore Private Ltd.

Retail Systems Group

Fuji Electric Retail Systems Co., Ltd.

Shinshu Fuji Electric Co., Ltd.
Hoei Plastics Co., Ltd.
Mie Fuji Co., Ltd.

Other Group

〈R&D Companies〉	Fuji Electric Advanced Technology Co., Ltd.
〈Manufacturing & Sales Companies〉	Asahi Keiki Co., Ltd. Fuji Electric Exas Co., Ltd.
〈Shared Service Companies〉	Fuji Life Corp. Fuji Electric Information Service Co., Ltd. Fuji Brain Trust Co., Ltd., Fuji Electric Finance and Accounting Support Co., Ltd. Fuji Techno Survey Co., Ltd.
〈Logistics Companies〉	Fuji Logistics Co., Ltd.*

〈Shared sales companies〉

Fuji EIC Co., Ltd.
Hoei Denki Company Ltd.
Chubu Fuji Electric. Co., Ltd.
Kyusyu Fuji Electric Co., Ltd.
Hokkaido Fuji Electric Co., Ltd.
Tohoku Fuji Electric Co., Ltd.
Nishinihon Fuji Electric Co., Ltd.

(Notes) 1. In the segments of Energy and Electric Systems, ED&C Drive Systems, Electronic Devices, and Retail Systems the companies inside the rectangles (core companies) have the powers to execute orders
2. Companies marked with an asterisk (*) are accounted for under the equity//method affiliates.
3. The following changes occurred among consolidated subsidiaries during fiscal 2007.
New consolidated subsidiaries: Fuji Electric Water Environmental Systems Co., Ltd., Fuji Electric Thermo Systems Co., Ltd. and Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.
Excluded from consolidation: Fuji Electric (Scotland) Ltd. and Hong Kong Fujidenki Co., Ltd.

Important subsidiaries of the corporate group

Company name	Fuji Electric Systems Co., Ltd		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of various equipment and systems related to social infrastructure for industries, public works, energy, transportation, etc., and related service provision		
Net sales (¥ Million)	218,809	Net assets (¥ Million)	38,916
Operating income (¥ Million)	5,678	Capital (¥ Million)	25,000
Net income (¥ Million)	2,413	Number of employees	4,253
Company name	Fuji Electric FA Components & Systems Co., Ltd		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of control equipment, power grid equipment, control and drive systems, and gas related equipment provision		
Net sales (¥ Million)	103,904	Net assets (¥ Million)	14,905
Operating income (¥ Million)	3,732	Capital (¥ Million)	10,000
Net income (¥ Million)	1,578	Number of employees	1,871
Company name	Fuji Electric Device Technology Co., Ltd.		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of semiconductor devices, storage devices and imaging devices		
Net sales (¥ Million)	156,802	Net assets (¥ Million)	33,720
Operating income (¥ Million)	5,255	Capital (¥ Million)	10,000
Net income (¥ Million)	2,973	Number of employees	2,052
Company name	Fuji Electric Retail Systems Co., Ltd.		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of vending machines, food service equipment, monetary service equipment, cold-chain equipment, etc., and related service provision		
Net sales (¥ Million)	157,575	Net assets (¥ Million)	41,341
Operating income (¥ Million)	2,537	Capital (¥ Million)	9,789
Net income (¥ Million)	380	Number of employees	2,359
Company name	Fuji Electric Advanced Technology Co., Ltd.		
The Company's capital contribution	100%		
Major business	Research and development of basic technologies, new technologies and new products		
Net sales (¥ Million)	11,142	Net assets (¥ Million)	1,027
Operating income (¥ Million)	150	Capital (¥ Million)	450
Net income (¥ Million)	35	Number of employees	438

Main facilities of the Group (as of March 31, 2008)

1. The Company

Head office	1-1 Tanabe Shinden, Kawasaki-ku, Kawasaki
Administrative office of the head office	1-11-2 Osaki, Shinagawa-ku, Tokyo (Gate City Osaki East Tower)

(Note) The above head office is the registered head office, and actual operations have been conducted in the administrative office of the head office.

2. Energy & Electric Systems Group

Domestic facilities

Production facilities	Kawasaki, Azumino, Nankan-machi Kumamoto, Hino, Kobe, Suzuka, Ichihara
Sales facilities	Shinagawa-ku (Tokyo), Sapporo, Sendai, Toyama, Nagoya, Osaka, Fukuoka, Hiroshima, Takamatsu

Overseas facilities

Shanghai Fuji Electric Switchgear Co., Ltd. (China)

3. ED&C Drive Systems Group

Domestic facilities

Production facilities	Konosu, Otawara, Suzuka
Sales facilities	Chuo-ku (Tokyo), Osaka, Nagoya

Overseas facilities

Fuji Electric Dalian Co., Ltd. (China), Fuji Electric Motor (Dalian) Co., Ltd. (China), Atai Fuji Electric Co.,Ltd. (Taiwan), Wuxi Fuji Electric FA Co., Ltd., Fuji Electric FA Singapore Private Ltd., Fuji Electric FA Taiwan Co., Ltd., Fuji Electric FA (Shanghai) Co., Ltd. (China), Fuji Electric FA (Asia) Co., Ltd. (Hong Kong), Fuji Electric FA Europe GmbH (Germany), Fuji Electric Corp. of America

4. Electronic Devices Group

Domestic facilities

Production facilities	Matsumoto, Minami Alps
Sales facilities	Shinagawa-ku (Tokyo), Osaka, Nagoya

Overseas facilities

Fuji Electric Philippines, Inc., Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.、Fuji Electric (Malaysia) Sdn. Bhd., Fuji Electric (Shenzhen) Co., Ltd. (China), Fuji Electric Device Technology America, Inc., Fuji Electric Device Technology Europe GmbH (Germany), Fuji Electric Device Technology Hong Kong Co., Limited, Fuji Electric Taiwan Co., Ltd., Fuji Electric Singapore Private Ltd.

5. Retail Systems Group

Production facilities	Yokkaichi, Konosu
Sales facilities	Chiyoda-ku(Tokyo), Sapporo, Sendai, Yokohama, Kanazawa, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka

6. Others, Common

Production facilities	Hino, Matsumoto, Ichihara
Sales facilities	Chuo-ku (Tokyo), Osaka, Nagoya, Fukuoka, Sapporo, Sendai, Hiroshima

Employees of the Group (as of March 31, 2008)

Business group	Number of employees (persons)	Year-on-year change (persons)
Energy & Electric Systems	9, 880	+93
ED&C・Drive Systems	5, 272	+58
Electronic Devices	5, 888	+560
Retail Systems	2, 680	−285
Others	1, 774	−142
Entire Company (common)	140	−1
Total	25, 634	＋283

(Note) 1. Employees included in the "entire company (common)" represent those who cannot be classified into specific groups.

2. The number of employees of the Company at year-end is 141 (a increase of 8 persons from the end of the previous year).

Major lenders (as of March 31, 2008)

Name of Lenders	Balance of Loans (¥ Million)
Mizuho Corporate Bank,Ltd.	30, 894
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21, 037
Development Bank of Japan	6, 745
Resona Bank, Limited.	5, 800

Basic Policy on System of Internal Controls

As the holding company for the Fuji Electric Group, the Company developed a system of internal controls ("internal control system") for the entire Group based on the provisions of Article 362 of the Company Law and Article 100 of the Company Law Enforcement Regulations, and continuously improves this internal control system by constantly reviewing it.

At a meeting of the Board of Directors held on March 27, 2008, the Company decided to make the following revisions to the internal control system in the context of reforming the Group management framework and of the needs of society at large to which the Group belongs.

① Change in policy regarding Directors concurrently holding positions at holding company and operating companies

Hitherto, from the viewpoint of separating Group management and oversight from business execution, holding company Directors did not concurrently hold positions as core company Directors. However, with the aim of strengthening the supervisory functions of the Board of Directors of the Company, which is the holding company, over the business execution of the operating companies, and of strengthening the accountability of the Board of Directors to the shareholders and other stakeholders, the President of a core company may be appointed as a Director of the Company after receiving the approval of the General Meeting of Shareholders, and concurrently hold both positions.

② Clear rejection of antisocial forces

The Fuji Electric Group has long proclaimed its commitment to maintaining no relationships with antisocial forces, and this internal control system basic policy has been revised to this effect, based on the Group's "Guidelines for companies to prevent damage caused by antisocial forces" released on June 19, 2007.

③ System for internal control regarding financial reporting based on Financial Instruments and Exchange Law

Accompanying the implementation of an internal control reporting system as prescribed by the Financial Instruments and Exchange Law, on April 1, 2008 the Company formulated a new basic policy for financial reporting by establishing a system for ensuring the appropriateness of the Group's financial reporting.

④ Formulation of basic policy regarding establishment of internal control system at all Group companies under the Company Law

The Company Law only requires major companies to formulate a basic policy regarding the establishment of an internal control system. However, the Fuji Electric Group has decided to formulate a basic policy regarding establishment of an internal control system at all Group companies under the Company Law, and this basic policy has been revised to this effect.

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1. Purpose

The basic management policy of the Fuji Electric Group is to develop generation-leading, innovative technologies that incorporate cutting-edge environmental features, while at the same time deepening relationships of trust with local communities, customers, business partners and other stakeholders as a good corporate citizen of the global community. The Group also seeks to satisfy customers and contribute to society by providing socially beneficial products and businesses, and in doing so, maximizing Group corporate value and fulfilling management responsibilities entrusted by shareholders.

In order to actualize this basic management policy, as the holding company for the Fuji Electric Group, the Company will endeavor to develop a system for ensuring proper administration of business.

2. System for Ensuring Proper Administration of the Company and the Fuji Electric Group

(1) System for ensuring that directors and employees carry out their duties in accordance with the law and the Articles of Incorporation

(i) The Fuji Electric Group's management system uses a pure holding company structure in order to completely divide Group management and oversight from business execution, clarify the authority and responsibilities of both functions, and reinforce corporate governance. The organizational structure consists of a holding company (the Company), which is responsible for management and oversight, and operating companies, which carry out the business execution function. Details on the structure follow below.

- The holding company structure serves to separate the management/oversight function from the business execution function. Consequently, the Company has adopted the auditor governance model.
- In order to clarify the authority and responsibilities of the holding company and the operating companies, holding company Directors do not concurrently hold positions as core company Directors.

  However, with the aim of enhancing Group strategies, strengthening initiatives concerning future issues (internal control, environmental problems, etc.), strengthening functions that supervise business execution, accelerating the speed of decision-making, and of strengthening the accountability of the Board of Directors for reporting to shareholders and other stakeholders, the President of a core company may be appointed as a Director of the holding company after receiving the approval of the General Meeting of Shareholders.
- In order to clarify management responsibilities and respond rapidly to changes in the operating environment, the term of office of Group company Directors is set at until the Ordinary General Meeting of Shareholders corresponding to the final fiscal year ending within one year of appointment.
- In order to ensure the effectiveness of audits of operating companies by the Company, the Company’s full-time Auditors are appointed to serve as Auditors for core companies.

(ii) Managers at the Company and Group companies are required to repeatedly explain and ensure full awareness of management principles applicable to the entire Fuji Electric Group as well as the spirit behind the Fuji Electric Charter of Corporate Behavior, which serves as a code of behavior for all executives and employees.

(iii) The company will establish and promote a compliance system as follows, based on the “Fuji Electric Group Compliance Regulations” and the “Fuji Group Compliance Program.”

- The Group Compliance Promotion Committee is chaired by the Company’s President and Representative Director. It strives to ensure full compliance with laws and social norms pertaining to the Fuji Electric Group.
- The Fuji Electric Group Compliance Program systematizes internal rules, daily monitoring, auditing, education and other areas for each law and regulation connected with the business activities of the Fuji Electric Group.
- Legal training is conducted for all full-time executives of Group companies and compliance education is conducted for employees based on the Fuji Electric Group Compliance Program.
- The Business Ethics Helpline facilitates communication between Group company employees and the President of the Company, the Group’s holding company, using a route that is independent of normal lines of communication. This is intended to prevent actions that violate the law, Articles of Incorporation, and Group or internal rules before they occur and aid early discovery of such actions.
- The establishment and promotion of the above systems also enable each Group company to provide an organized response aimed at rejecting antisocial forces and groups that threaten public order or the safety of private citizens.

(iv) Internal auditing divisions at the Company and core companies under the jurisdiction of their respective companies’ presidents conduct audits of their own companies and their companies’ subsidiaries. In addition, in order to ensure the effectiveness of internal auditing of the Group as a whole, information on various activities is shared at the Group Auditing Committee, which consists of members of internal auditing divisions at the Company and core companies, and the Fuji Electric Group Internal Auditing Subcommittee, which is made up of members of internal auditing divisions at principal Group companies.

(2) System for saving and managing information pertaining to Director performance

The Fuji Electronic Group Document Management Regulations will be formulated in order to accurately save and manage records of important business execution by the Fuji Electric Group at Group companies and to ensure that Directors and Auditors acquire knowledge of the records. The regulations establish procedures for Directors, Auditors and managers involved in saving and storing records regarding access to the information. The Company’s Auditors are also consulted in advance with regard to formulating, amending, or eliminating regulations.

(3) Regulations for managing loss-related risk and other systems

(i) The Fuji Electric Group Risk Management Regulations will be formulated in order to systematically manage operational risks faced by the Fuji Electric Group. Based on these regulations, Group companies will establish appropriate risk management systems for their business divisions (including their subsidiaries). In addition, a system for managing specific Group-wide risks will be established for the Group as a whole. The system involves the creation of departments in the Company to manage each type of risk.

(ii) The Company's internal auditing division audits risk management progress at core companies and reports the results to the Company's president.

(iii) Based on the Fuji Electric Group Emergency Response Guidelines, Directors in charge of crisis management are designated and a communication system and response headquarters are established for when emergency situations occur. These measures are intended to minimize the impact of emergency situations on the Group.

(4) System for ensuring effective business execution by Directors

(i) Decision-making authority and responsibilities with respect to business execution within the Group will be clarified in accordance with resolutions of the Board of Directors that define and determine executive duties for Directors, Regulations of the Board of Directors and Fuji Electric Group Management Regulations.

(ii) An Executive Committee has been established as a permanent corporate body to advise the Company's president. It is made up of the Company's full-time Directors, the President of each core company and other individuals. The committee deliberates on important matters pertaining to Group management and formulates reports. The Company's Representative Director communicates the deliberations and reports of the Executive Committee to the Company's Board of Directors.

(iii) In order to formulate annual and medium-term management plans for the Group as a whole and to share information within the Group, the Execute Committee and the Company's Board of Directors confirm, evaluate and review progress for each business division on a monthly basis.

(5) System to ensure trustworthy financial reporting

The Company has formulated "Internal control management regulations regarding the financial reporting of the Fuji Electric Group" to ensure the appropriateness of documents and other information related to financial settlements of the Company and the Fuji Electric Group as stipulated by the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended). Based on these regulations, each Group company has built internal controls regarding financial reporting, endeavors to appropriately conduct evaluations and reporting, and reports the results of evaluations to its Board of Directors.

(6) System for ensuring the proper administration of the Company and the Fuji Electric Group

(i) The respective roles to be played by each Group company under the pure holding company structure are clarified in accordance with the Fuji Electric Group Management Regulations and efforts are made to optimize operations for the Group as a whole.

(ii) As the holding company, the Company has responsibility for maximizing corporate value for the Group as a whole and works to enhance systems to ensure proper administration from the perspective of the entire Group for the items discussed above.

The Company will request the formulation of a basic policy regarding the establishment of a system that ensures each Group company conducts appropriate business activities as stipulated by the Company Law, and will work to ensure the effectiveness of these systems.

(7) Matters pertaining to employees assisting Auditors and their independence from Directors

Auditors may request the assistance of employees from internal auditing divisions or management planning divisions as necessary. Employees carrying out this work may do so independently of instructions or orders from Directors.

(8) System for reporting to Auditors by Directors and employees and other matters pertaining to reporting to Auditors

The Regulations on Reporting to Auditors by Directors and Employees will be established to ensure Auditors acquire information sufficient for them to fulfill their duties. The regulations establish specific methods for ensuring Auditors have opportunities to attend important meetings where decisions are made on business execution, for distributing regular reports and important documents to Auditors, and for making it possible for Auditors to otherwise collect information on Directors' performance of their duties.

(9) Other systems to ensure audits by Auditors are conducted efficiently

(i) The Company actively recruits outside Auditors and, as stated in 1) above, appoints the Company's full-time Auditors to serve as Auditors at core companies in order to ensure the effectiveness of audits by the Company as the holding company for the Group.

(ii) The Fuji Electric Group Board of Auditors is made up of auditors affiliated with the Company and core companies. The Fuji Electric Group Auditor Committee is made up of auditors from large companies within the Group, as defined by the Company Law. The board and the committee work to communicate auditing policies that pertain to the Group as a whole. The Auditing Liaison Committee comprises Auditors from the Company and core companies, members of internal audit divisions, and accounting auditors. This committee is involved in strengthening communication among all auditing bodies and ensuring the effectiveness of auditing practices for the Group as a whole.

Basic policy on control of the Company

1. Details of the basic policy

The Group's corporate mission is laid down in the Fuji Electric Group's Corporate Philosophy: "We 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' and 'seek harmony with the environment.' Our management policy to fulfill our mission entails our commitment to: (1) Customer Satisfaction and Expectation: With innovative technologies and a dedication to customer service, we strive to satisfy the needs of our customers and anticipate their future requirements. (2) Growth and Profitability: We are committed to grow as a firm, sustaining responsible operations and profits. In so doing, we can share these benefits with our stockholders, our corporate members and the societies in which we live. (3) Individuality: People are the source of our strength. We respect individuality, and challenge one another to realize our full potential."

In implementing this philosophy, the Fuji Electric Group continues to amass unique technologies, experience and know-how, and strives to develop and maintain good relations with various stakeholders, including customers, partners, communities, and employees. These are Fuji Electric Group's precious tangible and intangible assets, the corporate DNA, and resources that support the creation of corporate value for the Group.

Based on that philosophy, the Company strives to manage in line with changes in the environment. The Company recognizes that the most effective countermeasures against share purchases that could damage the corporate value of the Group are increasing corporate value in the mid-to-long term vision and further raising the share of profits to shareholders, and strives to realize those aims.

Furthermore, the Company is actively engaging in a range of IR activities to ensure that the Fuji Electric's stock price is properly understood. The Company will strive to further deepen understanding of the Group by issuing reports on its performance including quarterly financial reports and holding plant tour programs for the shareholders.

The Board of Directors recognizes that the free trade of shares by shareholders is a reality as a listed company, and believes that the question of whether or not large-scale purchases of shares in the Company by specific individuals should be permitted is a matter that should ultimately be delegated to the shareholders.

However, corporate acquisitions undertaken to profit unduly from selling a company's stock at the highest price do occur. The Board of Directors does not believe that any party who engages in any such large-scale share purchases of the Group's stock or tables proposals which do not contribute to the corporate value of the Group or the mutual benefit of the shareholders are suitable parties to control the Company's finances and the determination of its business policy.

At this point in time, no specific threat related to large-scale purchases of the Company's shares has emerged. Moreover, the Company has not yet put in place any specific preventative measures (so-called "poison pill") against the emergence of a takeover threat.

However, the Board of Directors will, as a managerial duty to the shareholders, establish an internal system to install measures against any large-scale purchases of the Company's shares that threaten the Group's corporate value or the mutual benefit of the shareholders.

2. The Fuji Group's measures to realize the Basic Policy

(1) Measures to raise the corporate value through the Fiscal 2006-2008

In line with the Fiscal 2006-2008 Mid-term Management Plan, the Group aims to adapt to changes in the business environment and contribute to society through its business activities. The Group also aims to win increased trust from society and to be a corporate group of high social, as well as economic, value.

To accomplish these targets, the Group aims to make effective use of management resources, build a business mix balanced between profitability and growth potential, to become an organic business entity combining the industry's strongest specialist. The Group will pay more intense attention to its operation, and actively innovate in areas where Fuji Electric is already strong, and pursue more dynamic management by leveraging the characteristics of the pure holding company system.

(2) Measures to prevent control of the Company by undesirable parties as described in the Basic Policy

The Company will, based on 1. Details of the Basic Policy above, strive to establish an internal system in view of any potential or actual purchases of the Company's shares that threaten the Group's corporate value or the mutual benefit of the shareholders.

Specifically, the Company will very carefully monitor daily trading movements and shareholder changes and at the same time put in place a first-response manual for contingencies, and establish a framework for collaboration with external experts. The Company will determine specific preventative measures in a timely and appropriate manner, and strive towards the enhancement of internal systems.

Furthermore, the Company will continue to consider the introduction of a "poison pill," from the viewpoints of ensuring and increasing the Group's corporate value or the mutual benefit of the shareholders, based on the opinions and judgments of the legal system and the relevant authorities, social trends, and the opinions of our stakeholders.

3. The decisions and rationale of the Board of Directors regarding the measures above

The Board resolved at the meeting of the Board of Directors on April 26, 2007 that the measures referred to in 2. above are means (1) to maintain and enhance the corporate value of the Group over the mid-term, and (2) to establish internal systems to respond to large-scale purchases of the Company's shares that threaten the Group's corporate value or the mutual benefit of the shareholders. Hence, the Board of Directors confirmed that these measures comply with the basic policy in 1., and neither measure represents a threat to the mutual benefit of the shareholders or a means to maintain the members of the current top management team in their positions.

This resolution was unanimously resolved under plenary attendance of Directors and Auditors (including Outside Directors and Outside Auditors). Further, the resolution was unanimously agreed upon at t he Board of Auditors Meeting on the same day, provided that the measures described in 2 above are properly taken.

(Notes) 1. Amounts less than a unit are rounded down in the Business Report.
2. In the number of shares in the Business Report, odd lot share amounts of less than one thousand (1000 shares) are rounded down.
3. "Fuji Electric Group" and the "Group" referred to in the Business Report shall mean "Corporate Group", stated in Article 120, Paragraph 2 of the Company Law enforcement rules.
4. The business object in the future, stated in the Business Report is calculated based on given assumptions that we assess to be reasonable at the time of writing the Business Report. The description may differ from the actual results, and we cannot guarantee the accuracy of the content.

Consolidated Balance Sheets

(as of March 31, 2008)

[Assets]	(¥Millions)
Current assets	**531,273**
Cash and time deposits	22,204
Notes and accounts receivable, trade	286,568
Inventories	166,738
Deferred tax assets	15,387
Other current assets	40,688
Allowance for doubtful accounts	(313)
Long-term assets	**504,241**
Tangible fixed assets	**183,268**
Buildings and structures	87,758
Machinery, equipment and delivery equipment	43,034
Tools, furniture and fixtures	7,356
Land	34,608
Construction in progress	10,510
Intangible fixed assets	**10,829**
Software	5,342
Other	5,487
Investments and other assets	**310,143**
Investment securities	245,868
Long-term loans	1,949
Prepaid pension costs	48,500
Deferred tax assets	5,743
Other	8,983
Allowance for doubtful accounts	(902)
Bond issue expenses	436
Bond issue expenses	436
Total assets	**1,035,951**

[Liabilities]	(¥Millions)
Current liabilities	**532,532**
Notes and accounts payable, trade	186,686
Short-term loans	85,932
Commercial paper	65,500
Accrued expense	41,452
Income taxes payable	4,616
Advance received	41,286
Other current liabilities	107,058
Long-term liabilities	**240,163**
Corporate bonds	140,000
Long-term borrowings	34,793
Deferred tax liabilities	47,716
Allowance for retirement benefits	13,262
Allowance for director and auditor retirement benefits	863
Other	3,526
Total liabilities	**772,696**
[Net assets]	
Capital stock	**203,727**
Common stock	**47,586**
Capital surplus	**46,734**
Retained earnings	**116,478**
Treasury shares	**(7,072)**
Valuation and translation adjustments	**50,707**
Unrealized gains on securities, net of taxes	**52,032**
Differed gains or losses on hedges	**820**
Foreign currency translation adjustments	**(2,145)**
Minority interests in consolidated subsidiaries	**8,820**
Total net assets	**263,255**
Total liabilities and net assets	**1,035,951**

Consolidated Statements of Income

(from April 1, 2006 to March 31, 2007)

	(¥Millions)	(¥Millions)
Net sales		922,172
Cost of sales		730,896
Gross profit		191,275
Selling, general and administrative expenses		155,391
Operating income		35,883
Non-operating income		
Interest and dividend income	4,043	
Miscellaneous income	3,523	7,566
Non-operating expenses		
Interest expenses	5,275	
Miscellaneous expenses	2,366	7,641
Ordinary income		35,808
Extraordinary income		
Gain on sales of fixed assets	945	
Gain on sales of investment securities	493	
Gain on liquidation of product repair expense	484	
Reversal of translation adjustments due to liquidation of overseas subsidiaries	412	2,336
Extraordinary loss		
Loss on sales and disposal of fixed assets	2,318	
Loss on valuation of investment securities	222	
Special retirement payments	1,271	
Recognized actuarial loss on retirement benefits	925	
Transfer to allowance for director and auditor retirement benefits for past years	635	
Other	2,252	7,626
Net income before adjustments of income taxes		**30,518**
Corporate, inhabitant and business tax	9,983	
Adjustments of income taxes	3,222	13,206
Loss for minority shareholders		519
Net income		**16,792**

Consolidated Statement of Changes in Net Assets

(¥Millions)

	Shareholders' Equity				
	Common stock	Paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	47,586	46,717	104,959	(6,985)	192,277
Changes during the fiscal year					
Dividends of surplus			(5,718)		(5,718)
Net income			16,792		16,792
Purchase of treasury stocks				(111)	(111)
Disposal of treasury stocks		17		24	42
Changes due to increase in consolidated subsidiaries			358		358
Changes due to merger of consolidated subsidiaries and non-consolidated subsidiaries			86		86
Changes during the fiscal year in items other than shareholders' equity (net)					0
Total changes during the fiscal year (net)	—	17	11,519	(87)	11,449
Balance as of March 31, 2008	47,586	46,734	116,478	(7,072)	203,727

	Valuation and translation adjustments				Minority interests	Total net assets
	Unrealized holding gains on securities, net of taxes	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	82,563	30	21	82,614	9,661	284,553
Changes during the fiscal year						
Dividends of surplus				0		(5,718)
Net income				0		16,792
Purchase of treasury stocks				0		(111)
Disposal of treasury stocks				0		42
Changes due to increase in consolidated subsidiaries				0		358
Changes due to merger of consolidated subsidiaries and non-consolidated subsidiaries				0		86
Changes during the fiscal year in items other than shareholders' equity (net)	(30,530)	790	(2,167)	(31,907)	(840)	(32,747)
Total changes during the fiscal year (net)	(30,530)	790	(2,167)	(31,907)	(840)	(21,298)
Balance as of March 31, 2008	52,032	820	(2,145)	50,707	8,820	263,255

Important basic matters for the preparation of consolidated financial statements

1. Matters related to the range of consolidation
   (1) Number of consolidated subsidiaries
   68 companies (Names of main companies: Fuji Electric Systems Co., Ltd., Fuji Electric FA Components & Systems Co., Ltd., Fuji Electric Device Technology Co., Ltd., Fuji Electric Retail Systems Co., Ltd.)
   The three subsidiaries Fuji Electric Water Environmental Systems Co., Ltd., Fuji Electric Thermo Systems Co., Ltd. and Fuji Electric Semiconductor (Malaysia) Sdn. Bhd. were included in the scope of consolidation from the fiscal year ended March 31, 2008 following an increase in materiality. The two subsidiaries Fuji Electric (Scotland) Ltd. and Hong Kong Fujidenki Co., Ltd. were excluded from the scope of consolidation following the liquidation of these companies.

   (2) Names of main non-consolidated subsidiaries
   Fuji Relate Co., Ltd.
   Total assets, net sales, net income and retained earnings of non-consolidated subsidiaries are small amounts individually, and not material to the consolidated financial statements as a whole.

2. Matters related to the application of equity method
   (1) Number of affiliates to which the equity method is applicable
   2 companies (Fuji Logistics Co., Ltd., Japan AE Power Systems Corporation)

   (2) Since non-consolidated subsidiaries and affiliates (Korea FA System Co., Ltd., etc.), to which the equity method is not adopted, were not material to net income and retained earnings individually and as a whole, investments in these companies were accounted for using the cost method, rather than the equity method.

3. Matters related to the fiscal years of consolidated subsidiaries
   Some consolidated subsidiaries' fiscal year end are end of December. Those companies, conducted the provisional settlement of accounts on the Company's consolidated settlement date.

4. Matters related to accounting policies
   (1) Valuation of major assets
   ① Securities
   Other securities
   For those with market value:
   Stated at market value based on market prices, etc. at year-end. (Valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.)
   For those without market value:
   Stated at cost as determined by the moving average method.
   ② Inventories
   a) Products and work-in-process
   Stated at cost as determined by the specific identification method or the periodic average method. But products of certain consolidated subsidiaries are stated based on the latest purchase cost method.

   b) Raw materials and supplies
   Stated at cost as determined by the last purchase cost method.
   ③ Derivatives
   Stated at cost as determined by the last purchase cost method.

   (2) Depreciation of major fixed assets
   (Tangible fixed assets)
   The declining balance method is mainly used.
   But the Company and its consolidated subsidiaries in Japan use the straight-line method for buildings acquired on or after April 1, 1998 (excluding building improvements).
   (Change in accounting policy)
   Following the revision of the Corporate Taxation Law, from the fiscal year ended March 31, 2008 domestic consolidated subsidiaries began applying the depreciation methods as stipulated in the revised legislation for tangible fixed assets acquired on or after April 1, 2007. The effect of this change was immaterial.
   (Additional information)
   Following the revision of the Corporate Taxation Law, for tangible fixed assets acquired on or prior to March 31, 2007, domestic consolidated subsidiaries account for the amortization in equal portions over a period of five years of the difference between the nominal residual carrying value of such assets for taxation purposes and a figure equivalent to 5% of the acquisition value, starting in the fiscal year after that in which the accumulated depreciation for such assets reaches 5% of the acquisition value based on the depreciation methods stipulated in the legislation prior to the revision. The effect of this change was to reduce operating income, ordinary income and net income before income taxes by 1,018 million yen.

   (3) Standards for recording major allowances
   ① Allowance for doubtful accounts
   To provide for possible bad debt losses, the Company records an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables.
   ② Allowance for retirement benefits
   To provide for payments of retirement benefits of employees, the Company records an amount recognized to have accrued at year-end based on estimated amounts of retirement benefit obligations and pension assets at year-end.

Differences arisen due to the change of accounting standards are expensed over 10 years.

Past service liabilities are expensed based on the straight-line method using years less than the average remaining service period of employees at the time of the accrual.

An actuarial difference is expensed based on the straight-line method from the fiscal year following its accrual over an average remaining service period of employees at the time of the accrual.

③ Allowance for director and auditor retirement benefits

To provide for payments of retirement benefits of directors and auditors, the Company and consolidated subsidiaries records an amount recognized to have accrued at year-end based on estimated amounts of retirement benefit obligations based on internal rules.

(Change in accounting policy)

Based on internal regulations, the Company and some consolidated subsidiaries have traditionally set aside the required funds as an allowance for director and auditor retirement benefits. Adoption of “Accounting Standard for Bonuses to Executive Officers” (ASBJ Standard No. 4) mandates the full expensing of all remuneration to directors and auditors, including such allowances. Moreover, following the publication on April 13, 2007 of “Auditing Treatment of Reserves Under the Special Taxation Measures Law and of Allowances, Reserves and Provisions for Executive Officer Retirement and Severance Benefits Under Special Legislation” (Audit & Guaranty Business Committee, Report No. 42), based on internal regulations, those consolidated subsidiaries that had traditionally booked director and auditor retirement benefits as general expenses began providing for such benefits in the form of an allowance for director and auditor retirement benefits in the amount of accrued related expenses as of the fiscal year-end

As a result, compared with the accounting methods previously used, operating income and ordinary income were 184 million yen lower and net income before income taxes was 820 million yen lower.

(Additional information)

Following the vote at the Ordinary General Meeting of Shareholders in June 2007 in favor of a resolution to abolish the system of director and auditor retirement benefits, an amount equivalent to the director and auditor retirement benefits for the Company and some consolidated subsidiaries corresponding to the period until the said shareholder meeting was recorded as long-term accrued

(4) Standards for the conversion of important foreign currency assets or liabilities to the Japanese currency

Foreign currency receivables and payables are converted to yen based on the spot exchange rate at year-end, and conversion gain or loss is recorded in the income statement.

Also, assets, liabilities, revenues and expenses of foreign subsidiaries are converted to yen based on the spot exchange rates at the year-ends of these foreign subsidiaries, and conversion gains or losses are included in the foreign exchange translation adjustment of the net assets.

(5) Accounting for important lease transactions

Finance leases other than those which are deemed to transfer ownership of leased assts to lessees are accounted for as ordinary operating leases.

(6) Accounting for important hedges

The deferred hedge method is used. Also, forward exchange contracts for which the requirements for allocation are met are accounted for based on the allocation method, and interest rate swaps for which the requirements for special processing are met are accounted for based on the special method.

(7) Other important matters for the preparation of consolidated financial statements

① Accounting for consumption taxes

Consumption taxes are accounted for based on the tax exclusion method.

② Adoption of the consolidated tax payment system

The Company adopts the consolidated tax payment system.

5. Matters related to the valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are valued using the full mark-to-market method.

6. Matters related to the amortization of consolidated adjustment account

Consolidated adjustment account is equally amortized over 5 years.

Notes to consolidated balance sheets

1. Pledged assets and liabilities related to pledged assets

Pledged assets:		
Cash and time deposits	¥60	million
Buildings and structures	¥24,181	million
Machinery, equipment and delivery equipment	¥17	million
Land	¥15,189	million
Investment securities	¥448	million
Total	¥39,895	million

Liabilities related to the above pledged assets:		
Notes and accounts payable, trade	¥134	million
Short-term loans	¥7,215	million
Long-term borrowings	¥9,680	million
Total	¥17,029	million

2. Accumulated depreciation of tangible fixed assets ¥250,315 million

3. Contingent liabilities (guarantee of debts)

Guaranteed debts for loans from financial institutes

For employees	¥5,012	million
2 other companies	¥832	million
Total	¥5,844	million

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of shares outstanding, and the class and total number of treasury shares

(Thousand shares)

	Number of shares as of March 31, 2007 131th term FY 2006	Number of shares increased during shares increased during FY 2007	Number of shares decreased during shares increased during FY 2007	Number of shares as of March 31, 2008 132st term FY 2007
Issued shares				
Common share	746,484	－	－	746,484
Total	746,484	－	－	746,484
Treasury shares				
Common shares	31,601	249	106	31,743
Total	31,601	249	106	31,743

Notes 1. Increase in treasury shares of common shares by 249 thousand is due to buy-back of fractional shares.
2. Decrease in treasury shares of common shares by 106 thousand are due to sales of fractional shares to shareholders.

2. Notes to dividend

(1) Amount of dividend paid

Resolution	Class of shares	Amount of dividend (Million yen)	Dividend per share (yen)	Entitlement date	Effective date
Ordinary General Meeting of Shareholders as of May 24, 2007	Common share	2,859	4.0	March 31, 2007	June 5, 2007
Meeting of the Board of Directors as of October 30, 2007	Common share	2,859	4.0	September 30, 2007	December 4, 2007

(2) Dividends, of which the entitlement date was in the year ended March 31, 2008 and the effective date will be in the next fiscal year

Resolution	Common shares	Amount of dividend (Million yen)	Resource of dividend	Dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors as of May 22, 2008	Common shares	2,858	Retained earnings	4.0	March 31, 2008	June 3, 2008

Per share information

(1) Net assets per share ¥355.98
(2) Net income per share ¥23.49

Additional information

At a meeting held on March 27, 2008, the Board of Directors of the Company agreed to conclude a memorandum of understanding dated June 1 of the same year covering (a) the planned transfer to Fujitsu Ltd. of the shares owned by Fuji Electric Systems Co., Ltd. in consolidated subsidiary FFC Limited, a joint venture between Fujitsu Ltd. and Fuji Electric Systems Co., Ltd., a wholly owned subsidiary of the Company, and (b) the planned transfer back to Fuji Electric Systems Co., Ltd. of the relevant parts of the business operations of FFC Limited as well as its wholly owned subsidiary FFC Systems Limited.

Subsequent events

1. At a meeting held on November 9, 2007, the Board of Directors of Fuji Electric Water Environmental Systems Co., Ltd. ("FWES"), a wholly owned subsidiary of Fuji Electric Systems Co., Ltd., agreed to transfer to NGK Water Environment Systems Co., Ltd., a wholly owned subsidiary of NGK Insulators, Ltd., all of the company's rights and obligations pursuant to a merger with NGK Water Environment Systems. The merger took place on April 1, 2008, based on the terms of the merger contract dated November 26, 2007

(1) Merger objectives

The new firm formed from this merger will aim to become a leading company in the water-related environmental systems field, offering optimized solutions to help preserve the stability and safety of water environments and tackle associated issues relating to

Specifically, within the field of mains supply and wastewater engineering in Japan, the merger brings together FWES with its expertise in electrical equipment and NGK Water Environment Systems Co., Ltd. with its expertise in machinery to create a new integrated specialist company. As well as trying to expand the scale of the business while reinforcing the development of new products and technologies, the merged company will also aim to develop next-generation technologies capable of realizing through synergy effects more energy-efficient and labor-saving water-treatment facilities. Furthermore, against a backdrop of freshwater supply shortages worldwide, the company plans to grow by targeting the private sector and overseas business expansion in fields of burgeoning demand

(2) Terms and conditions

Under the terms of the merger, NGK Water Environment Systems Co., Ltd. will be the surviving entity and FWES will become

(3) Allocation of shares in surviving entity and other assets for shares in discontinued entity

One share of common stock in NGK Water Environment Systems Co., Ltd. shall be allocated per share of common stock in FWES.

(4) Grounds for calculation as outlined above in (3)

To ensure the determination of a fair and appropriate merger ratio, FWES appointed Mizuho Securities Co., Ltd. and NGK Water Environment Systems Co., Ltd. appointed Nomura Securities Co., Ltd. to provide independent financial advice on the merger.

Mizuho Securities Co., Ltd. provided its calculation of the appropriate ratio applicable to the merger between FWES and NGK Water Environment Systems Co., Ltd. based on the results of a general valuation analysis using the discounted cash flow method and peer

Nomura Securities Co., Ltd. provided its calculation of the appropriate ratio applicable to the merger between FWES and NGK Water Environment Systems Co., Ltd. based on the results of a general valuation analysis using the discounted cash flow method and peer

FWES and NGK Water Environment Systems Co., Ltd. determined the merger ratio via a process of negotiation and deliberation between the two companies, with due reference to the results of the calculations undertaken by the respective financial advisors.

(5) Paid-in capital and business outline for post-merger entity

1. Company name	METAWATER Co., Ltd.
2. Location of head office	3-1, Toranomon 4-chome, Minato-ku, Tokyo
3. Names of representative directors	Haruo Matsuki (President), Hiroshi Komaki (Vice President)
4. Paid-in capital	7,500 million yen
5. Value of net assets	20,178 million yen (aggregated total for both firms as of March 31, 2008)
6. Value of total assets	65,962 million yen (aggregated total for both firms as of March 31, 2008)
7. Outline of business	a) Manufacture and sale of infrastructure-related electrical machinery and other equipment for mains supply and wastewater systems applications, including water recycling and
	b) Design, installation and subcontracted operation of related plants and facilities.
	c) Other operations related to a) and b) above

(6) Outline of accounting treatment of merger

This merger involves integration with an independent firm in return for shares of common stock with voting rights. Moreover, the Company, Fuji Electric Systems Co., Ltd. and NGK Insulators, Ltd. have concluded a basic agreement under which METAWATER Co., Ltd. is subject to their exclusive joint control. In the absence of any other material facts pertaining to control, the merger is deemed to be the formation of a joint-control enterprise based on Japanese accounting standards for business combinations. Accordingly, the Company plans to apply an accounting treatment based on the pooling of interests method and to account for the established enterprise in its consolidated financial statements based on the equity method

(7) Name of business segment previously including said subsidiary

Electrical machinery systems

2. At a meeting held on April 24, 2008, the Board of Directors of the Company agreed to transfer with effect from July 1 of the same year the systems equipment and power supplies sales business divisions of the consolidated wholly owned subsidiary Fuji Electric FA Components & Systems Co., Ltd. (FCS) to Fuji Electric Systems Co., Ltd. (FES), another consolidated wholly owned subsidiary of the The details of this transaction are outlined below.

(1) Purpose of transfer

With the aim of seizing future business opportunities, the transfer facilitates the integration of the component device-related expertise of FCS with the system solutions-related expertise of FES in order to fundamentally strengthen the latter enterprise as an earnings driver for the Fuji Electric Group in the business areas of drive systems (solutions and services based on power electronics technology) and automation (solutions and services in the areas of process automation, factory automation and socio-automation).

(2) Method of integration

The transfer will involve spinning off the FCS operations in question and merging them into FES as the receiving entity.

(3) Number of shares allocated

On the date that the transaction acquires legal force, FCS will distribute to the Company in the form of an ex-surplus dividend a single share that was issued by and received from FES in respect of the transferred operations.

(4) Outline of accounting treatment of transfer

Since both the transferring and receiving entities in this transaction are wholly owned subsidiaries of the Company and will remain so after the transaction, the Company plans to treat the transfer for accounting purposes as a transaction occurring under common control.

Non-Consolidated Balance Sheet

(as of March 31, 2008)

[Assets]	(¥Millions)
Current assets	**51,575**
Cash and time deposits	37
Short-term loans receivable	45,002
Accounts receivable-others	5,628
Other deferred tax assets	255
Others	651
Long-term assets	**392,490**
Tangible fixed assets	**1,653**
Buildings	986
Land	332
Other	334
Intangible fixed assets	261
Software	49
Other	212
Investments and other assets	**390,575**
Investment securities	200,459
Affiliates' shares	108,155
Capital contributions	388
Long-term loans	81,300
Other	661
Provision of allowance for investment los:	(389)
Assets brought forward	**436**
Bond issue expenses	436
Total assets	**444,502**

[Liabilities]	(¥Millions)
Current liabilities	**63,071**
Commercial paper	28,500
Bond (due in one year or less)	30,000
Current portion of long-term debt	1,050
Income taxes payment	711
Other current liabilities	2,809
Long-term liabilities	**178,919**
Corporate bonds	140,000
Deferred tax liabilities	38,625
Allowance for retirement benefits	160
Long-term accrued liabilities	132
Total liabilities	**241,990**
[Net assets]	
Common stock	151,450
Capital stock	**47,586**
Capital surplus	**56,817**
Capital reserve	56,777
Other capital surplus	40
Retained earnings	**54,312**
Profit reserve	11,515
Other retained earnings	42,797
Voluntary reserve	26,793
General reserve	16,004
Treasury stock	**(7,265)**
Unrealized gain on securities, net of taxes	**51,060**
Valuation and translation adjustments	**51,060**
Total Net assets	**202,511**
Total liabilities and shareholders' equity	**444,502**

Non-Consolidated Statement of Income

(from April 1, 2007 to March 31, 2008)

[Ordinary profit and loss]	(￥Millions)	(￥Millions)
Operating profit and loss		
Operating revenue		20,814
Operating expenses		11,902
Operating income		**8,911**
Non-operating profit or loss		
Non-operating income		
Interest and dividend income	4,257	
Miscellaneous income	292	4,550
Non-operating expenses		
Interest expenses	1,974	
Miscellaneous expenses	114	2,088
Ordinary income		**11,373**
[Extraordinary profit or loss]		
Extraordinary income		
Gain on sales of fixed assets	8	8
Extraordinary loss		
Loss on sales and disposal of fixed assets	1,019	
Loss on valuation of investment securities	57	
Other	10	1,087
Net income before income taxes		**10,294**
Corporate, inhabitant and business tax	(985)	
Adjustments of income taxes	1,455	469
Net income		**9,825**

Non-Consolidated Statement of Changes in Net Assets

(￥Millions)

	Shareholders' Equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	otal stockholders' equity
Balance as of March 31, 2007	47,586	56,777	22	56,800	11,515	26,793	11,897	50,206	(7,178)	147,414
Changes during the fiscal year										
Cash dividends*				—			(5,718)	(5,718)		(5,718)
Net income				—			9,825	9,825		9,825
Repurchase of treasury shares				—				—	(111)	(111)
Disposal of treasury shares			17	17				—	24	42
Net changes in items other than shareholders' equity during the fiscal year				—				—		—
Total changes during the non-consolidated fiscal year	-	-	17	17	-	-	4,106	4,106	(87)	4,036
Balance as of March 31, 2008	47,586	56,777	40	56,817	11,515	26,793	16,004	54,312	(7,265)	151,450

	Valuation and translation adjustments		
	Net unrealized gain on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance as of March 31, 2007	78,537	78,537	225,951
Changes during the fiscal year			
Cash dividends*		—	(5,718)
Net income		—	9,825
Repurchase of treasury shares		—	(111)
Disposal of treasury shares		—	42
Net changes in items other than shareholders' equity during the fiscal year	(27,476)	(27,476)	(27,476)
Total changes during the non-consolidated fiscal year	(27,476)	(27,476)	(23,439)
Balance as of March 31, 2008	51,060	51,060	202,511

Notes to non-consolidated financial statements

Notes to the matters related to the important accounting policy

(1) Securities are valued as follows.

①Stocks of subsidiaries and affiliates

Stated at cost as determined by the moving average method

②Other securities

For those with market value

Stated at market value based on market prices, etc. at year-end. (Valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.)

For those without market value

Stated at cost as determined by the moving average method

(2) Method of depreciation

The declining balance method is used for depreciation of tangible fixed assets.

But the Company uses the straight-line method for buildings acquired on or after April 1st 1998 (excluding building improvements).

(Change in accounting policy)

Following the revision of the Corporate Taxation Law, from the fiscal year ended March 31, 2008 the Company began applying the depreciation methods as stipulated in the revised legislation for tangible fixed assets acquired on or after April 1, 2007. The effect of this change was immaterial.

(Additional information)

Following the revision of the Corporate Taxation Law, for tangible fixed assets acquired on or prior to March 31, 2007, the Company expenses the amortization in equal portions over a period of five years of the difference between the nominal residual carrying value of such assets for taxation purposes and a figure equivalent to 5% of the acquisition value, starting in the fiscal year after that in which the accumulated depreciation for such assets reaches 5% of the acquisition value based on the depreciation methods stipulated in the legislation prior to the revision. The effect of this change was immaterial.

(3) Accounting for significant allowances and reserves

① Allowance for retirement benefits

As for allowance for retirement benefits, the Company records an amount recognized to have accrued at year-end based on estimated amounts of retirement benefit obligations and pension assets at year-end, in order to provide for payments of such retirement benefits of employees.

Past service liabilities are expensed based on the straight-line method using years less than the average remaining service period of employees at the time of the accrual. An actuarial difference is expensed based on the straight-line method from the fiscal year following its accrual over an average remaining service period of employees at the time of the accrual.

② Allowance for director and corporate auditor retirement benefits

Based on internal regulations, the Company has traditionally set aside the funds required to pay retirement and severance benefits for directors and corporate auditors as an allowance. Following the vote at the Ordinary General Meeting of Shareholders in June 2007 in favor of a resolution to abolish this system of director and corporate auditor retirement benefits, an amount equivalent to the director and corporate auditor retirement benefits corresponding to the period until the said shareholder meeting was transferred to liabilities under "long-term accrued liabilities."

③ Allowance for investment loss to subsidiaries and affiliates

The allowance for investment loss reserve shall be funded in conformity with the financial conditions.

(4) Method of processing lease transactions

For lease transactions other than those for which the transfer of ownership rights to the lessee is recognized, the accounting process will follow the methods for regular lease transactions.

(5) Important matters that form the basis for the creation of other accounting documents

① Accounting process for consumption tax etc.

The method used depends on the tax system.

② Application of the consolidated tax payment

The consolidated tax payment system is applied.

Notes to non-consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets ¥1,604 million

2. Contingent liabilities (guarantee of debts)

Debt-servicing guarantees against borrowings from financial institutions

Fuji Electric Finance and Accounting Support Co., Ltd.	¥39,307	million
Fuji Electric (Malaysia) Sdn. Bhd.	¥19,927	million
Fuji Electric Exas Co., Ltd.	¥2,619	million
For employees	¥4,719	million
other	¥599	million
Total	¥67,173	million

3. Receivables from and payables to affiliates

Short-term receivables from affiliates	¥50,554 million
Long-term receivables from affiliates	¥81,225 million
Short-term payables to affiliates	¥1,581 million

Notes to Statements of income

Transaction with affiliates

Operating revenue	¥20,814 million
Operating expenses	¥7,826 million

Notes to Statement of Changes in Net Assets

Class and total number of treasury shares outstanding as of March 31, 2008

Common shares	31,743,998 shares

Tax effect accounting

Significant components of the Company's deferred tax assets and liabilities

(1) Deferred tax assets

Loss carried forward	¥5,421 million
Investment securities	¥412 million
Allowance for retirement benefits	¥451 million
Tangible fixed assets	¥91 million
Others	¥1,006 million
Gross deferred tax assets	¥7,382 million
Less valuation allowance	(¥6,765) million
Total deferred tax assets	¥617 million

(2) Deferred tax liabilities

Unrealized gain on securities	(¥35,044) million
Investment securities	(¥3,616) million
Gain on establishment of pension trust fund	(¥326) million
Gross deferred tax liabilities	(¥38,986) million
Net deferred tax assets (liabilities)	(¥38,370) million

Fixed assets using under financial lease contracts

In addition to fixed assets recorded on the balance sheets, the Company uses certain electronics devices and computers based on finance lease contracts which do not transfer ownership.

(1) Amounts equivalent to acquisition costs, accumulated depreciation and year end balance of leased items

(￥Millions)

	Acquisition cost equivalent	Accumulated depreciation equivalent	Year end balance equivalent
Tools, implements and equipment	35	14	21
Total	35	14	21

(2) Year end balance equivalents of unexpired lease expenses

Within 1 year	¥7 million
Over 1 year	¥13 million
Total	¥21 million

(3) Lease paid, depreciation equivalents and interest paid equivalents.

Lease paid	¥7 million
Depreciation equivalents	¥6 million
Interest paid equivalents	¥0 million

(4) Computation method of depreciation equivalents

Depreciate by regarding lease term as useful life and using straight-line method without leaving any residual value.

(5) Computation of interest equivalents

The difference between the total lease payment amount and acquisition cost of leased items is taken as interest equivalents and interest method is used to allocate to each semi-annual accounting period.

Related party transactions

Subsidiaries and affiliates

(￥Millions)

	Company name	Voting rights ratio holding (held by)	Relationship of related parties	Detail of transaction	Transaction Amount	Account name	Year end balance
Subsidiary	Fuji Electric Systems Co., Ltd.	Holding directly 100%	Acceptance of entrusted research and development Interlocking directorate	Receiving revenue on entrusted research (Note 1)	2,866	—	—
Subsidiary	Fuji Electric Advanced Technology Co., Ltd.	Holding directly 100%	Consignment of research and development Interlocking directorate	Paying consigned research costs (Note 2)	5,584	—	—
Subsidiary	Fuji Electric Finance and Accounting Support Co., Ltd.	Holding directly 100%	Loan of funds	Loan of funds (Note 3)	118,000	Short-term loans	45,000
				Recovery of loans	80,000	Long-term loans	80,800
				Receipt of interest on loan (Note 3)	1,227	Receivable -others	1
			Providing guarantees on liabilities	Guarantees on liabilities (Note 4)	39,307	—	—
Subsidiary	Fuji Electric (Malaysia) Sdn. Bhd.	Holding indirectly 100%	Providing guarantees on liabilities	Guarantees on liabilities (Note 5)	19,927	—	—

Condition of transactions and determination policy for condition of transactions

Notes
1. Revenue on entrusted research from Fuji Electric Systems Co., Ltd. is recorded on the Company's accounting books together since they are basic research for whole group and static research and development of new business and new products. Revenue on entrusted research from Fuji Electric FA Components & Systems Co., Ltd, Fuji Electric Device Technology Co., Ltd., and Fuji Electric Retail Systems Co., Ltd. also recorded on the Company's accounting books together by the same method as Fuji Electric
2. Consigned research costs to Fuji Electric Advanced Technology Co., Ltd is paid sourcing Revenue on entrusted research listed
3. Interest rate of the loan to Fuji Electric Finance and Accounting Support Co., Ltd. is decided considering the interest rate in the financial market.
4. The guarantees are provided for commercial paper, lease liabilities and borrowing of.
5. The guarantees are provided for Fuji Electric (Malaysia) Sdn. Bhd.'s borrowing from banks.

Per share information

(1) Net assets per share ¥283.34
(2) Net income per share ¥13.75