

Securities code: 6504

To Our Shareholders 134th Term (Fiscal 2009) Annual Business Report

(April 1, 2009-March 31, 2010)

The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy otherwise.

Business Report (April 1, 2009–March 31, 2010)

[Business Overview] 1. Overview

In fiscal 2009, the year ended March 31, 2010, the Fuji Electric Group faced an unprecedentedly difficult business environment due to the impact of the global recession triggered by the Lehman shock. However, the worst of the downturn passed in around the latter half, in part due to the effects of economic stimulus measures implemented by the governments of major countries, and the economy headed toward recovery. Under these circumstances, Japan's economy showed signs of a rebound on the strength of increasing exports against the backdrop of economic growth in emerging markets including China, as well as the results of an emergency domestic economic package, although it continued to experience difficult conditions overall.

Against this backdrop, the Group was forced to post large losses in the previous fiscal year. In response, we positioned the current period as a year for making the "finishing touches to restructuring" for rebuilding our earnings base, aiming to return to profitability and post a net profit for fiscal 2010, while cutting total costs and lowering our break-even points. As a result, we were able to achieve results that exceeded those initially planned as described below.



Consequently, the Group achieved a significant improvement of profit in the consolidated operating results for the period under review as outlined in the following.

riscar 2003 (riprin 1, 2003 to Marcin 51, 2010)				
	FY 2008	FY 2009	Increase/Decrease	
Net sales	¥766.6 billion	¥691.2 billion	(Down ¥75.4 billion YoY)	
Operating income (loss)	¥(18.9) billion	¥0.9 billion	(Up ¥19.8 billion YoY)	
Ordinary income (loss)	¥(20.8) billion	$\Psi(0.5)$ billion	(Up ¥20.2 billion YoY)	
Net income (loss)	¥(73.3) billion	¥6.8 billion	(Up ¥80.1 billion YoY)	
Net income (loss) per share	¥(102.57)	¥9.46	(Up ¥112.03 YoY)	
Total assets	¥908.9 billion	¥908.9 billion	(Down ¥0 billion YoY)	

Fiscal 2009 (April 1, 2009 to March 31, 2010)

Sales decreased on a full-year basis compared to the previous fiscal year as a result of low global market conditions with market deterioration bringing down the Energy & Electronic Systems Group's component products. This is despite a recovery in the Electronic Devices Group witnessed as the second half of the fiscal year began. Sales of the Retail Systems Group dropped following a contraction of demand for vending machines in response to capital investment cuts by customers.

On the profit front, we were able to return to profitability on an operating income basis. This was because the effects of structural reforms contributed significantly to reinforcing the balance sheet throughout the Group, and the performance in the Electronic Devices Group improved in the second half of the period as a result of the recovery of the market.

We posted deferred tax assets for fiscal 2009 due to an increase of estimated taxable income for fiscal 2010 following the partial sale of securities holdings in May 2010.

Regarding profitability on a net income basis, the Group increased operating income substantially, in addition to posting deferred tax assets. Consequently, we successfully returned to profitability on a net income basis one year ahead of the initial target.

Results of the previous three fiscal years				
Classification		131st term	132nd term	133rd term
Classificati	.011	Fiscal 2006	Fiscal 2007	Fiscal 2008
Net sales	(¥ billion)	908.1	922.2	766.6
Operating income (loss)	(¥ billion)	46.2	35.9	(18.9)
Ordinary income (loss)	(¥ billion)	48.8	35.8	(20.8)
Net income (loss)	(¥ billion)	23.1	16.8	(73.3)
Net income (loss) per share	(¥)	32.37	23.49	(102.57)
Total assets	(¥ billion)	1,024.8	1,036.0	908.9

Results of the previous three fiscal years

2. Segment overview

Operating Results				(¥ billion)
		133rd term FY2008	134th term FY2009	Change (%)
En anora & Electric Santon a	Net Sales	490.4	442.9	90.3
Energy & Electric Systems	Operating income	10.7	13.1	122.4
	Net Sales	141.6	130.3	92.0
Electronic Devices	Operating income (loss)	(31.0)	(11.1)	-
Detail Sectors	Net Sales	136.4	116.0	85.1
Retail Systems	Operating income (loss)	(0.5)	(1.1)	_
Others	Net Sales	48.9	39.1	79.9
Others	Operating income	2.8	2.4	85.3
Sub-total	Net Sales	817.3	728.3	89.1
Sub-total	Operating income (loss)	(18.0)	3.2	-
Eliminate (Commente	Net Sales	(50.7)	(37.1)	_
Eliminate/Corporate	Operating income	(0.8)	(2.3)	_
	Net Sales	766.6	691.2	90.2
Total	Operating income (loss)	(18.9)	0.9	_

Energy & Electric Systems Group
(Main Businesses)
Drives
Drive systems, inverters, servomotor systems, motors, uninterruptible power supplies, transport equipment and systems
Automation
Sensors, information systems, instrumentation plant systems, industrial instruments, controllers, radiation control systems, energy solutions
Industrial Plant Engineering
Industrial power supplies, electrical machinery equipment for facilities, cleanroom facilities
Electric Power Systems
Thermal power plant equipment, hydraulic power plant equipment, nuclear-power related-equipment
Plant Facility Construction
Installation work for electrical equipment, air-conditioning, and water supply and drainage
Electric Distribution & Control (ED&C) Components
Magnetic contactors, pushbuttons and indicator lights, molded-case circuit breakers, earth-leakage circuit breakers, gas detectors, energy management equipment
earth leakage chourt breakers, gas delectors, energy management equipment

In the drive business, sales and operating results decreased year on year because a deterioration in market conditions counteracted a trend toward recovery in order volumes in the second half of fiscal 2009, centered on China, for such component products as general-purpose inverters and small motors.

Net sales declined 9.7%, operating results improved 22.4% year on year.

In the automation business, sales decreased year on year due to lower order volumes for such component products as measuring instruments. However, operating results increased slightly year on year thanks to cost reductions.

In the industrial plant engineering business, sales declined year on year despite orders for major projects, such as large-scale rectifier facilities overseas. Operating results were up year on year because of cost reductions.

In the electric power systems business, sales declined year on year as a result of a decrease in orders for thermal power equipment for large overseas projects. However, operating results were up year on year due to cost reductions.

In the plant facility construction business, sales and operating results increased year on year due to the merger of two consolidated subsidiaries and Furukawa Engineering & Construction Inc.

In the ED&C components business, sales and operating results decreased year on year due to a deterioration in market conditions in Japan and overseas, which offset a pickup in demand from machinery manufacturers and a recovery in demand in Asia from the fourth quarter.

Electronic Devices Group (Main Businesses) Semiconductors Power ICs, IGBT modules, power discrete devices, hybrid devices, pressure sensors Magnetic Disks Aluminum and glass magnetic disks, aluminum substrates Photoconductive Drums Photoconductive drums, peripheral imaging devices

Net sales declined 8.0%, operating results improved ¥19.9 billion year on year.

In the semiconductor business, worldwide economic deterioration during the year cancelled the effect of a recovery in demand related to PCs and flat-screen televisions centered on Asian markets, higher demand for environmentally friendly vehicles, and a rapid recovery in industrial-sector demand for semiconductors from the third quarter. As a result, sales were down year on year. However, in operating results the deficit decreased thanks to a lower break-even point resulting from business restructuring.

In the magnetic disk business, amid favorable conditions in the HDD market, from the third quarter the Company posted steady sales of mainstay 500 GB 3.5-inch aluminum media and 160 GB, 250 GB 2.5-inch glass substrate disks. Further, shipments of a new addition to the product lineup, 2.5-inch aluminum media, grew. Sales remained at the same level year on year because falling prices and yen appreciation offset higher unit sales. In operating results, the deficit decreased as a result of cost reductions. Moreover, this business achieved profitability in fourth quarter.

In the photoconductor business, sales remained at the same level year on year as falling product prices and yen appreciation counteracted higher sales volumes. Operating results increased year on year due to the advancement of rationalization and cost reductions.

 Retail Systems Group

 (Main Businesses)

 Vending Machines, Food Service Equipment

 Vending machines, beverage dispensers, tea servers

 Currency Handling Systems

 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 declined 14.9%, operating results deteriorated ± 0.6 billion year on year.

In the vending machine and food equipment business, efforts to increase sales, primarily of environmentally friendly vending machines, did not compensate for beverage and food product manufacturers' curbing of investment in vending machines. As a result, sales were down significantly year on year. The decrease in sales and the work adjustments accompanying lower order volumes resulted in a year-on-year decrease in operating results.

In the currency-handling equipment business, a decrease in orders for major projects related to automated change dispensers and electronic money-related equipment resulted in a year-on-year decrease in sales. However, operating results increased year on year due to reductions of cost and fixed cost.

In the cold-chain equipment business, efforts to provide comprehensive solutions for environmentally friendly stores based on energy-saving technology were unable to counteract a decrease in new store openings and an accompanying intensification of price competition. As a result, sales and operating results declined year on year.

Others

(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 and accounting, staffing services and intellectual property services, etc.

Net sales declined 20.1%, operating results declined 14.7% year on year.

3. Group Research and Development Activities

Regarding Research and development, centered on development of components, and solutions for their use, based on the key theme of "energy and the environment."

Key development activities are described below.

In the Energy and Electric Systems Group, we concurrently developed a unique Reverse-Blocking IGBT (RB-IGBT) device/module, which was integrated to a New 3-Level Converter using a combination of semiconductor devices and power electronics technologies, and significantly decreased losses, size, and noise of the power converter circuit. We are currently applying the results to uninterruptible power systems (UPS), power conditioners for photovoltaic power generation and wind-power generation, and auxiliary power systems for railway cars, etc.

We succeeded in increasing the efficiency of a switching power supply for high-end servers by adopting new components such as low on-state resistance elements and applying the Group's proprietary circuit technologies, and developed a new standard front-end power supply that obtained 80 PLUS Gold certification, which was the first time a product of a Japanese power supply manufacturer has received such certification.

We also developed technology to visualize energy consumption and a local air-conditioning system jointly with FIJITSU LIMITED as technologies for building environmentally sensitive data centers, and applied them in the FUJITSU Tatebayashi System Center. As a result, CO₂ emissions of IT facilities, such as power supplies and air-conditioning systems, in the system center were reduced by about 40% compared to those of existing facilities.

Moreover, we expanded the power generation area and reduced the resistive losses of film-type solar cells, and developed a 110 W module that achieved a performance gain of 20% over previous products.

In the Electronic Devices Group, we applied cutting-edge, sixth-generation IGBT technology and a newly developed small package for the green factory segment, and developed "V-IPM" and "6-in-1 module (1200V/225A-550A)" power semiconductor devices that deliver low noise, low losses, compact size, and high reliability.

Among automotive electronic devices, we developed a high-reliability IGBT chip featuring low noise, low losses, and high power density compatibility. The product has been adopted in new hybrid cars.

In the Retail System Group, we worked to improve our low-energy technologies in vending machine models by enhancing core technologies such as thermal energy control, and launched production of can vending machine models for fiscal 2010 that incorporate the technology.

In the cold chain business, in an industry first, we completed development of flow racks that allow frozen foods to be stored in optimal temperature zones.

In the field of new technologies/core technologies, we are conducting joint research on wide band-gap semiconductors, next-generation power semiconductors, and SiC and GaN power semiconductor devices with the National Institute of Advanced Industrial Science and Technology (AIST) and Furukawa Electric Co., Ltd., respectively, and aim to achieve results soon.

We are also continuing to work on strengthening our principal core technologies.

4. Group Capital Investment

During the fiscal year ended March 31, 2010, we restricted capital investment to essential investments at the planning stage in response to a sudden change in the management environment from the previous fiscal year. We made total investments of \$19.1 billion, including those on leasing, focusing on strategic investments related to "energy and the environment".

Key investments were as follows.

In the Energy and Electronic Systems Group, we made investments to introduce new solar cell production lines and enhance production capacity at the Kumamoto plant of Fuji Electric Systems Co., Ltd. In addition, the Group developed and expanded overseas production sites and proceeded to transfer inverter and rotating machines from the Suzuka Area of Fuji Electric Systems Co., Ltd. to a production site in China.

In the Electronic Devices Group, we developed and expanded industrial-use IGBT module assembly facilities of Fuji Electric Semiconductor (Malaysia) Sdn. Bhd. in response to a recovery of the semiconductor chip market, while investing to boost production of a line integrating all processes from the production of semiconductor chips to the assembly of modules. In response to the growth of the market for environmentally friendly vehicles, we made capital investments to step up production of sensor chips. And, the Research and Development Group introduced facilities for developing a new type of high-voltage IGBT.

In the disk media business, because the HDD market recovered earlier than initially forecasted, we strengthened production facilities for aluminum media and glass media at Fuji Electric (Malaysia) Sdn. Bhd.

In the Retail Systems Group, we invested on production facilities and molding equipment at the Fuji Electric Retail Systems Co., Ltd. plant in Mie, which manufactures new product storage systems for vending machines, environmentally-friendly new vending machines using refrigerant, and heat-pump vending machines.

5. Group Financing

In Fiscal 2009, we reviewed our financial structure to achieve greater stability in view of an uncertain financial environment in the first half of the period, and refinanced loans from short-term to long-term.

We redeemed \$26.0 billion of Euro yen convertible bonds maturing 2016 with stock acquisition rights (issue amount of \$30.0 billion) issued in 2006, to accommodate requests from investors for early redemption.

As a result, our consolidated financial obligations as of the end of March 2010 decreased \$56.3 billion from a year earlier to \$359.8 billion, leaving net financial obligations, calculated by deducting cash and cash equivalents from financial obligations, of \$322.5 billion (a drop of \$8.2 billion from the previous period.)

6. Initiatives to Protect the Environment

In the face of increasingly serious global environmental problems, as part of its corporate social responsibilities, the Fuji Electric Group as a whole is committed to reducing its global environment impact toward achieving a sustainable society.

The Fuji Electric Group set "seeking harmony with the environment" as one of the elements of its Corporate Philosophy, and worked to minimize the environmental impacts of its business activities. In Fiscal 2009, we clarified our responsibilities to the global community by formulating the "Group Environmental Vision 2020," a long-term code of behavior in April 2009, and declared that we would contribute to society with our core "energy and the environment" businesses, as well as reduce environmental loads by cutting CO_2 emissions.

In the light of growing awareness in society of the need to conserve biodiversity, combined with the holding of the COP 10 Convention on Biological Diversity (CBD) in Nagoya in October 2010, we issued the Fuji Electric Group Biodiversity Guidelines in March 2010. We will continue to promote activities that give consideration to conserving biodiversity as a company dedicated to contributing to the environment.

7. Contributions to Society

During the fiscal year under review, the Fuji Electric Group, amidst a difficult management environment, participated in the United Nations Global Compact in February 2010 and worked on new activities with due considerations to their effects to act as good corporate citizens in our global society.

In November 2009, we launched an employee participatory farm regeneration project in Uenohara City, Yamanashi Prefecture, in which total of about 100 employees of the Group and their family members participated in activities, which included growing wheat and other crops and making compost using traditional techniques, in cooperation with the local government and farmers. In addition, we engaged in social contribution activities from a global viewpoint by providing assistance to the Children's Forest Program in India, which is sponsored by the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA) and other activities.

8. Group Issues to be Addressed

Looking at future trends in the markets surrounding the Fuji Electric Group, we expect to see strong demand in emerging markets including China and other Asian countries for infrastructure development focusing on railroads and water, which take account of environmental considerations, as well as for adopting renewable energy sources mainly in Europe and the U.S.

Under these circumstances, the Group is taking the lead over other companies in developing power electronics technologies that allow us to manipulate electricity and play a key role in reducing the power requirements of electric equipment, which will be added to our extensive family of products and technologies.

To demonstrate the advantages of the Group in the field of "energy and the environment", which offers future growth prospects, we drafted and implemented a medium-term management plan through fiscal 2011.



The essence of the medium-term management plan is as follows.

Basic Policy: The Fuji Electric Group aims to become a consistently high-earning business group centered on power electronics.

Principal measures

- (1) Concentrate efforts on businesses in the field of "energy and the environment"
- (2) Develop solutions business with emphasis on technology
- (3) Develop global business centered on Chinese/Asian market

Numerical targets	FY2009 (results)	FY2011 (forecast)	
Net sales	¥691.2 billion	¥750.0 billion	
Operating margin	0.1%	5.0%	
Overseas sales ratio	0.1%		
	26%	40%	

We will implement the following measures to achieve the above targets.

Concentrating on businesses in the field of "energy and the environment" and enhancing the solutions business

Reclassification of business segment framework

Based on policy measures for concentrating efforts on businesses in the field of "energy and the environment" and enhancing the solutions business, we will reclassify our business operation unit as follows starting from fiscal 2010.

We will disclose information on our business performance in this business segment to our shareholders.

Principal measures by business group for fiscal 2010

Based on the above operating framework, we will implement the following measures in each business group for fiscal 2010 to achieve the targets of the medium-term management plan.

Energy Solutions Group

The Fuji Electric Group will strive to boost sales of geothermal power generation facilities, mainly in the U.S. market for which it has the world's leading share. Regarding the solar cell business, we will work to expand sales of solar cells/modules, as well as systems in combination with peripheral equipment.

With regard to the Smart Grid (Note 1), which is a promising next-generation electric power network, we are accumulating expertise, for example, by being selected as a participating company in the Remote Island Smart Grid (micro-grid) Project of the Ministry of Economy, Trade and Industry and in demonstration projects of local governments. In addition, we aim to cooperate with General Electric Company in U.S. and FIJITSU LIMITED, with which we have signed memorandums of understanding for establishing a joint venture and business tie-ups, respectively.

Note 1.

Smart Grid

A Smart Grid is a system that automatically controls electric power supply and demand through the use of information technology. A Smart Grid enables adjustment of unstable electric power from photovoltaic power generation and wind-power generation, etc. There are prospects that the public and private sectors will work hand-in-hand toward the diffusion of the Smart Grid in the future to promote the use of renewable energy.

Environmental Solutions Group

In the Industrial Solutions business, we will release energy conservation solutions for plants against the backdrop of growing needs to reduce CO_2 emissions and save energy due to environmental regulations, and we will also work to expand plants overseas.

In the Transportation Solutions business, we will launch businesses in new fields related to environmentally friendly vehicles at an early date and develop a system for receiving orders in the railroad business.

In the Social Solutions business, we will roll out energy conservation solutions for buildings and retail outlets mainly related to IDCs (Note 2), which are expected to become widespread components of social infrastructure in the future.

Note 2.

IDC

An Internet Data Center is a facility equipped with electric power, air-conditioning, and security systems for operating and managing connections to the Internet and servers. The IDC market is expected to grow in the future against the backdrop of increasing needs for disaster countermeasures and reducing energy costs.

Semiconductors Group

In fiscal 2010, we will strengthen production capacity in Malaysia because demand is forecasted to remain strong. Besides, we will release products for environmentally friendly vehicles in markets mainly in emerging nations and North America, as well as expand sales of high-capacity power modules for converters for wind-power generation and photovoltaic power generation and semiconductors for uninterruptible power supplies for IDCs.

Vending Machines Group

Assuming that difficult market conditions will continue, we will work to create a profitable structure by sharply cutting costs centering on fixed costs and reducing production lead-times, with the aim of returning to profitability on an operating level. Regarding mainstay beverage vending machines, we will promote the diffusion of environmentally friendly vending machines by further pursuing energy-saving technologies. We will also expand peripheral services such as installing, remodeling, and overhauling equipment.

ED & C Components Group

We will continue efforts from fiscal 2009 to strengthen the earnings base and aim to return to profitability at an operating level by reinforcing collaboration with Schneider Electric Industries SAS in France. In addition, to expand sales, we will venture into the electric power distribution market in Asia centering on China, release differentiated products in the Japanese market, and boost sales in the power distribution market.

Magnetic Disks Group

The HDD market is expected to grow by 10% or more annually, and we will sign long-term contracts with customers against the backdrop of such favorable supply and demand conditions to stabilize business operations. In addition, we will continue to focus on reducing total costs and reforming supply chains to build a profitable structure that is less susceptible to market fluctuations, with the aim of returning to profitability at an operating level. We will also develop and commercialize high-capacity recording media ahead of other companies by strengthening technological capabilities.

Common Measures (1): Expanding global businesses

Principal efforts for fiscal 2010

We will implement the following measures to achieve overseas sales as a percentage of net sales of 40% in fiscal 2011.

Building a global business management system

On April 1, 2010, the Group established overseas area headquarters in China, Asia and North America and Europe, as well as a global strategy headquarters with overall control of overseas headquarters. In their respective areas of the world, overseas area headquarters will develop proposals for strategies that are optimally suited to local markets, and develop proposals for global partner strategies. At the same time, they will rapidly advance measures to deploy personnel and start up bases.

Concentrating efforts on global operational development centered on China/Asia

The Group has positioned the China/Asia region—the largest growth market—as its highest-priority area. As well as priority deployment of personnel, the Group will seek to reap benefits at an early stage by starting up local systems such as research and development bases and systems for development/sales/engineering.

Common measures (2): Activating personnel

To achieve the goals of the medium-term management plan, each employee must tackle tasks with perseverance and a willingness to take on challenges.

Aiming to create vitality throughout the Group and harness it as the driving force for reforms, the Group will move forward with such initiatives as implementing the self-declaration "work I want to do" system for all employees, expanding its internal recruitment system, and strengthening the development of human resources who are capable of playing active roles globally.

While the Fuji Electric Group was hard hit by the unprecedented economic crisis since the year before last that was triggered by the Lehman shock, we learned the lesson once again in the course of overcoming the situation that we cannot survive without continuous reforms and taking on challenges.

Based on this recognition, the Fuji Electric Group is committed to building bases for achieving sustainable growth into the future as "the New Fuji Electric", in addition to applying experience from its 85 years of history.

In this regard, we would appreciate the further understanding and assistance of all of our shareholders.

[Dividends of Surplus]

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

The Fuji Electric Group's basic policy in its business activities is to provide products, services and solutions, focusing on "quality manufacturing," "original technologies," and "an honest, open and hardworking attitude" to achieve maximum efficiency with minimum consumption of resources in the area of electrical energy and related fields. This is intended to contribute to the development of a recycling-based society and to the long-term development of the company based on the concept of "energy and the environment," and to raise corporate value.

We intend to return profit gained through these business activities to shareholders, while at the same time maintaining adequate consolidated shareholders' equity to secure internal reserves for strengthening our operating base, conducting research and development, capital spending, making use of human resources, and other investments to increase corporate value over the medium to long term.

The amount of dividends to be paid from retained earnings is determined in light of the above business cycle, and it is the Company's intention to pay a stable and continuous dividend that comprehensively takes into consideration consolidated results for the corresponding fiscal year, R&D and capital investment plans for future growth, and the operating environment.

The acquisition of treasury stock is also used as a flexible mechanism to supplement dividends when warranted by the cash flow position.

Moreover, in accordance with the capital strategy prescribed by Article 459, Paragraph 1 of the Companies Act, this action shall be conducted with a view to strengthening consolidated shareholders' equity.

Also in accordance with Article 459, Paragraph 1 of the Companies Act, this will be decided by resolution of the Board of Directors, or the Ordinary General Meeting of Shareholders.

2. Year-end dividend for fiscal year ended March 31, 2010

Based on the Policies relating to decisions on the dividend of surplus (funds) etc. described in 1 above, the Company resolved to pay a year-end dividend of \$1.5 per share at the meeting of the Board of Directors held on May 25, 2010, with due consideration given to the consolidated operating results for the current and next period, financial conditions of the Group, and other factors.

[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.

(1) Standing Directors

Since Standing 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 Standing Directors, applicable to that senior management rank, shall be contributed to the Director Shareholding Association to share the economic interests of shareholders and as an incentive to make management aware of share value.

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.

(2) Non-standing Directors

A manager who has executive responsibility in major segments may be appointed as a Non-standing Director of FUJI ELECTRIC HOLDINGS CO., LTD. A Non-standing Director participates in important managerial decision-making of the Fuji Electric Group and synchronizes the execution of duties for the business segment of which they are in charge. As needed, a Non-standing Director shall report about the execution of duties for the business segment of which they are in charge to the Board of Directors, and shall be responsible for increasing the Group managerial supervision conducted by the Board of Directors. Accordingly, remuneration for Non-standing Directors shall be paid as base remuneration as a monthly financial sum determined in advance.

Performance-linked remuneration for Non-standing Directors shall be paid by the applicable operating company based on the consolidated business results for the fiscal year and on a performance evaluation of the segment of which the Non-standing Director is in charge.

(3) Outside Directors and Auditors

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

Outside Directors and Auditors may acquire stock in the Company at their own discretion.

2. Total Amount of Remuneration Paid to Directors and Auditors for Fiscal 2009

	Payees (number of persons)	Payment (¥ Million)
Directors	12	261
(Outside)	(3)	(20)
Auditors	6	74
(Outside)	(4)	(20)

Notes: 1. The above payees include two Directors (neither of whom was an Outside Director) and one Auditor (one of whom was an Outside Auditor) who retired at the close of the 133rd Ordinary General Meeting of Shareholders held on June 24, 2009.

2. In addition to the above payment, in accordance with the resolution passed at the 131st Ordinary General Meeting of Shareholders held on June 26, 2007, the following final payments were made as retirement benefits to the two Directors in Note 1, who retired on June 24, 2009.

Two Directors: ¥7 million (neither of whom was an Outside Director)

3. As described earlier in "1. Policy on the determination of remuneration," a portion of the base remuneration of Standing Directors shall be contributed to the Director Shareholding Association with the obligation to acquire treasury stock. The following table shows the amount contributed to the Director Shareholding Association, including voluntary contributions, together with the amount of treasury stock acquired.

	Contribution to Director Shareholding Association (¥Million)	Treasury stock acquired (Thousands of shares)
Directors	45	343
Auditors	10	55

. With regard to the base remuneration paid to Standing Directors, Non-standing Directors (who have executive responsibility in major segments), and Outside Directors, their monthly remunerations were reduced as follows to have the leadership set an example in light of the implementation of structural reforms including appropriate adjustments to the number of personnel and personnel costs, as well as to clarify managerial responsibility for the circumstances resulting in forgoing payment of the year-end dividend for fiscal 2008.

- President and Representative Director: Reduction equivalent to 30%
- Executive Vice President and Representative Director: Reduction equivalent to 20%
- Directors: Reduction equivalent to 15%
- Outside Directors: Reduction equivalent to 10%

In addition to the above, Standing Auditors and Outside Auditors voluntarily returned the equivalent to 15% and 10%, respectively, of monthly remuneration.

The above-mentioned reductions of remuneration and voluntary return of remunerations were terminated with monthly remuneration paid for March 2010.

[Corporate Overview]

Stock information (as of March 31, 2010)

- 1. Authorized shares: 1,600,000,000
- 2. Issued and outstanding shares: 746,484,957

3. Number of shareholders: 59,552 (a increase of 1,561 from the end of the previous term)

4. Shareholdings by type of shareholder

Classification	Number of shareholders (persons)	Number of shares (shares)	Ratio of shareholding (%)
Financial institutions/Securities firms	158	258,473,978	34.62
Other domestic corporations	676	137,844,207	18.47
Foreigners	407	129,062,915	17.29
Individuals and others	58,311	221,103,857	29.62
Total	59,552	746,484,957	100.00

(Note) "Individuals and others" includes treasury shares stock.

5. Top ten shareholders

	Capital contribution	Capital contribution to the Company		
Name	Number of shares (1.000s)	Ratio of shareholding (%)		
FUJITSU LIMITED	74,333	10.40		
Japan Trustee Services Bank, Ltd. (Trust Account)	42,763	5.98		
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,383	5.37		
Asahi Mutual Life Insurance Company	23,266	3.26		
Mizuho Corporate Bank, Ltd.	22,254	3.11		
Furukawa Electric Co., Ltd.	13,422	1.88		
FANUC LTD	13,421	1.88		
JUNIPER	11,732	1.64		
FURUKAWA CO., LTD.	11,025	1.54		
Sompo Japan Insurance Inc.	9,851	1.38		

(Notes) 1. Treasury stock of 31,824,451shares is excluded from the above list of top 10 shareholders.

2. Ratio of shareholding is calculated by deducting the number of treasury stocks from the total number of shares outstanding based on the provisions of the Ordinance for Enforcement of the Companies Act.

Type of Bonds with Stock Acquisition Rights (as of March 31, 2010)

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	¥30.0 Billion	¥1.01 Billion	¥968

(Notes) 1. The owners of these bonds with stock acquisition rights possess the right to request FUJI ELECTRIC HOLDINGS CO., LTD. to redeem the bonds before maturity at 100% of the face value on June 2, 2009 and June 1, 2012.

2. Based on this right, the Company redeemed before maturity ¥26 billion of bonds as of June 2, 2009.

Status of Directors and Auditors 1. Directors and Auditors

Name	Positie	on or responsibility in the Company, or main occupation	
Haruo Ito	President and Repre	sentative Director	
		Chief Executive	
		In charge of Electric Devices Segment	
		General Manager, Automotive Business Strategic Planning	
		Division	
Katsushi Nakayama	Executive Vice Presi	dent and Representative Director	
		Responsible for controlling corporate management	
		CFO (Chief Financial Officer)	
		The Fuji Electric Group CSR Promotion Office	
Michihiro Kitazawa	Executive Vice Presi	dent and Representative Director	
		General Manager, Business & Technology Strategy Department	
Eisuke Masada	Outside Director		
Tadashi Kudo	Outside Director		
Hiroaki Kurokawa	Outside Director		
Mitsunori Shirakura	Director	In charge of Energy & Electric Systems segment	
	(non-standing)	Deputy General Manager, Automotive Business Strategic	
		Planning Division	
Hiroshi Nishigaki	Director	In charge of Retail Systems segment	
	(non-standing)		
Takamichi Hamada	Director	Senior Executive Officer	
		General Manager, Sales Strategy Office	
		In charge of Electronic Devices segment	
Hisao Shigekane	Director	Senior Executive Officer	
		General Manager, Corporate R&D Headquarters	
		General Manager, Technical Strategy Office	
		CTO (Chief Technical Officer)	
Katsumi Yoshida	Standing Auditor		
Keiichi Hirata	Standing Auditor		
Tsuyoshi Nagahama	Outside Auditor		
Yuzuru Fujita	Outside Auditor		
Takahiko Ito	Outside Auditor		

(Notes) 1. We expect Outside Directors to play roles in strengthening the management supervisory function and ensuring adequacy and appropriateness of decision-making related to the execution of business. To this end, Eisuke Masada, an expert in electrical engineering, which is closely related to the Group's business activities, Tadashi Kudo, who has experience as a manager in financial institutions, and Hiroaki Kurokawa, who has experience as a manager in the manufacturing industry, were selected as Outside Directors at the General Meeting of Shareholders as persons who have an understanding of the Group's management, as well as insights and experience necessary for making multifaceted management decisions. Eisuke Masada and Tadashi Kudo are registered as Independent Directors as stipulated by the Financial Instruments Exchange.

2. We expect Outside Auditors, along with Outside Directors, to be conducive to ensuring the adequacy and legality of decision-making related to the execution of business, as well as to play roles in strengthening the management audit function, by giving advice and making suggestions about the entire spectrum of management activities at meetings of the Board of Directors and on other occasions. To this end, Tsuyoshi Nagahama, who is an attorney, Yuzuru Fujita, who has experience as a manager in financial institutions, and Takahiko Ito, who concurrently serves as full-time Auditor of listed companies, were selected as Outside Auditors at the General Meeting of Shareholders upon obtaining approval at a meeting of the Board of Auditors as persons who have expertise and experience necessary for performing audits.

Tsuyoshi Nagahama, Yuzuru Fujita, and Takahiko Ito are registered as Independent Directors as stipulated by the Financial Instruments Exchange.

3. The financial, accounting and other expertise possessed by each Auditor is as follows:

- 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.
- Standing Auditor Keiichi Hirata is highly knowledgeable about human resources, labor and overall management operations, which he has gained from his longstanding career in the Group in many areas of management, including manager of a listed subsidiary, human resources and general affairs.
- •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 Director Yuzuru Fujita is highly knowledgeable of financial and accounting matters and overall corporate management, which he has gained from his career in a financial institution, where he served as a representative director. •Mr. Takahiko Ito is highly knowledgeable of financial and accounting matters and overall corporate management, which
- he has gained from his career as full-time Auditor at a listed company, and as person in charge of human resources, general affairs and procurement operations in a manufacturing company.
- 4. Hiroshi Wada resigned his post as Outside Auditor at the close of the 133rd Ordinary General Meeting of Shareholders held on June 24, 2009.

5. Positions or	5. Positions or responsibility of Directors in the Company were changed as follows on April 1, 2010.		
Name	Position or responsibility in the Company, or main occupation		
Michihiro Kitazawa	President and Representative Director	Controlling Global Strategy	
Mitsunori Shirakura	Executive Vice President and Representative Directo	r	
Eisuke Masada	Outside Director		
Tadashi Kudo	Outside Director		
Hiroaki Kurokawa	Outside Director		
Haruo Ito	Director, Advisor		
Takamichi Hamada	Director	Senior Executive Officer	
		Senior General Manager,	
		Corporate Administration Group	
Hisao Shigekane	Director	Senior Executive Officer	
		General Manger, Corporate R&D Headquarters	
		CTO (Chief Technical Officer)	
Katsushi Nakayama	Director		
Hiroshi Nishigaki	Director		

Significant concurrent positions Name Haruo Ito President and Representative Director, Fuji Electric Device Technology Co., Ltd. **Outside Director, FUJITSU LIMITED** Director (Non-standing), Fuji Electric FA Components & Systems Co., Ltd. Katsushi Nakayama Outside Director, FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. Eisuke Masada Chairman, Electric Technology Research Association Chairman, Railway Technical Research Institute Tadashi Kudo Special Advisor, Chuo Fudosan Co., Ltd. **Outside Auditor, ITOCHU Corporation** Outside Auditor, Furukawa Electric Co., Ltd. Director (Non-standing), Asahi Mutual Life Insurance Company Hiroaki Kurokawa Senior Advisor, FUJITSU LIMITED Mitsunori Shirakura President and Representative Director, Fuji Electric Systems Co., Ltd. Outside Auditor, NOHMI BOSAI LTD. Director (Non-standing), Fuji Electric FA Components & Systems Co., Ltd. Hiroshi Nishigaki President and Representative Director, Fuji Electric Retail Systems Co., Ltd. Takamichi Hamada Chairman, Fuji Electric Holdings (Shanghai) Co., Ltd. Hisao Shigekane Board Chairperson, Technology Research Association for Next Generation Power Device President and Representative Director, Fuji Techno Survey Co., Ltd. Outside Director, FUJI TECH Co., Ltd. Outside Director, Toko Electric Co., Ltd.

2. Material Concurrent Responsibility and Representative Status of Directors and Auditors (1) Directors

(Notes) 1. On October 29, 2009, Haruo Ito retired as Director of Fuji Electric FA Components & Systems Co., Ltd.

On March 31, 2010, he retired as President and Representative Director of Fuji Electric Device Technology Co., Ltd.

2. On May 20, 2009, Eisuke Masada retired as Chairman of Electric Technology Research Association.

3. On June 24, 2009, Tadashi Kudo retired as Outside Auditor of ITOCHU Corporation.

4. On March 31, 2010, Hiroshi Nishigaki retired as President and Representative Director of Fuji Electric Retail Systems Co., Ltd.

5. On April 1, 2010, Takamichi Hamada retired as General Manager of Fuji Electric Holdings (Shanghai) Co., Ltd.

6. The Company is engaged in technological research on next-generation power devices jointly with Furukawa Electric Co., Ltd. through a research association jointly established by the two companies in accordance with the provisions in the Act on Research and Development Partnership. Furukawa Electric Co., Ltd. holds a 1.80 percent interest in the total shares outstanding of the Company. Meanwhile, the Company holds a 1.56 percent interest in the total shares outstanding of Furukawa Electric.

7. The Company has a business relationship that includes borrowing funds with Asahi Mutual Life Insurance Company. Asahi Mutual Life Insurance Company holds a 3.12 percent interest in the total shares outstanding of the Company. Meanwhile, the Company has made 0.60 percent contribution to the total foundation funds of Asahi Mutual Life Insurance.

8. Besides the above, there is no noteworthy relationship between the Company and other important companies where its Outside Directors have concurrent posts.

(2) Auditors

Name	Significant concurrent positions	
Katsumi Yoshida	Auditor (Non-standing), Fuji Electric Systems Co., Ltd.	
Keiichi Hirata	Auditor (Non-standing), Fuji Electric Device Technology Co., Ltd.	
Kelleni Hirata	Auditor (Non-standing), Fuji Electric Retail Systems Co., Ltd.	
Tsuyoshi Nagahama	Attorney, Of Counsel, of Anderson Mori & Tomotsune	
i suyosin Naganama	Outside Auditor, COMPUTER ENGINEERING & CONSULTING LTD.	
	Senior Advisor, Asahi Mutual Life Insurance Company	
	Outside Director, FUJI KYUKO CO., LTD.	
	Outside Auditor, ADEKA CORPORATION	
	Outside Auditor, The Yokohama Rubber Company, Limited	
Yuzuru Fujita	Outside Auditor, ZEON CORPORATION	
	Outside Auditor, NIPPON EXPRESS CO., LTD.	
	Outside Auditor, Furukawa Electric Co., Ltd.	
	Outside Auditor, Nippon Light Metal Company, Ltd.	
	Chairman, United World Colleges Japan	
Takahiko Ito	Full-Time Statutory Auditor, Furukawa Electric Co., Ltd.	
Tunumino 100	Outside Director, FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD.	

(Notes) 1. On July 2, 2009, Yuzuru Fujita retired as Chairman of Asahi Mutual Life Insurance Company and assumed the post of Principal Advisor to the company on the same day.

2. The Company has a business relationship that includes borrowing funds with Asahi Mutual Life Insurance Company. Asahi Mutual Life Insurance Company holds a 3.12 percent interest in the total shares outstanding of the Company. Meanwhile, the Company has made 0.60 percent contribution to the total foundation funds of Asahi Mutual Life Insurance.

3. The Company is engaged in technological research on next-generation power devices jointly with Furukawa Electric Co., Ltd. through a research association jointly established by the two companies in accordance with the provisions in the Act on Research and Development Partnership. Furukawa Electric Co., Ltd. holds a 1.80 percent interest in the total shares outstanding of the Company. Meanwhile, the Company holds a 1.56 percent interest in the total shares outstanding of Furukawa Electric.

4. FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. is a subsidiary of the Company and has business transactions including orders for engineering work with the Company.

5. Besides the above, there is no noteworthy relationship between the Company and other important companies where its Outside Auditors have concurrent posts.

3. Status of Outside Directors and Outside Auditors (1) Major activities (i) Main activities of Outside Directors

Name	Attendance at Board of Directors meetings	Opinions offered
Eisuke Masada	13 of the 13 meetings	 Offered appropriate necessary opinions concerning business management of the Group, including the following items at the Board of Directors meetings, based on his viewpoint and considerable insight as an expert in electrical engineering. Necessity to establish a system capable of responding flexibly to changes in demand Importance of long-term trend analysis for drafting business strategies
Tadashi Kudo	12 of the 13 meetings	Offered appropriate necessary opinions concerning business management of the Group, including the following items at the Board of Directors meetings, based on his extensive experience and considerable insight as a manager in financial institutions. - Importance of risk management for group management - How progress management for budgets should be under crisis situations
Hiroaki Kurokawa	13 of the 13 meetings	 Offered appropriate necessary opinions concerning business management of the Group, including the following items at the Board of Directors meetings, based on his extensive experience and considerable insight as an experienced manager in the manufacturing sector for electronics and telecommunication equipment Drastic measures to change employees' and officers' mentality to shorten lead time and reduce costs Full enforcement to slash overall expenses and reduce costs He made opinions to prioritize changes in mentality of those responsible for manufacturing onsite, rather than the agenda item to increase capital investment proposed at the Board of Directors meeting held on June 18, 2009.

(ii) Main activities of Outside Auditors

in main activities of Outside Multions				
Name	Attendance at Board of Directors meetings Attendance at Board of Auditors meetings	Opinions offered		
Tsuyoshi13 of the 13 meetingsOffered appropriate pNagahama6 of the 6 meetingsDirectors concerning business activities. confirming the legality of ensuring legal components		Offered appropriate necessary opinions at meetings of the Board of Directors concerning the contents of meeting items and the Group's business activities. Also, at the Board of Auditors concerning confirming the legality of business activities overall from the viewpoint of ensuring legal compliance, based on his specialized viewpoint as a lawyer and considerable insight.		
Yuzuru Fujita	12 of the 13 meetings 6 of the 6 meetings	Offered appropriate opinions at meetings of the Board of Directors concerning the contents of meeting items and the Group's business activities. Also, at the Board of Auditors concerning confirming the legality of business activities overall from the viewpoint of ensuring legal compliance, based on his extensive experience as a manager in financial institutions and considerable insight.		
Takahiko Ito	10 of the 10 meetings 4 of the 4 meetings	Offered appropriate opinions concerning the contents of meeting items and the Group's business activities at the Board of Auditors, based on his professional experience as full-time Auditor of a listed company, and extensive experience and insight as officer and highly ranked management members in the manufacturing industry, from the viewpoint of ensuring legal compliance.		

Note: Mr. Takahiko Ito assumed his positions as an Auditor in the middle of the fiscal year under review, so the number of attendances and the number of Board Directors meetings are counted after June 24, 2009.

(2) 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 higher amount of \$6 million or the minimum liability based on the Companies Act. 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 LLC

2. Accounting auditor remuneration for the period

Category	Payment amounts (¥ million)
(i)Remuneration and other amounts payable by the Company for the period	67
(ii) Total profit on cash and other financial assets payable by the Company and its subsidiaries	343

(Notes) 1. 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.

2. The Company and its subsidiaries paid compensation to the accounting auditor for advisory services related to operations, etc. to confirm assets and liabilities of the Company's subsidiaries; that is, services (non-audit services) other than those stipulated in Article 2, Paragraph 1, of the Certified Public Accountant Law.

3. 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 31,2010)

	Energy & Electric Systems Group		
	Fuji Electric Systems Co., Ltd. (Note 1) Fuji Electric FA Components & Systems Co., Ltd. Wuxi Fuji Electric FA Co., Ltd. Fuji Electric FA Services Co., Ltd. Fuji Electric Motor (Dalian) Co., Ltd. Atai Fuji Electric Co., Ltd. Fuji Electric IT Solutions Co., Ltd. Fuji Electric IT Solutions Co., Ltd. Fuji Electric F-Tech Co., Ltd. Fuji Electric Instrumentation Co., Ltd. Fuji Electric Instruments Co., Ltd. Asahi Assets Management Co., Ltd. Azumi Fuji Co., Ltd. Hakko Electronics Co., Ltd. Fuji Electric Thermo Systems Co., Ltd. Fuji Electric Chiba Tech. Co., Ltd.	Ibaraki Fuji Co., Ltd. Shanghai Fuji Electric Switchgear Co., Ltd. Tottori Manufacturing Electric Co., Ltd. Fuji Electric (Shanghai) Co., Ltd. FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. Chichibu Fuji Co., Ltd. Fuji Electric Dalian Co., Ltd. Fuji Electric FA Taiwan Co., Ltd. Fuji Electric (Asia) Co., Ltd. Fuji Electric (Asia) Co., Ltd. Fuji Electric (Asia) Co., Ltd. Fuji Electric FA Singapore Private Ltd. Japan AE Power Systems Corporation* METAWATER Co., Ltd.* Fuji Furmanite Co., Ltd.* Fuji Electric Engineering Co., Ltd. (Thailand)*	(Shared sales companies)
Fuii Electric Holdings Co. Itd (Holding Company)	Electronic Devices Group Fuji Electric Systems Co., Ltd. (Note 1) 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, Inc.	Fuji Electric Semiconductor (Malaysia) Sdn. Bhd. Fuji Electric Device Technology Hong Kong Co., Limited. Fuji Electric Taiwan Co., Ltd. Fuji Electric (Shenzhen) Co., Ltd. Fuji Electric (Malaysia) Sdn. Bhd.	Hoei Denki Company Ltd. Hokkaido Fuji Electric Co., Ltd. Hoei Hong Kong Co., Ltd. Fuji Electric Corp. of America Fuji Electric Europe GmbH Fuji Electric Asia Pacific Pte. Ltd.
na Company)	Retail Systems Group Fuji Electric Retail Systems Co., Ltd. Shinshu Fuji Electric Co., Ltd. Hoei Plastics Co., Ltd. Mie Fuji Co., Ltd.		
	Others		_
	Fuji Brain Fuji Elect	Corp. ric Information Service Co., Ltd. 1 Trust Co., Ltd. ric Finance and Accounting Support Co., Ltd. no Survey Co., Ltd.	
	⟨Logistics Companies⟩ Fuji Logis	tics Co., Ltd.*	

(Notes) 1. Fuji Electric Systems Co., Ltd. conducts businesses for both Energy & Electric Systems and Electric Device groups.

2.	The following changes occurred an	nong consolidated subsidiaries during fiscal 2009.
	New consolidated subsidiaries:	Fuji Furmanite Co., Ltd., Fuji Electric Engineering Co., Ltd. (Thailand)
	Excluded from consolidation:	Fuji Electric Motor Co., Ltd., Fuji EIC Co., Ltd., Chubu Fuji Electric. Co., Ltd.
		Kyusyu Fuji Electric Co., Ltd., Tohoku Fuji Electric Co., Ltd.,
		Nishinihon Fuji Electric Co., Ltd, Fuji Electric Device Technology America, Inc.,
		Fuji Electric Device Technology Europe GmbH, Fuji Denki Sosetsu Co., Ltd.,
		Fuji Electric Advanced Technology Co., Ltd., Fuji Electric Hi-Tech Corp.,
		Fuji Gas Turbine Research Center Co., Ltd., Fuji Electric Exas Co., Ltd.
3.	Companies marked with an asteri	sk (*) are accounted for under the equity/method affiliates.
4.	The following changes occurred or	n April 1, 2010:
•0	n April 1, 2010,Fuji Electric Instru	mentation Co., Ltd. was integrated into Fuji Electric Systems Co., Ltd.
~		

On April 1, 2010, Omachi Fuji Co., Ltd. integrated Hokuriku Fuji Co., Ltd. and Iiyama Fuji Co., Ltd., and changed its company

name to Fuji Electric Power Semiconductors Co., Ltd. On April 1, 2010, Fuji Electric Taiwan Co., Ltd. changed its company name to Fuji Electric Taiwan Co., Ltd. (Only Japanese

name was changed).

On April 1, 2010, Fuji Electric Device Technology Hong Kong Co., Limited changed its company name to Fuji Electric Hong Kong Co., Limited.

On April 1, 2010, Fuji Electric Matsumoto Mechanics Co., Ltd. was integrated into Fuji Electric F-Tech Co., Ltd.

On April 1, 2010, Fuji Life Corp. integrated Hokuriku Fuji Brain Trust Co., Ltd., and changed its company name to Fuji Office & Life Service Co., Ltd.

On April 1, 2010, Fuji Electric Information Service Co., Ltd. changed its company name to Fuji Electric IT Center Co., Ltd.

Company name	Fuji Electric Sys	stems Co., Ltd	
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of various equipment and systems related to social infrastructure for energy, industries, transportation, others, as well as ancillary solution provision, related to systems and semiconductor devices, photo conductor and peripheral devices for graphics		
Net sales (¥ Billion)	329.0	Net assets (¥ Billion)	70.7
Operating income (¥ Billion)	15.4	Capital (¥ Billion)	25.0
Net income (¥ Billion)	20.5	Number of employees	7,735
Company name	Fuji Electric Dev	vice Technology Co., Ltd.	
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of storage devices		
Net sales (¥ Billion)	69.9	Net assets (¥ Billion)	18.9
Operating income (¥ Billion)	(15.5)	Capital (¥ Billion)	27.5
Net income (¥ Billion)	(5.8)	Number of employees	592
Company name	Fuji Electric Ret	ail Systems Co., Ltd.	
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of vending machines, food service equipment, monetary service equipment, etc., and related service provision		
Net sales (¥ Billion)	115.5	Net assets (¥ Billion)	29.4
Operating income (¥ Billion)	(1.2)	Capital (¥ Billion)	9.8
Net income (¥ Billion)	(7.9)	Number of employees	2,340

Important subsidiaries of the corporate group

Important Corporate Realignments

- On October 1, 2009, the Company absorbed Fuji Advanced Technology Co., Ltd., a wholly-owned subsidiary engaged in research and development, to synchronize technical strategies with Group management strategies.
- On October 1, 2009, Fuji Electric E&C Co., Ltd. absorbed Fuji Electric Sosetsu Co., Ltd. and Furukawa Engineering & Construction Inc., a subsidiary of Furukawa Electric Co., Ltd. (on the same date, the trade name was changed to FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. The investment ratio of the Group is 46.21%, and it is a consolidated subsidiary of the Company based on the actual control standard).
- On January 1, 2010, Fuji Electric Systems Co., Ltd. absorbed Fuji Electric Hi-Tech Corp., which is engaged in the internal power source business, and took over the uninterruptible power system (UPS) business of TDK-Lambda Corporation through an absorption-type split.
- On January 1, 2010, Asahikeiki Co., Ltd. transferred the electronic measurement business to Watanabe Electric Industry Co., Ltd. Asahikeiki Co., Ltd. changed its trade name to Asahi Assets Management Co., Ltd. on March 8, 2010 and incorporated Asahikeiki Co., Ltd. by newly establishing and splitting the thermostat business. Further, on April 28, 2010, Asahi Assets Management Co., Ltd. transferred all outstanding shares of the newly established and split company Asahikeiki Co., Ltd. to DaLian PengCheng Food Co., Ltd.
- The Company and General Electric Company in U.S. signed an MOU dated February 25, 2010 for the formation of a joint venture in the electric meter business, including smart meters by October 1 of this year. The Group will own a majority of the equity in the joint venture.

Important Fact of the Group Overview after receiving audit report of the Board of Auditors

The Company resolved to start preparations for consolidation of its wholly-owned subsidiary Fuji Electric Systems Co., Ltd. at a meeting of the Board of Directors held on May 25, 2010.

1. Purpose

The Company will aspire to become a global corporate group that provides optimized solutions in the "energy and the environment" business area based on its medium-term management plan until 2011, which was announced as of February 25, 2010. As a system to promptly and

efficiently implement measures for this change, the Company will start preparations for consolidation of the Company as a pure holding company and Fuji Electric Systems Co., Ltd., which is the core business company engaged in the "energy and the environment" business.

2. Summary of consolidation

(1) Consolidation method

Merger by absorption by which the Company will be a surviving company and Fuji Electric Systems Co., Ltd. will be the extinct company.

The Company will take procedures for a simplified merger that requires no approval of the general meeting of shareholders in accordance with the provision of Paragraph 3, Article 796 of the Companies Act.

(2) Merger schedule

The Board of Directors meeting for passing a resolution on the merger of the companies and execution of the merger agreement: By the end of-December of 2010 (tentative)

Date of entry into force of merger: April 1, 2011 (tentative)

Main facilities of the Group (as of March 31, 2010)

1. The Company			
Head office	1-1 Tanabe Shinden, Kawasaki-ku, Kawasaki		
Administrative office of the head office	1-11-2 Ohsaki, Shinagawa-ku, Tokyo (Gate City Ohsaki East Tower)		
Research and Development facilities	Hino, Matsumoto, Ichihara, Kawasaki		

(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

D	Domestic facilities				
	Production tacilities	Suzuka, Kobe, Hino, Azumino, Ichihara, Kawasaki, Matsumoto, Nankan-machi (Kumamoto), Konosu, Otawara, Ami-machi (Ibaraki)			
	Salas tacilitias	Shinagawa-ku (Tokyo), Sapporo, Sendai, Saitama, Chiba, Toyama, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka, Naha			
$\overline{\mathbf{O}}$	······································				

Overseas facilities

Wuxi Fuji Electric FA Co., Ltd. (China), Fuji Electric Motor (Dalian) Co., Ltd. (China), Atai Fuji Electric Co., Ltd. (Taiwan), Shanghai Fuji Electric Switchgear Co., Ltd.(China), Fuji Electric FA (Shanghai) Co., Ltd. (China), Fuji Electric Dalian Co., Ltd. (China), Fuji Electric FA Taiwan Co., Ltd. (Taiwan), Fuji Electric FA (Asia) Co., Ltd. (China), Fuji Electric FA Singapore Private Ltd.

3. Electronic Devices Group

Domestic facilities

Production facilities Minami Alps

Overseas facilities

Fuji Electric Philippines, Inc., Fuji Electric Semiconductor (Malaysia) Sdn. Bhd., Fuji Electric Device Technology Hong Kong Co., Limited, Fuji Electric Taiwan Co., Ltd., Fuji Electric (Shenzhen) Co., Ltd. (China), Fuji Electric (Malaysia) Sdn. Bhd.

4. Retail Systems Group

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

5. Others, Common

Sales facilities	Osaka, Sapporo

Overseas facilities

Fuji Electric Corp. of America, Fuji Electric Europe GmbH (Germany), Fuji Electric Asia Pacific Pte. Ltd. (Singapore), Fuji Electric Holdings (Shanghai) Co., Ltd. (China), Hoei Hong Kong Co., Ltd (China)

Employees of the Group (as of March 31, 2010)

Business group	Number of employees (persons)	Year-on-year change (persons)
Energy & Electric Systems	12,989	-249
Electronic Devices	6,137	+1,029
Retail Systems	2,644	-50
Others	1,115	-498
Entire Company (common)	639	+493
Total	23,524	+725

(Notes) 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 639 (an increase of 493 persons from the end of the previous year). The number of employees increased significantly from the previous year-end following the merger of Fuji Electric Advanced Technology Co., Ltd. on October 1, 2009.

Major lenders (as of March 31, 2010)

Name of Lenders	Balance of Loans (¥ Billion)
Mizuho Corporate Bank, Ltd.	36.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	26.4
Resona Bank, Limited.	14.6
Japan Finance Corporation	10.7

Basic Policy on System of Internal Controls

Based on the regulations of Article 362, Section 5 of Companies Act, the Board of Directors formulated the following plan for constructing an internal control system, as provided in Article 362, Section 4, Item 6 of the Companies Act and Article 100, Section 1 and 3 of the Ordinance for Enforcement of the Companies Act.

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.

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

 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 Standing 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 officer in charge of management. 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 the Fuji Electric Group Management Regulations.
- (ii) An Group Management Meeting has been established as a permanent corporate body to advise the Company's president. It is made up of the Company's Standing Directors, the President of each core company and other individuals. The meeting deliberates on important matters pertaining to Group management and formulates reports. The Company's Representative Director communicates the deliberations and reports of the Group Management Meeting 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 Group Management Meeting 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 Standing 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 Companies Act. 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.

(Note): Revisions to Basic Policies of Internal Control System Organization determined after receiving audit report of the Board of Auditors

The Company revised 2. (1) (i) of the Basic Policies for Internal Control System Organization based on a resolution of a Board of Directors meeting held on May 25, 2010.

2. (1) (i) of the Basic Policies for the Internal Control System Organization after revision

(i) The Fuji Electric Group will strengthen corporate governance as follows by consolidating the group's corporate functions and the "energy and the environment"-related functions in the Company for early conversion into a global corporate group that provides optimized solutions in the energy and environment business area as stated in the "Medium-Term Management Plan for 2009 to 2011."

- To clarify the management responsibilities and respond promptly to changes in the management environment, the term of office of the directors of the group company will expire at the close of the ordinary general meeting of shareholders in relation to the final fiscal year that ends within a year after election.
- To strengthen the supervisory function of group management and ensure the appropriateness of management judgments in relation to the execution of important business of the group, the Company will actively invite external directors with relevant qualities.
- To ensure the effectiveness of audits of operating companies by the Company, the Company's Standing Auditors are appointed to serve as Auditors of core companies.

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 the 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) Initiatives to improve corporate value of the Fuji Electric Group

As our basic strategy for sustainable growth, the Group aims to create growth on the global market based on our power electronics technologies cultivated over many years, which handle electrical energy universally, backed by energy and environmental investments projected to take place in many countries, as outlined in our medium-term plan whose target is fiscal year 2010.

To realize this, we will rapidly shift our managerial resources to the field of "energy and the environment," aiming to maximize our corporate value and create CSR management as a "company that contributes to the global society through business."

(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

Because the measures referred to in 2 above are means: (1) to maintain and enhance the corporate value of the Company 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 mutual benefits of shareholders, the Board confirmed and resolved at a meeting of the Board of Directors that these measures comply with the basic policy in 1, and neither measure represents a threat to the mutual benefits of the shareholders or is a means to maintain the members of the current top management team in their positions.

Further, the resolution was unanimously agreed upon at a Board of Auditors meeting, provided that the specific operations of the measures described in 2 above are conducted properly.

(Notes) 1. Amounts less than a unit are rounded to the nearest yen 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.} 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, 2009)

[Assets]	(¥Millions $)$	[Liabilities]	(¥Millions $)$
Current assets	463,721	Current liabilities	473,602
Cash and time deposits	85,467	Notes and accounts payable, trade	121,115
Notes and accounts receivable, trade	178,948	Short-term loans	131,902
Products and finished goods	53,601	Commercial paper	53,000
Work in process	66,203	Accrued expense	37,731
Raw materials and supplies	30,770	Income taxes payable	2,691
Deferred tax assets	9,463	Advance received	57,421
Other current assets	39,869	Other current liabilities	69,740
Allowance for doubtful accounts	(601)		
Long-term assets	444,850	Long-term liabilities	289,225
Tangible fixed assets	194,552	Corporate bonds	146,980
Buildings and structures	84,411	Long-term borrowings	84,201
Machinery, equipment and delivery equipment	34,706	Deferred tax liabilities	36,561
Tools, furniture and fixtures	5,944	Allowance for retirement benefits	8,715
Land	34,719	Allowance for director and auditor retirement benefits	862
Leased assets	9,587	Other	11,904
Construction in progress	25,183		
Intangible fixed assets	10,621	Total liabilities	762,828
Software	5,381		
Other	5,239	[Net assets]	
		Capital stock	122,083
Investments and other assets	239,676	Common stock	47,586
Investment securities	178,221	Capital surplus	46,734
Long-term loans	2,287	Retained earnings	34,850
Prepaid pension costs	46,975	Treasury shares	(7,088)
Deferred tax assets	3,621		
Other	9,829	Valuation and translation adjustments	8,258
Allowance for doubtful accounts	(1,259)	Unrealized gains on securities, net of taxes	10,751
		Differed gains or losses on hedges	(60)
		Foreign currency translation adjustments	(2,431)
ond issue expenses	369		
Bond issue expenses	369	Minority interests in consolidated subsidiaries	15,771
		Total net assets	146,113
Total assets	908,941	Total liabilities and net assets	908,941

Consolidated Statements of Income

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

	(¥Millions)	(¥Millions)
Net sales		766,637
Cost of sales		644,477
Gross profit		122,160
Selling, general and administrative expenses		141,015
Operating Loss		(18,855)
Non-operating income		
Interest and dividend income	4,669	
Miscellaneous income	3,529	8,198
Non-operating expenses		
Interest expenses	5,771	
Miscellaneous expenses	4,340	10,112
Ordinary Loss		(20,769)
Extraordinary income		
Gain on sales of fixed assets	187	
Gain on sales of investment securities	86	
Gain on change in equity	2,293	
Gain on insurance adjustment	607	
Other	222	3,396
Extraordinary loss		
Loss on disposal of fixed assets	1,977	
Loss on valuation of investment securities	3,700	
Business structural reform expenses	18,489	
Other	5,139	29,308
Net loss before adjustments of income taxes		(46,681)
Corporate, inhabitant and business tax	4,732	
Adjustments of income taxes	22,694	27,426
Loss for minority shareholders		(800)
Net loss		(73,306)

Consolidated Statement of Changes in Net Assets

					(¥Millions)				
		Shareholders' Equity							
	Common stock	Paid-in capital	Retained earnings	Treasury stock	Total shareholders'				
Balance as of March 31, 2008	47,586	46,734	116,478	(7,072)	203,727				
Increase (decrease) due to accounting change at overseas subsidiary			(3,025)		(3,025)				
Changes during the fiscal year									
Dividends of surplus			(5,717)		(5,717)				
Net loss			(73,306)		(73,306)				
Purchase of treasury stocks				(57)	(57)				
Disposal of treasury stocks		0		41	41				
Change reflecting change in scope of consolidation			422		422				
Changes during the fiscal year in items other than shareholders' equity (net)					-				
Total changes during the fiscal year (net)	-	0	(81,627)	(16)	(81,644)				
Balance as of March 31, 2009	47,586	46,734	34,850	(7,088)	122,083				

		Valuation and tran				
	Unrealized holding gains on securities, net of	Deferred gains or losses on hedges	translation	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2008	52,032	820	(2,145)	50,707	8,820	263,255
Increase (decrease) due to accounting change at overseas subsidiary				-		(3,025)
Changes during the fiscal year						
Dividends of surplus				-		(5,717)
Net loss				-		(73,306)
Purchase of treasury stocks				-		(57)
Disposal of treasury stocks				-		41
Change reflecting change in scope of consolidation				-		422
Changes during the fiscal year in items other than shareholders' equity (net)	(41,281)	(880)	(285)	(42,448)	6,950	(35,497)
Total changes during the fiscal year (net)	(41,281)	(880)	(285)	(42,448)	6,950	(117,142)
Balance as of March 31, 2009	10,751	(60)	(2,431)	8,258	15,771	146,113

Non-Consolidated Balance Sheet

(as of March 31, 2009)

[Assets]	(¥Millions)	[Liabilities]	(¥Millions)
Current assets	107,887	Current liabilities	35,568
Cash and time deposits	16	Commercial paper	32,000
Short-term loans receivable	102,801	Income taxes payment	218
Accounts receivable-others	3,990	Other current liabilities	3,349
Others	1,079		
		Long-term liabilities	159,651
Long-term assets	249,839	Corporate bonds	146,980
Tangible fixed assets	1,529	Deferred tax liabilities	12,620
Buildings	938	Allowance for retirement benefits	3
Land	332	Long-term accrued liabilities	47
Other	259		
		Total liabilities	195,220
Intangible fixed assets	60		
Software	44	[Net assets]	
Other	15	Common stock	150,290
		Capital stock	47,586
Investments and other assets	248,249	Capital surplus	56,817
Investment securities	134,330	Capital reserve	56,777
Affiliates' shares	108,162	Other capital surplus	40
Capital contributions	388	Retained earnings	53,168
Long-term loans	6,000	Profit reserve	11,515
Other	866	Other retained earnings	41,653
Provision of allowance for investment los	(1,498)	Voluntary reserve	26,793
		General reserve	14,859
		Treasury stock	(7,281)
Assets brought forward	369		
Bond issue expenses	369	Unrealized gain on securities, net of taxes	12,586
		Valuation and translation adjustments	12,586
		Total Net assets	162,876
Fotal assets	358,097	Total liabilities and shareholders' equity	258,097

Non-Consolidated Statement of Income

(from April 1, 2008 to March 31, 2009)

[Ordinary profit and loss]	(¥Millions)	(¥Millions)
Operating profit and loss		
Operating revenue		15,141
Operating expenses		11,312
Operating income		3,829
Non-operating profit or loss		
Non-operating income		
Interest and dividend income	4,955	
Miscellaneous income	357	5,313
Non-operating expenses		_
Interest expenses	2,161	
Miscellaneous expenses	123	2,285
Ordinary income		6,857
[Extraordinary profit or loss]		
Extraordinary loss		
Loss on disposal of fixed assets	182	
Loss on valuation of stocks of affiliates	251	
Provision of allowance for investment loss in affili	1,108	
Other	90	1,634
Net income before income taxes		5,222
Corporate, inhabitant and business tax	(7)	
Adjustments of income taxes	657	649
Net income		4,573

Non-Consolidated Statement of Changes in Net Assets

		Shareholders' Equity								
		Capital surplus			Retained earnings					
						Other retain	ed earnings			otal
	Capital	Capital	Other	Total capital	Legal		Retained	Total	Treasury	stockholders
	stock	reserve	capital	surplus	reserve	General	earnings	retained	stock	' equity
		reserve	surplus	surpius	reserve	reserve	brought	earnings		equity
							forward			
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
Changes during the fiscal year										
Cash dividends				-			(5,717)	(5,717)		(5,717)
Net income				-			4,573	4,573		4,573
Repurchase of treasury shares				-				-	(57)	(57)
Disposal of treasury shares			0	0				-	41	41
Net changes in items other than shareholders'										
equity during the fiscal year				-				-		-
Total changes during the non-consolidated fiscal year	-	-	0	0	-	-	(1,144)	(1,144)	(16)	(1,160)
Balance as of March 31, 2009	47,586	56,777	40	56,817	11,515	26,793	16,004	54,312	(7,265)	151,450

		unrealized gain on available- for-sale securities		
Balance as of March 31, 2008	51,060	51,060	202,511	
Changes during the fiscal year				
Cash dividends		-	(5,717)	
Net income		-	4,573	
Repurchase of treasury shares		-	(57)	
Disposal of treasury shares		-	41	
Net changes in items other than shareholders' equity during the fiscal year	(38,474)	(38,474)	(38,474)	
Total changes during the non-consolidated fiscal year	(38,474)	(38,474)	(39,634)	
Balance as of March 31, 2009	12,586	12,586	162,876	

(¥Millions)