

March 27, 2008

Corporate Name: Fuji Electric Holdings Co. Ltd.
Representative: Haruo Ito, President and Representative Director
(Ticker: 6504 TSE / OSE / NSE / FSE)
Contact: Yoshitada Miyoshi, General Manger, Corporate Communications
(Tel: +81-3-5435-7206)

Fuji Electric Reaches an Agreement in Principle with Schneider Electric Defining the Basic Understanding with Respect to the Formation of a Joint Venture in the Field of Electrical Distribution and Industrial Control Equipment

Fuji Electric Holdings Co. Ltd., headquartered in Shinagawa-ku, Tokyo (“FHC”), today announced that it had reached an agreement in principle with Schneider Electric Industries SAS, headquartered in Rueil-malmaison, France (“Schneider Electric”), defining their basic understanding in relation to creation of a joint venture in the field of electrical distribution and industrial control (ED&C) equipment products.

1. Objectives for formation of the Joint Venture

Fuji Electric FA Components & Systems Co. Ltd. (President: Mitsunori Shirakura, Headquarters: Chuo-ku, Tokyo) (“FCS”), a core operating company of FHC has engaged in ED&C equipment business as one of its core businesses and established a position as one of the most acclaimed ED&C companies in Japan and other Asian countries.

Schneider Electric is a recognized world leader in the field of ED&C and Automation with a strong presence in Europe, Asia and North America offering an unmatched worldwide support and service network.

By forming a joint venture under the shared business strategy for expanding business, FCS and Schneider Electric will further strengthen their ED&C products business through combining competitive advantage of the each company. The both companies will supply each other complementary products that would leverage its own strengths and share the both companies’ global network to allow their shared customers such as Japanese multinational corporations to benefit from a wide range of services and support network world-wide.

The Joint Venture will aim at becoming an industry-leading company in terms of quality, cost and product lineup and create new demand by expanding solution business with its strong marketing, consulting and technological capabilities accumulated through operations in Europe, North America and Japan. We believe that this new company will position us to be an unsurpassed global leader in the key product areas in Asia.

2. Detail of Basic Understanding

FHC and Schneider Electric have reached an agreement to form a new joint venture in association with ED&C business of the subsidiaries of the both companies, FCS and Schneider Electric Japan. Under the basic agreement, FHC will hold a majority 60% stake in the company, with Schneider Electric Japan Holdings (Chief Executive Officer: Pierre Leveque, Headquarters: Taito-ku, Tokyo) (“SEJH”) holding the remaining shares.

The both parties will continue discussions towards a definitive agreement with intent to establish the Joint Venture in July 2008.

1) Schedule for establishment of the Join Venture

Board Meeting for approval of Memorandum of Understanding (“MOU”)	March 27, 2008
Conclusion of MOU	March 27, 2008
Foundation of the Join Venture	July 2008

Note: the date of foundation is subject to change upon consultation between the both companies.

2) Overview of the Joint Venture

Corporate name: TBD

Representative: TBD (Will be appointed from Fuji Electric Group)

Capital amount: TBD

Location: Chuo-ku, Tokyo

Scope of business: Development, manufacture and sales of and service provision for electrical distribution and control equipment

Sales: ¥70 billion (As of foundation)

Number of employees: Approximately 3,000

3. Overview of Concerned Companies

Corporate Name	Fuji Electric Holdings Co., Ltd.	Fuji Electric FA Components & Systems Co., Ltd.
Year of Establishment	August 1923	October 2003
Registered Location	Kawasaki-shi, Kanagawa	Shinagawa-ku, Tokyo
Representative	Haruo Ito, President and Representative Director	Mitsunori Shirakura, President and Representative Director
Capital	¥47.5 billion	¥10 billion (wholly-owned by FHC)

Scope of Business	Holding Company	Development, manufacture and sales of and service provision for electrical distribution, control equipment, and drive and programmable control equipment
Sales	Operating income: ¥16.9 billion (for fiscal year ending March 31, 2007)	Unconsolidated sales: ¥102.7 billion Consolidated sales: ¥193.9 billion (for fiscal year ending March 31, 2007)
Number of Employees	141 (as of the end of March 2007)	1,908 (as of the end of March 2007)

Corporate Name	Schneider Electric Industries SAS	Schneider Electric Japan Holdings Ltd.
Year of Establishment	1994	1975
Registered Location	Rueil-malmaison, France	Taito-ku, Tokyo
Representative	Jean-Pascal Tricoire, Chief Executive Officer	Pierre Leveque, President
Capital	€96 billion	¥1.384 billion (wholly-owned by Schneider Electric Industries SAS)
Scope of Business	Development, manufacture and sales of and service provision for electrical distribution, automation and control equipment	Holding Company
Sales	Consolidated sales: €17.0 billion (for year 2007)	
Number of Employees	Approximately 120,000 (world-wide)	

FCS and Schneider Electric have closely worked together for complementary supply of products in ED&C equipment business since November 2003 and established the joint venture manufacturing circuit breakers in Dalian, China in March 2004.

4. Business Forecast

FHC and Schneider Electric will continue to have discussions toward a definitive agreement for creating the Joint Venture and keep working together to obtain necessary regulatory approval both in and outside Japan, including that from anti-trust authority, in order to establish the new company in July 2008.

The consolidated and unconsolidated business results for the fiscal year ending March 2008 will not be affected by this transaction. Expected impact on the business performance for the next fiscal year will be disclosed as soon as it is confirmed.