

December 24, 2010

Company Name: Fuji Electric Holdings Co., Ltd.  
Representative: Michihiro Kitazawa, President and Representative Director  
Code Number: 6504, listed on the first sections of TSE, OSE and NSE, and on FSE  
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## Notice Regarding Conclusion of Merger Agreement with Consolidated Subsidiary

At a meeting convened today, the Board of Directors of Fuji Electric Holdings Co., Ltd. (the "Company") resolved to conclude a merger agreement with wholly owned subsidiary Fuji Electric Systems Co., Ltd. On May 25, 2010, the Company provided notice regarding the start of preparations for this absorption-type merger in "Notice of Merger Preparations to Begin at Consolidated Subsidiary."

### 1. Objective of the merger

One of the principal measures of the Company's medium-term management plan for the period from fiscal 2009 to fiscal 2011 is to "concentrate its business in the field of energy and the environment." To that end, the Company needs to focus its management resources on the field of energy and the environment and to restructure its organization to pursue synergies from the standpoint of overall optimization.

In accordance with this view, it was decided to pursue a merger between Fuji Electric Systems Co., Ltd., which plays a central role in business involving "energy and the environment," and the Company, which handles Group strategic functions.

### 2. Outline of the merger

#### (1) Schedule for the merger

Board of Directors resolution to commence merger preparations	May 25, 2010
Submission to Ordinary General Meeting of Shareholders of proposal to revise the Articles of Incorporation in accordance with changes in the company name and business objective following the merger	June 24, 2010
Planned date of merger resolution by the Board of Directors	December 24, 2010
Planned conclusion of merger agreement	December 24, 2010
Planned effective date of merger	April 1, 2011 (Tentative)

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

#### (2) Form of the merger

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

(3) Content of allotments related to the merger

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

(4) Handling of share options and bonds with share options in the company to be absorbed

Fuji Electric Systems Co., Ltd., has issued no share options or bonds with share options.

**3. Overview of companies involved in the merger (As of March 31, 2010)**

(1) Company name	Fuji Electric Holdings Co., Ltd. (Surviving company)	Fuji Electric Systems Co., Ltd. (Company to be absorbed)
(2) Business content	Control and management of the business activities of companies in the Fuji Electric Group through the holding and ownership of their shares	Development, manufacturing, sales and service of various equipment and systems related to social infrastructure in the industrial, public, energy and transportation sectors, as well as of semiconductor devices, photoconductive drums and peripheral imaging devices
(3) Established	August 29, 1923	December 1, 1965
(4) Head office	1-1, Tanabe Shinden, Kawasaki-ku, Kawasaki-shi	11-2, Osaki 1-chome, Shinagawa-ku, Tokyo
(5) Representative name, position	Michihiro Kitazawa, President and Representative Director	Mitsunori Shirakura, President and Representative Director
(6) Common stock	¥47,586 million	¥25,000 million
(7) Shares issued	746,484,957 shares	12,980,007 shares
(8) Total net assets	¥166,161 million (consolidated)	¥59,034 million (non-consolidated)
(9) Total assets	¥780,636 million (consolidated)	¥384,548 million (non-consolidated)
(10) Fiscal year-end	March 31	March 31
(11) Employees	24,226 (consolidated)	8,376 (non-consolidated)
(12) Major shareholders and percentage ownership	FUJITSU LIMITED: 9.96% Japan Trustee Services Bank, Ltd. (Trust Account): 4.86% The Master Trust Bank of Japan, Ltd. (Trust Account): 4.67%	Fuji Electric Holdings Co., Ltd.: 100%
(13) Relationships between the companies involved in the merger	Capital relationship	The Company holds 100% of voting rights in the company to be absorbed.
	Personal relationships	Some directors and employees of the Company are concurrently directors of the company to be absorbed.
	Transactional relationships	The Company commissions research and development from the company to be absorbed.
	Status of related parties to the merger	As the company to be absorbed is a consolidated subsidiary of the Company, it is a related party to the merger.

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

Fiscal period	Fuji Electric Holdings Co., Ltd. (consolidated)			Fuji Electric Systems Co., Ltd. (non-consolidated)		
	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Net sales (Millions of yen)	922,172	766,637	691,223	218,809	261,169	328,971
Operating income /loss (Millions of yen)	35,883	-18,855	924	5,678	10,411	15,401
Ordinary income /loss (Millions of yen)	35,808	-20,769	-537	4,397	12,664	14,447
Net income/loss (Millions of yen)	16,792	-73,306	6,757	2,413	6,421	20,455
Net income/loss per share (Yen)	23.49	-102.57	9.46	185.94	494.68	1,575.89
Dividends per share (Yen)	8.0	4.0	1.5	139.44	370.95	402.77
Net assets per share (Yen)	355.98	182.37	250.28	2,998.19	3,683.83	5,446.58

4. Post-merger status

(1) Company name	Fuji Electric Co., Ltd.*
(2) Business content	1. Development, manufacturing, sales and service of various equipment and systems related to social infrastructure in the industrial, public, energy and transportation sectors, as well as of semiconductor devices, photoconductive drums and peripheral imaging devices 2. Control and management of the business activities of companies in the Fuji Electric Group through the holding and ownership of their shares*
(3) Head office	1-1, Tanabe Shinden, Kawasaki-ku, Kawasaki-shi
(4) Representative name, position	Michihiro Kitazawa, President and Representative Director
(5) Common stock	There are no plans to increase common stock through the merger.
(6) Total net assets	(To be confirmed)
(7) Total assets	(To be confirmed)
(8) Fiscal year-end	March 31

\*At the 134th Ordinary General Meeting of Shareholders of the Company, which convened on June 24, 2010, the shareholders approved a proposal to change the company name to the name listed above, effective on April 1, 2011, and to change the business content to the content listed above, effective at the conclusion of the above-mentioned Ordinary General Meeting of Shareholders.

5. Outlook for the future

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