

Securities code: 6504

**To Our Shareholders**  
**136th Term (Fiscal 2011) Annual Business Report**

(April 1, 2011–March 31, 2012)

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, 2011–March 31, 2012)

### [Business Overview]

#### Overview

Regarding the business conditions that Fuji Electric faced in fiscal 2011, ended March 31, 2012, Japan's market recovered modestly as a result of demand stemming from restoration following the Great East Japan Earthquake. Overseas markets saw a further increase in uncertainty due to the deterioration of the global economy that Europe's financial crisis triggered, floods in Thailand, and a softening of China's economic growth.

Amid these conditions, in accordance with its management strategy, Fuji Electric focused on two areas: Expand business development with a focus on energy and environment, and Expand our business on a global scale. At the same time, aiming to enable long-term perspectives and quick responses to market changes, Fuji Electric advanced reforms that base business management on markets and customers.

Consequently, the consolidated business results for fiscal 2011 were as follows.

(Note) As used in this Business Report, the expression "Fuji Electric" refers to the company group comprising the Company, its subsidiaries, and affiliates.

#### Fiscal 2011 (April 1, 2011 to March 31, 2012)

	136th term Fiscal 2011	Increase/Decrease
Net sales	¥703.5 billion	(Up ¥14.5 billion YoY)
Operating income (loss)	¥19.3 billion	(Up ¥7.3 billion YoY)
Ordinary income (loss)	¥18.6 billion	(Up ¥11.3 billion YoY)
Net income (loss)	¥11.8 billion	(Down ¥3.3 billion YoY)
Net income (loss) per share	¥16.52	(Down ¥4.62 YoY)
Total assets	¥792.8 billion	(Down ¥12.9 billion YoY)

Net sales increased ¥14.5 billion year on year, to ¥703.5 billion. By business segment, increases in the net sales of the Energy, Industrial Systems, Social Systems, Power Electronics, and ED&C Components segments counteracted decreases in the net sales of the Electronic Devices and Vending Machines segments.

In operating results, operating income increased ¥7.3 billion year on year, to ¥19.3 billion, due to higher net sales and reductions in cost and fixed cost as a result of business restructuring. Ordinary income increased ¥11.3 billion year on year, to ¥18.6 billion.

Net income was ¥11.8 billion, a decrease of ¥3.3 billion year on year, due to the effect of loss arising from loss on pension assets.

### Results of the previous three fiscal years

Classification	133rd term Fiscal 2008	134th term Fiscal 2009	135th term Fiscal 2010
Net sales (¥ billion)	766.6	691.2	689.1
Operating income (loss) (¥ billion)	(18.9)	0.9	11.9
Ordinary income (loss) (¥ billion)	(20.8)	(0.5)	7.2
Net income (loss) (¥ billion)	(73.3)	6.8	15.1
Net income (loss) per share (¥)	(102.57)	9.46	21.14
Total assets (¥ billion)	908.9	908.9	805.8

### Segment Overview

#### Operating results

(¥ billion)

		135th term Fiscal 2010	136th term Fiscal 2011	Change (%)
<b>Energy</b>	Net Sales	49.5	67.1	136%
	Operating income	5.6	10.8	195%
<b>Industrial Systems</b>	Net Sales	81.6	82.0	101%
	Operating income	1.6	3.3	213%
<b>Social Systems</b>	Net Sales	134.2	139.7	104%
	Operating income	2.8	4.0	147%
<b>Power Electronics</b>	Net Sales	88.1	93.0	106%
	Operating income (loss)	2.2	(1.0)	—
<b>Electronic Devices</b>	Net Sales	125.9	110.9	88%
	Operating income (loss)	(2.0)	(0.2)	—
<b>ED&amp;C Components</b>	Net Sales	65.5	69.9	107%
	Operating income	2.9	3.4	118%
<b>Vending Machines</b>	Net Sales	85.8	83.0	97%
	Operating income	0.4	1.8	456%
<b>Others</b>	Net Sales	115.9	112.6	97%
	Operating income	2.1	2.6	129%
<b>Sub-total</b>	Net Sales	746.4	758.2	102%
	Operating income	15.4	24.9	162%
<b>Eliminate/Corporate</b>	Net Sales	(57.4)	(54.7)	—
	Operating income (loss)	(3.4)	(5.6)	—
<b>Total</b>	Net Sales	689.1	703.5	102%
	Operating income	11.9	19.3	162%

(Note) The number of segments increased from seven (7) to eight (8) during the current fiscal year, and the figures for fiscal 2010 with regard to each segment are stated after reclassifying them in accordance with the classification of segments after such change.

**[ Energy ]**

Net sales rose 36% year on year, to ¥67.1 billion, and operating income increased ¥5.3 billion year on year, to ¥10.8 billion.

In the power plant business, net sales increased year on year as a result of contributions to net sales made by new project orders received in the previous period. In the nuclear power-related equipment and radiation control systems business, net sales were up year on year due to higher demand for radiation dosimeters. Operating income grew year on year thanks to higher revenues, cost reductions, and curbed expenses.

**[ Industrial Systems ]**

Net sales rose slightly year on year to ¥82.0 billion, and operating income increased ¥1.8 billion year on year, to ¥3.3 billion.

In the industrial plant business, net sales rose year on year due to an increase in overseas orders and demand stemming from restoration following the Great East Japan Earthquake. In the facilities business, net sales were down year on year because of a decline in large orders. Operating income increased year on year due to cost reductions and curbed expenses.

**[ Social Systems ]**

Net sales rose 4% year on year, to ¥139.7 billion, and operating income increased ¥1.3 billion year on year, to ¥4.0 billion.

Net sales rose year on year because, although net sales in the energy distribution business were unchanged year on year, net sales in the retail stores business were up as result of increased refurbishment projects and new projects for convenience stores. Operating income was up year on year thanks to higher revenues, cost reductions, and curbed expenses.

**[ Power Electronics ]**

Net sales rose 6% year on year, to ¥93.0 billion, while operating income decreased ¥3.1 billion year on year, to ¥1.0 billion loss.

In the drive business, net sales increased year on year because of higher demand for products for China and other Asian markets. Operating income declined year on year as a consequence of lower market prices, the effect of foreign exchange rates and an increase in selling, general and administrative expenses for sales expansion overseas. In the power supply business, net sales and operating income rose year on year due to an increase in demand for uninterruptible power supply systems (UPSs) for data centers and power supply equipment for communications infrastructure.

#### **[ Electronic Devices ]**

Net sales declined 12% year on year, to ¥110.9 billion, and operating loss improved ¥1.8 billion year on year, to ¥0.2 billion.

In the semiconductor business, net sales were unchanged year on year because the automotive electronics business offset a decrease in the net sales of the power supply application business that reflected a slumping PC market. Operating results worsened year on year due to the effect of foreign exchange rates and an increase in fixed cost, which accompanied advance investment. In the magnetic disks business, net sales were down year on year because of a slowdown in the HDD market from the third quarter onward due to flooding in Thailand. Operating results improved significantly year on year and moved into the black thanks to business restructuring.

#### **[ ED&C Components ]**

Net sales rose 7% year on year, to ¥69.9 billion, and operating income increased ¥0.5 billion year on year, to ¥3.4 billion.

Net sales in Japan's market were up year on year due to solid demand from machinery manufacturers. In overseas markets, net sales slightly increased year on year because, although flooding in Thailand generated restoration demand, there was a downturn in investment in China and Asia due to concern over economic recession in North America and Europe. As a result, net sales and operating income increased year on year.

**[ Vending Machines ]**

Net sales declined 3% year on year, to ¥83.0 billion, and operating income increased ¥1.4 billion year on year, to ¥1.8 billion.

In the vending machines business, net sales were lower year on year as decreases in market prices counteracted higher unit sales of vending machines due to replacement demand for energy-saving, environment-friendly vending machines that resulted from power-saving initiatives after the earthquake. Operating results of the vending machines business rose year on year and moved into the black due to business restructuring. In the currency-handling equipment business, net sales and operating income were up year on year thanks to stronger demand for automated change dispensers in the retail market and curbed expenses.

**[ Others ]**

Net sales declined 3% year on year, to ¥112.6 billion, and operating income increased ¥0.6 billion year on year, to ¥2.6 billion.

## Group Research and Development Activities

In fiscal 2011, our efforts were focused on the fields of “energy and environment,” and making a direct contribution to our business and developing global products.

The following provides an overview of these activities.

In the Energy segment, we developed and launched an electronic personal dosimeter which is able to measure both integrated radiation dose and radiation dose rate and systems for measuring radiation in food which determine whether food passes the reference value while being packed.

In the Industrial Systems segment, we developed and launched an integrated controller for drive control of inverters whose transmission rate is four times and communication capacity is eight times as high as that of our products in the past.

In the Social Systems segment, we focused on development related to smart communities. In particular, Fuji Electric participated in the Kitakyushu City Smart Community Creation Project and Keihanna Eco-City Next-Generation Energy and Social Systems Demonstration Project and advanced development and proving tests of regional energy management systems, energy storage systems and smart meters.

In the Power Electronics segment, we developed and launched an inverter for fan and pump drives for air conditioning and water treatment systems adopting a waterproof structure for Asia and Europe.

In the Electronic Devices segment, we developed an intelligent power module applying the latest sixth-generation IGBT technology and IC technology for industrial purposes.

In the ED&C components segment, we developed the world’s smallest electromagnetic contactor and thermal relay which meet the major global standards.

In the Vending Machines segment, we developed and launched a hybrid heat pump vending machine whose power consumption has been reduced by approximately 40% as compared to our products in the past.

In the New Technologies and Core Technologies segment we have been developing a next-generation power semiconductor device that utilizes silicon carbide (SiC) for which we have been collaborating in joint research with the National Institute of Advanced Industrial Science and Technology. We have finished the basic design of MOSFET with a pressure resistance of 1,200V and further developed a hybrid module applying a SiC schottky barrier diode and industrial inverter equipped with the module.

## Group Capital Investment

In fiscal 2011, we made total investments of ¥25.0 billion, including those for leasing.

Key investments were as follows.

In the Power Electronics segment, we invested in production facilities for inverters for China and Europe at Wuxi Fuji Electric FA Co., Ltd.

In the Electronic Devices segment, we promoted capital investment in the

Matsumoto and Yamanashi areas to expand the market of power semiconductors centering on use for new energy and hybrid vehicles.

In the ED&C components segment, we invested in production facilities for small electromagnetic switches targeted at the Chinese market at Fuji Electric (Changshu) Co., Ltd.

In the Vending Machines segment, at the Fuji Electric Retail Systems Co., Ltd., in association with the consolidation of the Saitama Plant with Mie Plant, we invested in streamlined facilities.

In other segments, to strengthen our manufacturing capabilities, we have made the Saitama area the home base for our production technology and designed and produced production facilities and developed facilities for technical and skill training.

## Group Financing

In fiscal 2011, we redeemed bonds worth ¥40.0 billion in total: 18th unsecured bonds in the amount of ¥20.0 billion in April 2011 and 19th unsecured bonds in the amount of ¥20.0 billion in September 2011. Meanwhile, we issued the 24th unsecured bonds worth ¥20.0 billion in October 2011.

As a result, our consolidated financial obligations as of the end of March 2012 decreased by ¥18.2 billion year on year to ¥255.9 billion, leaving net financial obligations, calculated by deducting cash and cash equivalents from financial obligations, of ¥191.6 billion (a drop of ¥0.6 billion year on year).

## Initiatives to Protect the Environment

We formulated the Environmental Vision 2020 which focuses on three activities: Stop Global Warming, Create a Recycling-Oriented Society, and Meet our Corporate Social Responsibilities. This vision promotes activities for environmental protection.

Among other things, we who aim to contribute to the creation of an environmentally friendly society in our energy-related business endeavor to stop global warming by actively engaging in energy-saving activities to reduce CO<sub>2</sub> emissions during production and develop energy-creating products and energy-saving products that contribute to reducing CO<sub>2</sub> emissions in society.

In response to the request for significant energy conservation as a result of the Great East Japan Earthquake in fiscal 2011, we established the Energy Conservation Task Force at each of our offices served by The Tokyo Electric Power Company, Incorporated. We significantly reduced power consumption by saving electricity in the daily business as well as by introducing power monitoring systems, household generators and fuel cell generators.

Since the power supply is expected to continue to be insufficient in the future, we are going to conduct further energy-saving activities.



## Contributions to Society

In fiscal 2011, in terms of global warming and conservation of biodiversity, we focused on “the protecting the natural environment,” in ways such as woodland and field restoration activities and “support for next-generation education” in ways such as holding a science class.

As a part of our “support for next-generation education,” The Company organized a science class with an employee acting as instructor to convey our interest in science and the greatness of manufacturing to elementary school, junior high-school and high-school students and teachers and to increase the number of students who are interested in science utilizing the technology and human resources cultivated through our business. During the fiscal year under review, we extended the areas in which classes are held for motor production and held a science class under the theme of new technology including smart communities.

Overseas, we decided to provide the National Thammasat University in Thailand which suffered from flood damage with uninterruptible power supply systems (UPS) for its internal IT center and university hospital which are worth ¥10 million in total as part of our activities to support disaster areas.

## Group Issues to be Addressed

### ■ Management policies for fiscal 2012

- Contribute to realization of safe, serene, sustainable society in energy-related businesses
- Build overseas businesses to expand our business on a global scale

In fiscal 2012, we will open up the most advanced technology in the fields of electricity and thermal energy and aim to be a company which contributes to the creation of a safe, secure and environmentally friendly society. Further, we will continue to focus on the expansion of our overseas business.

### ■ Business conditions in fiscal 2012

The future business environment surrounding Fuji Electric is expected to gradually grow in Japan due to a steady trend for earthquake disaster reconstruction needs and personal consumption.

On the other hand, in foreign countries we anticipate that although China is seeing a slowdown in growth due to a downturn in exports to Europe and the U.S. in the first half of the term, the economy will see stable growth due to expansion of domestic demand and recovery in exports in the second half of the term. We also anticipate that some countries in Asia will be affected by the debt crisis in Europe in the first half of the term but go on a growth path overall.

Further, the European and U.S. economies are expected to recover slowly.

### ■ Priority measures in fiscal 2012

Aiming to thoroughly strengthen its management base, the Company will tackle the following priority issues in fiscal 2012.

1. Increase profitability by thoroughly cutting costs and strengthen manufacturing capabilities
2. Improve cash flow by thoroughly reducing inventory assets
3. Establish the base for sale and production systems for expansion of overseas business



Thorough strengthening of management base

#### 1. Increase profitability by thoroughly cutting costs and strengthen manufacturing capabilities

We will try to reduce costs by expanding global procurement and integrated purchasing and also try to realize intergenerational succession of technology and skill and develop human resources by establishing a global home base for our production technology and strengthening our production technology capabilities.

## 2. Improve cash flow by thoroughly reducing inventory assets

We will increase the turnover of assets and funds by thoroughly reducing inventory assets and endeavor to generate cash for the implementation of growth strategy and other purposes.

## 3. Establish the base for sale and production systems for expansion of overseas business

We will aim to build a sale and production framework including M&As to establish “the local production and local consumption” overseas business in which we develop and design products based on local needs and locally produce and sell products mainly in the Asian and Chinese markets.

### ■ New business segments for fiscal 2012 and thereafter

From fiscal 2012, we revised segments for the expansion of our energy-related business and newly established two segments: “power generation and social infrastructure,” covering overall smart communities including energy creation, control and supply; and “food and beverage distribution,” in which we provide consumers with safety and security using cooling technology in addition to energy-saving technology. There are the six segments mentioned below.

Segments	Sub segments	Main products
Power Generation/ Social Infrastructure	Power Generation	Thermal power facilities, Geothermal power facilities, Hydroelectric power facilities, Nuclear power related equipment
	Social Infrastructure	Power transmission and distribution systems, Electric transmission and substation equipment, Watt-hour meters, Radiation control systems, Equipment and systems for railcars, Distributed power system
Industrial Infrastructure	Industrial Plants	Drive systems for industries, Measurement systems
	Facilities	Industrial power supplies, Power receiving and distribution substation equipment for industry
Power Electronics	Drive	Inverters, Motors, Systems for EV
	Power Supply	Uninterruptible power supply systems (UPSs), Power conditioners (PCS)
	ED&C Components	Power distribution and control equipment
Electronic Devices	Semiconductors	Power semiconductors, Photoconductor drums, Solar cells
	Magnetic Disks	Magnetic disks
Food and Beverage distribution	Vending Machines	Food / beverage vending machines, Food service equipment
	Store Distribution	Distribution systems, Showcases, Currency handling equipments,
Others		Electric equipment work

## ■ Primary measures by segments

### ● Power Generation/ Social Infrastructure

The power generation business will make a full-fledged entry into Japan's market for high-efficiency combined cycle power generation, which combines gas turbines and steam turbines. At the same time, this business will increase sales through capital participation in power generation companies in the field of geothermal power generation, an area where Fuji Electric boasts a leading market share.

The social infrastructure business will take measures to create businesses in the smart community area and reenter electrical power transmission business.

### (Note) Smart communities

Next-generation communities in which social infrastructure such as power, heat supply, water, sewerage, transportation and communication is managed in an integrated manner and controlled in an optimal manner.

### ● Industrial Infrastructure

Fuji Electric will work to increase orders from overseas for plant systems while expanding and improving local engineering bases in Asia. In Japan, we will endeavor to make sure we meet demand for renewal to make industrial equipment energy-saving.

### ● Power Electronics

As the segment's core business, Fuji Electric will, with a view to expanding overseas businesses, develop businesses through local product design and local manufacturing that caters to local quality and pricing requirements. At the same time, the Company will improve profitability by rigorously reducing cost.

In the drive business, we will organize lines of fundamental inverters and new products for extensional fields, strengthen our motor business and expand solutions for energy-saving. In the power supply business, we will promote the introduction of global products such as power conditioners for the new energy field.

### ● Electronic Devices

In power semiconductors, we will work to increase sales by advancing local design and local manufacturing in China. In addition, Fuji Electric will expand its automotive application business through the acquisition of the Tsugaru Factory of Renesas Northern Japan Semiconductor, Inc., which is scheduled for July 2012. At the same time, Fuji Electric will start up full-fledged mass production of next-generation power devices that use SiC (silicon carbide) for application in Fuji Electric's power electronics products.

### ● Food and Beverage distribution

The store distribution business will develop heating and cooling technology horizontally and create new businesses that contribute to safe, reliable food distribution from production regions through to consumers.

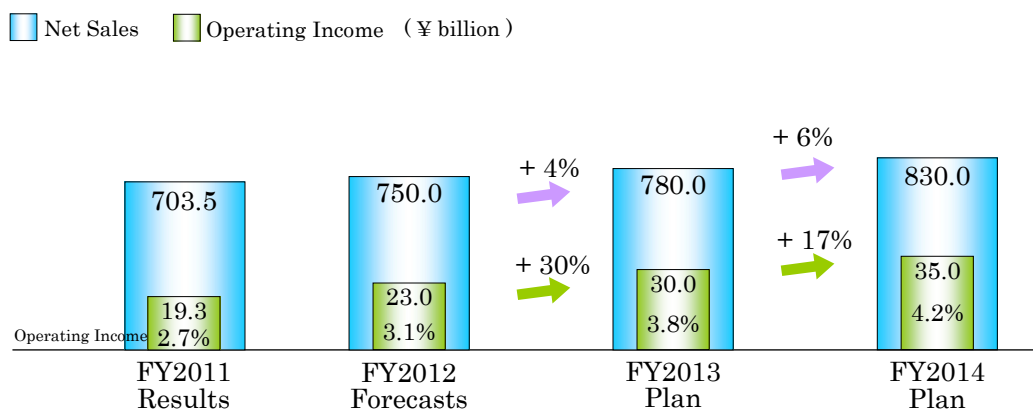
The vending machines business will work to increase sales of hybrid-heat-pump vending machines while developing business in China in earnest.

## ■ Research and development

We will attempt to strengthen the core technology of Fuji Electric such as power electronics, semiconductors and control and to improve the speed of development that is directly connected to our business by utilizing open innovation. Further, we will endeavor to expand the model line and strengthen cost competitiveness to expand our business in emerging markets in Asia and other areas.

## ■ Three-year rolling plan for fiscal years 2012 - 2014

We have formulated a three-year rolling plan for fiscal years from 2012 to 2014.



For three years until fiscal year 2014, we will aim to expand the sales at the infrastructure-related business with the focus on power electronics products which apply our power semiconductors. Further, we will try to make a suitable amount of investment in power semiconductors through selection and concentration.

Further, we will try to improve profitability by thoroughly reducing the costs and strengthen our manufacturing capabilities and improve cash flow by thoroughly reducing inventory assets.

Your continued understanding and support for Fuji Electric would be greatly appreciated.

## [Dividends of Surplus]

### Policies Relating to Decisions on the Dividend of Surplus (Funds), etc.

We intend to return profit gained through business activities to shareholders. At the same time—while maintaining and strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, human resources, and other investments reflecting a medium-to-long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long-term business cycle; our policy of paying stable and continuous dividends; and comprehensive consideration of the business results of the relevant fiscal year, research and development and capital investment plans for future growth, and business conditions.

We regard the acquisition of treasury stock 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.

### Year-End Dividend for Fiscal Year Ended March 31, 2012

Based on the Policies relating to decisions on the dividend of surplus (funds) etc. described in the above, the Company resolved to pay a year-end dividend of ¥2 per share at the meeting of the Board of Directors held on May 24, 2012, with due consideration given to the consolidated operating results for the current and next period, financial conditions, and other factors.

The annual dividend for the fiscal year 2011 amounted to ¥4 per share including the amount of interim dividend.

## [Remuneration for Directors and Auditors]

### Policy on the Determination of Remuneration

The Company set the policy on determination of remuneration for the Company's Directors and Auditors as described below.

In paying remuneration etc. to Directors and Auditors of the Company, the Company considers its duty to respond to the mandate of the shareholders, acquire and maintain excellent personnel and provide incentive for improvement in earnings performance, and it has in place a remuneration system with set remuneration levels.

While considering changes in the business environment and data objectively compiled by third parties, the Company continuously examines the suitability of the remuneration system and the remuneration levels and whether there is a need to make changes.

#### (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) Performance-related remuneration

Performance-related 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) 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 Fuji Electric.

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

## Total Amount of Remuneration Paid to Directors and Auditors for Fiscal 2011

	Payees (persons)	Payment (¥ million)
Directors	14	366
(Outside)	(3)	(22)
Auditors	5	80
(Outside)	(3)	(22)

- (Notes) 1. The above payees include three Directors (none of whom was an Outside Director) who retired at the conclusion of the 135th Ordinary General Meeting of Shareholders held on June 24, 2011.
2. The amounts of remuneration for Directors include those paid as the performance-related remuneration in fiscal 2010.
3. In addition to the above payment, the Company paid ¥36 million to employees who concurrently assumed the office of Director (4 employees) as salary for employees.
4. As described earlier in "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 stock of the Company. The following table shows the amount contributed to the Director Shareholding Association, including voluntary contributions, together with the amount of stock of the Company acquired.

	Contribution to Director Shareholding Association (¥ million)	Stock of the Company acquired (thousands of shares)
Directors	36	177
Auditors	8	36



## [Corporate Overview]

### Stock Information (as of March 31, 2012)

1. Authorized shares: 1,600,000,000
2. Issued and outstanding shares: 746,484,957
3. Number of shareholders: 63,122 (an increase of 31 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	265,378,467	35.55
Other domestic corporations	671	137,699,685	18.45
Foreigners	369	111,845,497	14.98
Individuals and others	61,924	231,561,308	31.02
<b>Total</b>	<b>63,122</b>	<b>746,484,957</b>	<b>100.00</b>

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

### 5. Top ten shareholders

Name	Capital contribution to the Company	
	Number of shares (thousands of shares)	Ratio of shareholding (%)
FUJITSU LIMITED	74,333	10.40
Japan Trustee Services Bank, Ltd. (Trust Account)	49,262	6.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,802	4.87
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
FURUKAWA CO., LTD.	11,025	1.54
Sompo Japan Insurance Inc.	9,851	1.38
Fuji Electric Employee Shareholding Association	8,476	1.19

(Notes) 1. Treasury stock of 31,888,102 shares 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, 2012)

#### FUJI ELECTRIC 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 1, 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 CO., LTD. to redeem the bonds before maturity at 100% of the face value on June 1, 2012.

2. Based on the above right, during the exercisable period from April 2, 2012 to May 2, 2012, the Company was requested to redeem before maturity ¥0.51 billion of bonds on the redemption date of June 1, 2012.

## Status of Directors and Auditors

### 1. Directors and Auditors

Name	Position or responsibility in the Company, or main occupation
Michihiro Kitazawa	Representative Director, President and Director Chief Executive Executive Management
Mitsunori Shirakura	Representative Director Executive Vice President Assistant to President (mainly in charge of energy and environment business) In charge of compliance and risk management
Tadashi Kudo	Outside Director
Hiroaki Kurokawa	Outside Director
Motoyuki Suzuki	Outside Director
Hisao Shigekane	Director Senior Managing Executive Officer General Manager, Corporate Marketing Headquarters
Yoshio Okuno	Director Managing Executive Officer General Manager, Sales Headquarters
Michio Abe	Director Managing Executive Officer General Manager, Production and Procurement Headquarters
Naoto Yoneyama	Director Executive Officer General Manager, Energy Business Headquarters In charge of the Construction Business Act
Naoya Eguchi	Director Executive Officer General Manager, Corporate R&D Headquarters
Junichi Matsumoto	Director Executive Officer General Manager, Corporate Finance Office
Keiichi Hirata	Standing Auditor
Toshio Shinozaki	Standing Auditor
Yuzuru Fujita	Outside Auditor
Takahiko Ito	Outside Auditor
Kunio Morikiyo	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, Mr. Tadashi Kudo, who has experience as a manager in financial institutions, Mr. Hiroaki Kurokawa, who has experience as a manager in the manufacturing industry, and Mr. Motoyuki Suzuki, who is an expert of environmental engineering, which is closely related to Fuji Electric's business activities, were selected as Outside Directors at the General Meeting of Shareholders as persons who have an understanding of the Fuji Electric's management, as well as insights and experience necessary for making multifaceted management decisions.

In the fiscal year under review, Mr. Tadashi Kudo and Mr. Motoyuki Suzuki are reported as Independent Officers as stipulated by the Securities Listing Regulations of the Financial Instruments and Securities 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, Mr. Yuzuru Fujita, who has experience as a manager in financial institutions, Mr. Takahiko Ito, who concurrently serves as Standing Auditor of listed companies, and Mr. Kunio Morikiyo, who is an attorney, 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.

In the fiscal year under review, Mr. Yuzuru Fujita, Mr. Takahiko Ito and Mr. Kunio Morikiyo are reported as Independent Officers as stipulated by the Securities Listing Regulations of the Financial Instruments and Securities Exchange.

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

- Standing Auditor Keiichi Hirata is highly knowledgeable about human resources, labor and overall management operations, which he has gained from his longstanding career in Fuji Electric in many areas of management, including manager of a listed subsidiary, human resources and general affairs.
- Standing Auditor Toshio Shinozaki is highly knowledgeable about finance, accounting and overall management operations, which he has gained from his longstanding career in Fuji Electric in many areas of risk and business management, including manager of a listed affiliate, finance and specified agents.
- Outside Auditor 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.
- Outside Auditor Takahiko Ito is highly knowledgeable of financial and accounting matters and overall corporate management, which he has gained from his career as Standing Auditor at a listed company, and as person in charge of human resources, general affairs and procurement operations in a manufacturing company.
- Outside Auditor Kunio Morikiyo is highly knowledgeable of industrial policy and accounting matters and overall corporate management, which he has gained from his career as official at the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry), a member of Policy Board of the Bank of Japan and President and CEO of a listed company.

4. Positions or responsibility of Directors in the Company were changed as follows on April 1, 2012.

Name	Position or responsibility in the Company, or main occupation
Michihiro Kitazawa	Representative Director, Chief Executive President and Director General Management
Mitsunori Shirakura	Representative Director
Tadashi Kudo	Outside Director
Hiroaki Kurokawa	Outside Director
Motoyuki Suzuki	Outside Director
Yoshio Okuno	Director Executive Vice President Assistant to President Sales Management
Hisao Shigekane	Director General Manager, Global Business Headquarters Executive Vice President Assistant to President General Manager, Corporate Planning Headquarters General Manager, Export Administration Office
Michio Abe	Director In charge of compliance and risk management Senior Managing Executive Officer General Manager, Production and Procurement Headquarters
Naoto Yoneyama	Director Managing Executive Officer General Manager, Power and Social Infrastructure Business Headquarters
Naoya Eguchi	Director In charge of the Construction Business Act Executive Officer General Manager, Corporate R&D Headquarters
Junichi Matsumoto	Director Executive Officer General Manager, Corporate Finance Office, Corporate Planning Headquarters

## 2. Significant Concurrent Positions of Directors and Auditors

### (1) Directors

Name	Significant concurrent positions
Mitsunori Shirakura	Director (Non-standing), Fuji Electric FA Components & Systems Co., Ltd. (retired on June 17, 2011)
Tadashi Kudo	Special Advisor, Chuo Fudosan Co., Ltd. Outside Auditor, Furukawa Electric Co., Ltd. Director (Non-standing), Asahi Mutual Life Insurance Company
Hiroaki Kurokawa	Senior Advisor, FUJITSU LIMITED
Motoyuki Suzuki	Visiting Professor, the Open University of Japan Chairman, Central Environmental Council, Ministry of the Environment
Hisao Shigekane	Board Chairperson, Technology Research Association for Next Generation Power Device (retired on May 19, 2011)
Michio Abe	Director (Non-standing), Fuji Electric FA Components & Systems Co., Ltd. (assumed on June 17, 2011) Director (Non-standing), Fuji Electric Retail Systems Co., Ltd. Director (Non-standing), Fuji Electric Device Technology Co., Ltd. (retired on June 30, 2011)
Junichi Matsumoto	President and Representative Director, Fuji Electric Finance and Accounting Support Co., Ltd.

(Notes) 1. Information in parenthesis ( ) describes Directors whom assumed office of, or retired from concurrent positions during the period under review.

2. The Company is engaged in technological research on next-generation power devices jointly with Furukawa Electric Co., Ltd., where Mr. Tadashi Kudo serves a concurrent position, 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 Co., Ltd.
3. The Company has a business relationship that includes borrowing funds with Asahi Mutual Life Insurance Company, where Mr. Tadashi Kudo serves a concurrent position. Asahi Mutual Life Insurance Company holds a 3.12 percent interest in the total shares outstanding of the Company. Meanwhile, the Company has made a contribution equivalent to 0.60 percent to the total foundation funds of Asahi Mutual Life Insurance.
4. On March 31, 2012, Mr. Michio Abe retired as Director of Fuji Electric FA Components & Systems Co., Ltd.
5. 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
Toshio Shinozaki	Outside Auditor, FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. (assumed on June 23, 2011) Auditor (Non-standing), Fuji Electric Retail Systems Co., Ltd. Auditor (Non-standing), Fuji Electric Device Technology Co., Ltd. (retired on June 30, 2011)
Yuzuru Fujita	Senior Advisor, Asahi Mutual Life Insurance Company Outside Director, FUJI KYUKO CO., LTD. Outside Auditor, ADEKA CORPORATION Outside Auditor, The Yokohama Rubber Company, Limited (retired on June 29, 2011) 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	Standing Auditor, Furukawa Electric Co., Ltd. Outside Auditor, FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD.
Kunio Morikiyo	Attorney, Advisor of Anderson Mori & Tomotsune

(Notes) 1. Information in parenthesis ( ) describes Auditors whom assumed office of, or retired from concurrent positions during the period under review.

2. The Company is engaged in technological research on next-generation power devices jointly with Furukawa Electric Co., Ltd. where Mr. Yuzuru Fujita serves concurrent positions, 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 Co., Ltd.
3. FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD., where Mr. Takahiko Ito serves a concurrent position, is a subsidiary of the Company and has business transactions including orders for engineering work with the Company.
4. 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) Outside Directors

Name	Number of Board of Directors meetings attended and held	Opinions offered
Tadashi Kudo	11 of the 13 meetings	<p>Offered appropriate necessary opinions concerning business management of Fuji Electric, including the following items at the Board of Directors meetings, based on his extensive experience and considerable insight as a manager in financial institutions.</p> <ul style="list-style-type: none"> <li>- Requirement to level booking of sales and profits</li> <li>- Importance of reduction in inventory assets in the daily operation</li> </ul>
Hiroaki Kurokawa	13 of the 13 meetings	<p>Offered appropriate necessary opinions concerning business management of Fuji Electric, 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</p> <ul style="list-style-type: none"> <li>- Necessity of local management for the expansion of overseas business</li> <li>- Necessity of business strategy from the customer's perspective</li> </ul>
Motoyuki Suzuki	13 of the 13 meetings	<p>Offered appropriate necessary opinions concerning business management of Fuji Electric, including the following items at the Board of Directors meetings, based on his professional standpoint and considerable insight in the environmental engineering.</p> <ul style="list-style-type: none"> <li>- Way that local management should be for the expansion of overseas business</li> <li>- Necessity of business strategy taking market changes after the Great East Japan Earthquake into consideration</li> </ul>

**(ii) Outside Auditors**

Name	Number of Board of Directors meetings attended and held Number of Board of Auditors meetings attended and held	Opinions offered
Yuzuru Fujita	11 of the 13 meetings 9 of the 9 meetings	Offered appropriate opinions at meetings of the Board of Directors concerning the contents of meeting items and the Fuji Electric's business activities based on his extensive experience and considerable insight as a manager in financial institutions. Also, at the Board of Auditors, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.
Takahiko Ito	11 of the 13 meetings 8 of the 9 meetings	Offered appropriate opinions at meetings of the Board of Directors concerning the contents of meeting items and the Fuji Electric's business activities based on his professional experience as Standing Auditor of a listed company, and extensive experience and insight as officer and highly ranked management members in the manufacturing industry. Also, at the Board of Auditors, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.
Kunio Morikiyo	13 of the 13 meetings 9 of the 9 meetings	Offered appropriate opinions at meetings of the Board of Directors concerning the contents of meeting items and the Fuji Electric's business activities based on his extensive experience and considerable insight as official at the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry) and a corporate management, as well as professional experience as an attorney. Also, at the Board of Auditors, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.

**(2) Outline of Limited Liability Agreement with Outside Directors and Outside Auditors**

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 and Outside Auditors, 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 and Outside Auditors.



## 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	157
(ii) Total profit on cash and other financial assets payable by the Company and its subsidiaries	337

(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 Companies Act and audit fees under the Financial Instruments and Exchange Act. 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 does not entrust any services to the accounting auditor as non-audit services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law.

### 3. Policy for determining accounting auditor dismissal or non-reappointment

If any matters or circumstances surrounding the accounting auditor apply to any of the items under Article 340, Paragraph 1 of the Companies Act, and the Board of Auditors deems dismissal appropriate, the accounting auditor will be dismissed.

If the Company for any reason deems it appropriate to dismiss or chooses not to reappoint the accounting 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, 2012)

Fuji Electric	<b>Energy</b>		
	<b>Industrial Systems</b>		
	Fuji Electric Thermo Systems Co. Ltd. Tottori Electric Manufacturing Co., Ltd.	Ibaraki Fuji Co., Ltd.	Fuji Electric France S.A. Hakko Electronics Co., Ltd.
	<b>Social Systems</b>		
	Fuji Electric IT Solutions Co., Ltd. Fuji IT Co., Ltd. Fuji Electric Chiba Tech. Co., Ltd.	GE Fuji Meter Co., Ltd. Shanghai Fuji Electric Transformer Co., Ltd.	Japan AE Power Systems Corporation* METAWATER Co., Ltd.* Shanghai Fuji Electric Switchgear Co., Ltd.
	<b>Power Electronics</b>		
	Fuji Electric FA Service Co., Ltd. Fuji Electric Power Supply (Thailand) Co., Ltd.	Wuxi Fuji Electric FA Co., Ltd. Fuji Electric Motor (Dalian) Co., Ltd.	
	<b>Electronic Device</b>		
	Fuji Electric Power Semiconductor Co., Ltd. Fuji Electric (Shenzhen) Co., Ltd.	Fuji Electric Philippines, Inc. Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.	Fuji Electric (Malaysia) Sdn. Bhd.
	<b>ED&amp;C Components</b>		
Fuji Electric FA Components & Systems Co., Ltd. Fuji Electric (Asia) Co., Ltd. Fuji Electric FA Singapore Private Ltd.	Chichibu Fuji Co., Ltd. Fuji Electric Technica Co., Ltd.	Fuji Electric Dalian Co., Ltd. Fuji Electric (Changshu) Co., Ltd. Fuji Electric FA Korea Co., Ltd.	
<b>Vending Machines</b>			
Fuji Electric Retail Systems Co., Ltd.	Hoei Plastics Co., Ltd.	Mie Fuji Co., Ltd.    Shinshu Fuji Electric Co., Ltd.	
<b>Others</b>			
<Construction> FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. FUJI FURUKAWA E&C (THAILAND) Co., Ltd.*		Fuji Furmanite Co., Ltd.*	
<Shared Service Companies> Fuji Electric Finance and Accounting Support Co., Ltd. Fuji Office & Life Service Co., Ltd.		FESTEC Co., Ltd. Fuji Electric IT Center Co., Ltd.	

**Shared sales companies**

Hoei Denki Company., Ltd.  
Hokkaido Fuji Electric Co., Ltd.  
Fuji Electric Taiwan Co., Ltd.  
Fuji Electric Hong Kong Co., Limited  
Fuji Electric Corp. of America  
Fuji Electric Europe GmbH  
Fuji Electric Asia Pacific Pte. Ltd.  
Fuji Electric (China) Co., Ltd.  
Hoei Hong Kong Co., Ltd.

**Production facilities company**

Fuji Electric F-Tech Co., Ltd.

- (Notes) 1. The following changes occurred among consolidated subsidiaries during the fiscal year under review.  
 New consolidated subsidiaries: Fuji Electric France S.A. and FESTEC Co., Ltd.  
 Excluded from consolidation: Fuji Electric Systems Co., Ltd., Fuji Techno Survey Co., Ltd., Fuji Electric Device Technology Co., Ltd., and Fuji Electric FA Taiwan Co., Ltd.
2. Companies marked with an asterisk (\*) are accounted for as equity method affiliates.

## Important subsidiaries of the corporate group

Company name	<b>Fuji Electric FA Components &amp; Systems Co., Ltd.</b>		
The Company's capital contribution	63.2%		
Major business	Development, manufacturing and sales of control and power distribution equipment.		
Net sales (¥ billion)	44.7	Net assets (¥ billion)	23.8
Operating income (¥ billion)	1.6	Capital (¥ billion)	7.6
Net income (¥ billion)	2.4	Number of employees	886
Company name	<b>Fuji Electric Retail Systems Co., Ltd.</b>		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of vending machines etc., and related service provision		
Net sales (¥ billion)	82.2	Net assets (¥ billion)	25.6
Operating income (¥ billion)	1.8	Capital (¥ billion)	9.8
Net income (loss) (¥ billion)	(0.5)	Number of employees	1,272

(Note) On April 1, 2011, Fuji Electric Systems Co., Ltd. was absorbed in an absorption-type merger with the Company as the surviving company and ceased to exist.

On July 1, 2011, Fuji Electric Device Technology Co., Ltd. was absorbed in an absorption-type merger with the Company as the surviving company and ceased to exist.

## Important Corporate Realignments

- On April 1, 2011, the Company absorbed Fuji Electric Systems Co., Ltd., a wholly-owned subsidiary engaged in the energy and environment business.
- On April 1, 2011, the Company absorbed Fuji Techno Survey Co., Ltd., a wholly-owned subsidiary handling patent applications.
- On July 1, 2011, the Company absorbed Fuji Electric Device Technology Co., Ltd., a wholly-owned subsidiary engaged in the magnetic disks business, in connection with the transfer and integration of all functions of the subsidiary into Fuji Electric (Malaysia) Sdn. Bhd.
- The Company caused our wholly-owned subsidiary to take over part of the business of Japan AE Power Systems Corporation in an absorption-type corporate split, which is a joint venture for the power transmission and distribution among the Company, Hitachi, Ltd. and Meidensha Corporation, as of April 1, 2012 in association with the dissolution of the joint venture and the Company absorbed the subsidiary and succeeded to the power transmission and distribution business.
- The Company has signed an agreement on March 28, 2012 with Renesas Electronics Corporation and Renesas Northern Japan Semiconductor, Inc., a wholly-owned subsidiary of Renesas Electronics, to purchase all of the shares of the company which will be spun off from Renesas Northern Japan Semiconductor, Inc.'s Tsugaru Factory as of July 1, 2012.
- The Company has begun preparing for the consolidation of Fuji Electric Retail Systems Co., Ltd., a wholly-owned subsidiary engaged in the development, manufacture and sale of vending machines, etc. and related service provision, by way of absorption-type merger as of October 1, 2012 in accordance with a resolution of the meeting of the Board of Directors held on April 26, 2012.

## Main Facilities of the Group (as of March 31, 2012)

### 1. Energy segment

Production facilities	Kawasaki, Hino, Ichihara
-----------------------	--------------------------

### 2. Industrial Systems segment

Domestic facilities

Production facilities	Hino, Kobe, Ichihara, Suzuka
-----------------------	------------------------------

Overseas facilities

Fuji Electric France S.A.
---------------------------

### 3. Social Systems segment

Domestic facilities

Production facilities	Hino, Kobe, Yokkaichi
-----------------------	-----------------------

Overseas facilities

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

### 4. Power Electronics segment

Domestic facilities

Production facilities	Suzuka, Kobe, Ami machi (Ibaraki)
-----------------------	-----------------------------------

Overseas facilities

Fuji Electric Motor (Dalian) Co., Ltd. (China), Wuxi Fuji Electric FA Co., Ltd. (China), Fuji Electric Power Supply (Thailand) Co., Ltd.
--

### 5. Electronic Devices segment

Domestic facilities

Production facilities	Matsumoto, Minami Alps, Nankan machi (Kumamoto)
-----------------------	---

Overseas facilities

Fuji Electric (Shenzhen) Co., Ltd. (China), Fuji Electric Philippines, Inc., Fuji Electric Semiconductor (Malaysia) Sdn. Bhd., Fuji Electric (Malaysia) Sdn. Bhd.
---

### 6. ED&C Components segment

Domestic facilities

Production facilities	Konosu, Otawara
-----------------------	-----------------

Overseas facilities

Fuji Electric Dalian Co., Ltd. (China), Fuji Electric (Changshu) Co., Ltd. (China), Fuji Electric FA Korea Co., Ltd. (South Korea), Fuji Electric (Asia) Co., Ltd. (China), Fuji Electric FA Singapore Private Ltd.
---

### 7. Vending Machines segment

Production facilities	Yokkaichi, Ueda
-----------------------	-----------------

## 8. Others, Common

### Domestic facilities

Sales facilities	Shinagawa-ku (Tokyo), Sapporo, Sendai, Chiba, Saitama, Toyama, Nagoya, Chiryu, Osaka, Hiroshima, Takamatsu, Fukuoka, Naha
------------------	---

### Overseas facilities

Fuji Electric Taiwan Co., Ltd., Fuji Electric Hong Kong Co., Limited (China), Fuji Electric Corp. of America, Fuji Electric Europe GmbH (Germany), Fuji Electric Asia Pacific Pte. Ltd. (Singapore), Fuji Electric (China) Co., Ltd., Hoei Hong Kong Co., Ltd. (China), FUJI FURUKAWA E&C (THAILAND) Co., Ltd.
--

### Employees of Fuji Electric (as of March 31, 2012)

Business segment	Number of employees (persons)	Year-on-year change (persons)
Energy	1,141	64
Industrial Systems	2,172	117
Social Systems	4,374	(24)
Power Electronics	2,934	106
Electronic Devices	6,688	(137)
ED&C Components	2,711	100
Vending Machines	1,598	(333)
Others	3,355	518
<b>Total</b>	<b>24,973</b>	<b>411</b>

(Note) The number of employees of the Company at the end of March 2012 is 9,421 (an increase of 8,602 from the end of the previous year). This number significantly increased from the end of the previous year since the Company absorbed three wholly-owned subsidiaries. The relevant subsidiaries are Fuji Electric Systems Co., Ltd., which is engaged in the energy and environment business, and Fuji Techno Survey Co., Ltd., which handles patent applications, both as of April 1, 2011, and Fuji Electric Device Technology Co., Ltd., which is engaged in the magnetic disks business, as of July 1, 2011.

### Major lenders (as of March 31, 2012)

Name of lenders	Balance of loans (¥ billion)
Mizuho Corporate Bank, Ltd.	28.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19.2
Resona Bank, Limited	9.0
Mizuho Trust & Banking Co., Ltd.	6.6

## Basic Policy on System of Internal Controls

Based on the provisions of Article 362, Paragraph 5 of Companies Act, the Board of Directors of the Company will construct an internal control system, as provided for in Article 362, Paragraph 4, Item 6 of the Companies Act and each Item of Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as follows.

**(1) System for ensuring that Directors and employees carry out their duties in accordance with laws, regulations, and the Articles of Incorporation**

- (i) Under the following corporate governance system, the Company shall ensure management transparency and soundness.
  - To clarify management responsibilities and respond rapidly to changes in the operating environment, the term of office of Directors of Fuji Electric companies shall be one (1) year.
  - To strengthen management supervision and management audit functions, and ensure the appropriateness of managerial decisions related to the execution of important business, the Company will invite outside directors and outside auditors with relevant qualities.
- (ii) Managers at Fuji Electric companies are required to repeatedly explain and ensure full awareness of management principles applicable to the entire Fuji Electric, as well as the spirit behind the Criteria 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 internal regulations, to ensure the transparency and soundness of business execution.
  - The Compliance Promotion Committee is chaired by the Representative Director of the Company. It will ensure full compliance with laws, regulations, and social norms pertaining to Fuji Electric companies.
  - The Company will establish a compliance program that systematizes roles and responsibilities in terms of internal rules, daily monitoring, auditing, education, and other areas for each law and regulation, and carry out the program in accordance with the annual plan.
  - Compliance training is conducted for all full-time executives of Fuji Electric companies.
  - The Company will establish an internal reporting system that facilitates communication between Fuji Electric company employees and the President of the Company, using a route that is independent of normal lines of communication. This is intended to prevent actions that violate laws, regulations, Articles of Incorporation, or internal rules before they occur, and aid the early discovery of such actions.
  - The establishment and promotion of the above systems will also enable each Fuji Electric company to provide an organized response aimed at rejecting antisocial forces and groups that threaten public order and the safety of private citizens.
- (iv) Internal auditing divisions of the Company under the jurisdiction of the respective company presidents conduct audits of the Company and subsidiaries. In addition, to ensure effective internal auditing, information on various activities is shared within the committee, which consists of members of internal auditing divisions of the Company and subsidiaries.

**(2) System for retaining and managing information pertaining to the performance of Directors**

Internal regulations will be formulated to ensure accurate retention and management of records of important business executed by Fuji Electric companies and to ensure that Directors and Auditors acquire knowledge of records. The regulations establish procedures for Directors, Auditors, and managers involved in saving and storing records regarding access to 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 internal regulations will be formulated to systematically manage operational risks faced by Fuji Electric. Based on these regulations, Fuji Electric companies will establish appropriate risk management systems, and a system for managing specific group-wide risks will be established for Fuji Electric as a whole. The system involves the designation of departments within the Company to manage each category of risk.
- (ii) The Company will establish an emergency response manual to minimize damage incurred at the time of a crisis, such as a major disaster. The manual will prescribe the directors in charge of crisis management and establishment of a conference system and response headquarters to be activated when an emergency occurs.
- (iii) The internal auditing division audits the progress of risk management at companies and subsidiaries and reports the results to the president.

**(4) System for ensuring effective execution of business by Directors**

- (i) The Company will adopt the executive officer structure to separate management and execution, and accelerate decision-making procedures. The division of duties of each executive officer will be clarified by a resolution of the Board of Directors.

In addition, the internal regulations that prescribe the duties and authority of executive officers and employees will be formulated to clarify decision-making authority and locus of responsibilities with regard to business execution.

- (ii) A management meeting will be established as a permanent corporate body to advise the Company's president. It will comprise the Company's executive officers and other individuals, and will deliberate on important matters pertaining to the management of Fuji Electric as a whole and formulate reports. The Company's Representative Director will communicate the deliberations and reports of the management meeting to the Company's Board of Directors as necessary.
- (iii) To formulate annual and medium-term management plans for Fuji Electric and to share information within Fuji Electric, the management meeting and the Company's Board of Directors will confirm, evaluate, and review progress for each business division on a monthly basis.

**(5) System to ensure reliable financial reporting**

The Company will formulate internal regulations to ensure the appropriateness of documents and other information related to financial settlements as stipulated by the Financial Instruments and Exchange Act. Based on these regulations, each Fuji Electric company will build internal controls for financial reporting, appropriately conduct evaluations and reporting, and report the results of evaluations to its Board of Directors.

**(6) System for ensuring the appropriate administration of the Company and Fuji Electric companies**

- (i) The Company will formulate internal regulations that prescribe authority and responsibilities. Based on these regulations, each Fuji Electric company will ensure systematic and efficient management.
- (ii) The Company will enhance systems to ensure appropriate administration from the perspective of Fuji Electric as a whole for the items discussed above, to maximize the corporate value of Fuji Electric.

In addition, the Company will request the formulation of a basic policy on the establishment of a system that ensures subsidiaries and affiliates conduct appropriate business activities as stipulated by the Companies Act, and will ensure the effectiveness of such 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**

Internal regulations will be established to ensure Auditors acquire sufficient information 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 the performance of duties by Directors.

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

- (i) The Company recruits outside auditors who understand the management of the Fuji Electric companies and have expertise and experience necessary to conduct audits.
- (ii) A committee comprising Auditors from the Company and subsidiaries, which are large companies as defined by the Companies Act, and a committee comprising Auditors, members of internal audit divisions, and accounting auditors work to strengthen communication among all auditing bodies and ensure the effectiveness of auditing practices for Fuji Electric companies as a whole.



## Basic Policy on Control of the Company

### 1. Details of the basic policy

In implementing the Corporate philosophy and continue to improve corporate value, Fuji Electric 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's precious tangible and intangible assets, the Fuji Electric's DNA, and resources that support the creation of corporate value for Fuji Electric.

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 Fuji Electric 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 Fuji Electric 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 Company's shares or tables proposals which do not contribute to the corporate value of Fuji Electric 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 corporate value of Fuji Electric or the mutual benefit of the shareholders.

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

#### (1) Initiatives to improve corporate value of Fuji Electric

As our basic strategy for sustainable growth, Fuji Electric 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.

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 corporate value of Fuji Electric 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 corporate value of Fuji Electric 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 corporate value of Fuji Electric 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 (1,000 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, 2012)

[Assets]	(¥Millions)	[Liabilities]	(¥Millions)
<b>Current assets</b>	<b>453,197</b>	<b>Current liabilities</b>	<b>465,814</b>
Cash and deposits	64,323	Notes and accounts payable-trade	136,466
Notes and accounts receivable-trade	199,677	Short-term loans payable	108,062
Merchandise and finished goods	40,860	Commercial papers	10,000
Work in process	62,129	Current portion of bonds	60,000
Raw materials and supplies	30,323	Lease obligations	11,102
Deferred tax assets	20,131	Accrued expense	36,423
Other	36,587	Income taxes payable	1,905
Allowance for doubtful accounts	(836)	Advances received	46,575
		Other	55,277
<b>Noncurrent assets</b>	<b>339,532</b>	<b>Noncurrent liabilities</b>	<b>143,816</b>
<b>Property, plant and equipment</b>	<b>158,439</b>	Bonds payable	31,010
Buildings and structures	71,835	Long-term loans payable	46,792
Machinery, equipment and vehicles	22,649	Lease obligations	22,521
Tools, furniture and fixtures	3,674	Deferred tax liabilities	26,814
Land	26,623	Provision for retirement benefits	10,849
Leased assets	28,758	Provision for directors' retirement benefits	375
Construction in progress	4,898	Other	5,453
<b>Intangible fixed assets</b>	<b>11,181</b>	<b>Total liabilities</b>	<b>609,630</b>
Software	4,642		
Other	6,538	<b>[Net assets]</b>	
<b>Investments and other assets</b>	<b>169,911</b>	<b>Shareholders' equity</b>	<b>150,648</b>
Investment securities	125,592	<b>Capital stock</b>	<b>47,586</b>
Long-term loans receivable	1,530	<b>Capital surplus</b>	<b>46,734</b>
Prepaid pension cost	31,459	<b>Retained earnings</b>	<b>63,438</b>
Deferred tax assets	4,319	<b>Treasury stock</b>	<b>(7,110)</b>
Other	8,493	<b>Accumulated other comprehensive income</b>	<b>12,928</b>
Allowance for doubtful accounts	(1,482)	<b>Valuation difference on available-for-sale securities</b>	<b>18,848</b>
<b>Deferred assets</b>	<b>117</b>	<b>Deferred gains or losses on hedges</b>	<b>(81)</b>
Bond issue expenses	117	<b>Foreign currency translation adjustments</b>	<b>(5,838)</b>
		<b>Minority interests</b>	<b>19,640</b>
<b>Total assets</b>	<b>792,848</b>	<b>Total net assets</b>	<b>183,217</b>
		<b>Total liabilities and net assets</b>	<b>792,848</b>

## Consolidated Statements of Income

(from April 1, 2011 to March 31, 2012)

	(¥ Millions)	(¥ Millions)
<b>Net sales</b>		<b>703,534</b>
<b>Cost of sales</b>		<b>546,688</b>
<b>Gross profit</b>		<b>156,845</b>
<b>Selling, general and administrative expenses</b>		<b>137,592</b>
<b>Operating income</b>		<b>19,252</b>
<b>Non-operating income</b>		
Interest and dividends income	2,643	
Miscellaneous income	4,580	7,223
<b>Non-operating expenses</b>		
Interest expense	4,937	
Miscellaneous expenses	2,984	7,922
<b>Ordinary income</b>		<b>18,554</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	2,081	
Gain on sales of investment securities	290	2,371
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	459	
Loss on valuation of investment securities	207	
Loss on disappearance of pension assets	6,987	
Office/Factory Integration Cost	2,642	
Loss on disaster	1,139	
Other	4,142	15,578
<b>Income before income taxes</b>		<b>5,348</b>
Income taxes-current	3,950	
Income taxes-deferred	(11,847)	(7,897)
<b>Income before minority interests</b>		<b>13,245</b>
Minority interests in income		1,443
<b>Net income</b>		<b>11,801</b>

## Consolidated Statement of Changes in Net Assets

(from April 1, 2011 to March 31, 2012)

(¥ Millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	47,586	46,734	54,378	(7,106)	141,592
Changes of items during the period					
Dividends from surplus			(2,858)		(2,858)
Net income for the year			11,801		11,801
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(0)		0	0
Change of scope of consolidation			117		117
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	(0)	9,060	(4)	9,055
Balance at March 31, 2012	47,586	46,734	63,438	(7,110)	150,648

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2011	19,895	4	(6,136)	13,762	19,580	174,935
Changes of items during the period						
Dividends from surplus				-		(2,858)
Net income for the year				-		11,801
Purchase of treasury stock				-		(5)
Disposal of treasury stock				-		0
Change of scope of consolidation				-		117
Net changes of items other than shareholders' equity	(1,046)	(86)	298	(834)	60	(773)
Total changes of items during the period	(1,046)	(86)	298	(834)	60	8,281
Balance at March 31, 2012	18,848	(81)	(5,838)	12,928	19,640	183,217

## Non-Consolidated Balance Sheet

(as of March 31, 2012)

[Assets]	(¥Millions)	[Liabilities]	(¥Millions)
<b>Current assets</b>	<b>277,754</b>	<b>Current liabilities</b>	<b>332,900</b>
Cash and deposits	3,010	Notes payable-trade	63
Notes receivable-trade	3,612	Accounts payable-trade	113,360
Accounts receivable-trade	117,162	Commercial papers	10,000
Merchandise and finished goods	12,271	Current portion of bonds	60,000
Work in process	50,600	Current portion of long-term loans payable	65,479
Raw materials and supplies	18,480	Lease obligations	5,982
Advance payments-trade	16,229	Accounts payable-other	6,489
Deferred tax assets	14,130	Accrued expense	25,032
Short-term loans receivable	7,206	Income taxes payable	152
Accounts receivable-others	13,173	Advances received	39,546
Deposits paid	13,864	Deposits received	6,320
Other	8,100	Other	472
Allowance for doubtful accounts	(90)		
<b>Noncurrent assets</b>	<b>300,657</b>	<b>Noncurrent liabilities</b>	<b>96,723</b>
<b>Property, plant and equipment</b>	<b>69,112</b>	Bonds payable	31,010
Buildings	33,808	Long-term loans payable	31,944
Structures	1,563	Lease obligations	11,933
Machinery and equipment	3,124	Deferred tax liabilities	16,702
Vehicles	10	Provision for retirement benefits	3,006
Tools, furniture and fixtures	1,368	Asset retirement obligations	1,272
Land	15,014	Other	853
Leased assets	10,970		
Construction in progress	3,252	<b>Total liabilities</b>	<b>429,623</b>
<b>Intangible fixed assets</b>	<b>3,805</b>	<b>[Net assets]</b>	
Software	2,102	<b>Shareholders' equity</b>	<b>130,138</b>
Other	1,703	<b>Capital stock</b>	<b>47,586</b>
<b>Investments and other assets</b>	<b>227,739</b>	<b>Capital surplus</b>	<b>56,817</b>
Investment securities	90,625	Capital reserve	56,777
Affiliates' shares	100,622	Other capital surplus	39
Capital contributions	488	<b>Retained earnings</b>	<b>33,039</b>
Long-term loans receivable	626	Legal reserve	11,515
Prepaid pension cost	29,388	Other retained earnings	21,524
Other	7,089	General reserve	26,793
Allowance for doubtful accounts	(1,101)	Retained earnings brought forward	(5,269)
		<b>Treasury stock</b>	<b>(7,304)</b>
<b>Deferred assets</b>	<b>117</b>	<b>Valuation and translation adjustments</b>	<b>18,768</b>
Bond issue expenses	117	<b>Valuation difference on available-for-sale securities</b>	<b>18,853</b>
		<b>Deferred gains or losses on hedges</b>	<b>(84)</b>
		<b>Total net assets</b>	<b>148,907</b>
<b>Total assets</b>	<b>578,530</b>	<b>Total liabilities and net assets</b>	<b>578,530</b>

## Non-Consolidated Statements of Income

(from April 1, 2011 to March 31, 2012)

	(¥Millions)	(¥Millions)
<b>Net sales</b>		<b>397,194</b>
<b>Cost of sales</b>		<b>317,120</b>
<b>Gross profit</b>		<b>80,073</b>
<b>Selling, general and administrative expenses</b>		<b>74,534</b>
<b>Operating income</b>		<b>5,538</b>
<b>Non-operating income</b>		
Interest and dividends income	3,790	
Other	1,358	5,148
<b>Non-operating expenses</b>		
Interest expense	3,269	
Other	1,386	4,656
<b>Ordinary income</b>		<b>6,030</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	9	
Gain on sales of investment securities	218	
Gain on extinguishment of tie-in shares	234	463
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	284	
Loss on valuation of stocks of subsidiaries and affiliates	20,210	
Loss on disappearance of pension assets	5,038	
Loss on disaster	1,051	
Other	2,189	28,774
<b>Net loss before income taxes</b>		<b>(22,279)</b>
Income taxes-current	399	
Income taxes-deferred	(12,848)	(12,448)
<b>Net loss</b>		<b>(9,831)</b>

## Non-Consolidated Statement of Changes in Net Assets

(from April 1, 2011 to March 31, 2012)

(¥Millions)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total stockholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	Total retained earnings		
Balance at April 1, 2011	47,586	56,777	39	56,817	11,515	26,793	7,420	45,729	(7,299)	142,832
Changes of items during the period										
Dividends from surplus				-			(2,858)	(2,858)		(2,858)
Net loss for the year				-			(9,831)	(9,831)		(9,831)
Purchase of treasury stock				-				-	(5)	(5)
Disposal of treasury stock			(0)	(0)					0	0
Net changes of items other than shareholders' equity				-				-		-
Total changes of items during the period	-	-	(0)	(0)	-	-	(12,689)	(12,689)	(4)	(12,694)
Balance at March 31, 2012	47,586	56,777	39	56,817	11,515	26,793	(5,269)	33,039	(7,304)	130,138

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at April 1, 2011	20,164	-	20,164	162,997
Changes of items during the period				
Dividends from surplus			-	(2,858)
Net loss for the year			-	(9,831)
Purchase of treasury stock			-	(5)
Disposal of treasury stock			-	0
Net changes of items other than shareholders' equity	(1,310)	(84)	(1,395)	(1,395)
Total changes of items during the period	(1,310)	(84)	(1,395)	(14,090)
Balance at March 31, 2012	18,853	(84)	18,768	148,907