

**To Our Shareholders**  
**135th Term (Fiscal 2010) Annual Business Report**

(April 1, 2010–March 31, 2011)

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, 2010–March 31, 2011)

### [Business Overview]

#### Overview

In fiscal 2010, ended March 31, 2011, the business environment surrounding Fuji Electric trended toward recovery both in Japan's market and in overseas markets as a result of expanding markets in Asia, centered on China, which counteracted further appreciation of the yen.

Amid these conditions, based on its management strategy Fuji Electric focused efforts on three areas: "Expand Fuji Electric from Japan to the world," "Concentrate efforts on business in the field of energy and the environment," and "activating human resources." At the same time, Fuji Electric moved forward with business restructuring aimed at strengthening the management positions of the Magnetic Disks segment and the Vending Machines segment in response to changes in market size.

However, due to the Great East Japan Earthquake, which occurred on March 11, 2011, net sales decreased following the postponement of projects for which sales were initially planned to be booked, and extraordinary losses were posted as a result of the suspension of plants due to difficulties in procuring components and materials, as well as planned blackouts.

Consequently, the consolidated operating results for the period under review are as outlined in the following.

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

#### Fiscal 2010 (April 1, 2010 to March 31, 2011)

	FY 2009	FY 2010	Increase/Decrease
Net sales	¥691.2 billion	¥689.1 billion	(Down ¥2.2 billion YoY)
Operating income (loss)	¥0.9 billion	¥11.9 billion	(Up ¥11.0 billion YoY)
Ordinary income (loss)	¥(0.5) billion	¥7.2 billion	(Up ¥7.8 billion YoY)
Net income (loss)	¥6.8 billion	¥15.1 billion	(Up ¥8.3 billion YoY)
Net income (loss) per share	¥9.46	¥21.14	(Up ¥11.68 YoY)
Total assets	¥908.9 billion	¥805.8 billion	(Down ¥103.1 billion YoY)

Net sales decreased ¥2.2 billion year on year, to ¥689.1 billion. By segment, the Semiconductors segment and the ED&C Components segment saw significant year-on-year increases thanks to support from expanding markets in Asia, centered on China. However, the Energy Solutions segment, the Environmental Solutions segment, the Vending Machines segment, and the Magnetic Disks segment experienced year-on-year decreases.

In earnings, higher sales in the Semiconductors segment and the ED&C Components segment resulted in operating income of ¥11.9 billion, a year-on-year improvement of ¥11.0 billion. Ordinary income improved ¥7.8 billion year on year, to ¥7.2 billion, moving into the black.

Further, net income improved ¥8.3 billion year on year, to ¥15.1 billion, due to the recording of gain on sales of investment securities in extraordinary income.

**Results of the previous three fiscal years**

Classification	132nd term Fiscal 2007	133rd term Fiscal 2008	134th term Fiscal 2009
Net sales (¥ billion)	922.2	766.6	691.2
Operating income (loss) (¥ billion)	35.9	(18.9)	0.9
Ordinary income (loss) (¥ billion)	35.8	(20.8)	(0.5)
Net income (loss) (¥ billion)	16.8	(73.3)	6.8
Net income (loss) per share (¥)	23.49	(102.57)	9.46
Total assets (¥ billion)	1,036.0	908.9	908.9

**Situation of disaster and responses to the Great East Japan Earthquake**

The Company established an emergency response headquarters led by the President and Representative Director immediately after the Great East Japan Earthquake occurred and sought to figure out the status of employees and their families, business partners, and Fuji Electric companies in the aftermath of the disaster, and performed restoration activities.

Regarding damage to Fuji Electric caused by the disaster, production facilities at the Fukiage Plant (Saitama), Otawara Plant (Tochigi) of Fuji Electric FA Components & Systems Co., Ltd. and other plants suffered minor damage. However, the Company had restarted operations at all production bases by March 24, 2011 and also made efforts to minimize the effects on operations due to difficulties in procuring components and materials and planned blackouts.

Furthermore, the Company sent representatives to the disaster areas to provide customers affected by the disaster with restoration support and to offer support to those in the disaster areas through donations of relief money, fuel cells, and solar cells worth a total of ¥200 million.

## Segment Overview Operating Results

(¥ billion)

		134th term FY2009	135th term FY2010	Change (%)
<b>Energy Solutions</b>	Net Sales	80.2	72.9	91%
	Operating income	6.6	3.0	46%
<b>Environmental Solutions</b>	Net Sales	288.8	278.3	96%
	Operating income	10.1	6.3	62%
<b>Semiconductors</b>	Net Sales	70.7	85.6	121%
	Operating income (loss)	(3.7)	6.0	—
<b>ED&amp;C Components</b>	Net Sales	44.9	65.5	146%
	Operating income (loss)	(4.7)	2.9	—
<b>Vending Machines</b>	Net Sales	91.4	85.8	94%
	Operating income (loss)	(0.8)	0.4	—
<b>Magnetic Disks</b>	Net Sales	44.4	40.4	91%
	Operating income (loss)	(7.4)	(5.2)	—
<b>Others</b>	Net Sales	119.5	116.0	97%
	Operating income	3.1	2.1	65%
<b>Sub-total</b>	Net Sales	739.9	744.3	101%
	Operating income	3.2	15.4	486%
<b>Eliminate/Corporate</b>	Net Sales	(48.7)	(55.3)	—
	Operating income (loss)	(2.2)	(3.4)	—
<b>Total</b>	Net Sales	691.2	689.1	100%
	Operating income	0.9	11.9	1,290%

(Notes) The number of segments increased from four (4) to seven (7) during the current fiscal year, and the figures for the previous fiscal year with regard to each segment are stated after reclassifying them in accordance with the classification of segments after such change.

**[ Energy Solutions ] YoY: Net sales declined 9.1%, operating results deteriorated ¥3.6 billion**

Net sales declined 9.1% year on year, to ¥72.9 billion, while operating results deteriorated ¥3.6 billion year on year, to ¥3.0 billion.

Net sales declined year on year due to a significant decrease in orders resulting from the delay or suspension of new projects in the previous fiscal year. Operating results declined year on year because efforts to reduce material costs and other expenses were unable to compensate for lower net sales.

**[ Environmental Solutions ] YoY: Net sales declined 3.7%, operating results deteriorated ¥3.8 billion**

Net sales were down 3.7% year on year, to ¥278.3 billion, while operating results deteriorated ¥3.8 billion year on year, to ¥6.3 billion.

In the Industrial Solutions subsegment, orders increased year on year due to a recovery in market conditions. However, the between-season timing of large orders caused net sales to fall year on year. Operating results declined year on year because efforts to reduce material costs and other expenses did not compensate for the effect of foreign exchange rates and lower net sales.

In the Social Solutions subsegment, the benefit of an acquisition in the power supply business did not offset a decline in large orders. As a result, net sales decreased year on year. Operating results were down year on year due to the decrease in net sales and fiercer price competition.

In the Transportation Solutions subsegment, centered on inverter-based systems, the domestic market saw steady trends in the pump and air conditioning markets. In overseas markets, capital investment in Asia's market, centered on China, drove performance, and net sales and operating results were up year on year.

**[ Semiconductors ] YoY: Net sales increased 21.0%, operating results improved ¥9.7 billion**

Net sales rose 21.0% year on year, to ¥85.6 billion, while operating results improved ¥9.7 billion year on year, to ¥6.0 billion, moving into the black.

In power supplies, demand decreased year on year due to a slowdown, centered on China, from the summer onwards and the effect of currency exchange rates. In industrial products, demand was up significantly year on year due to a recovery in the inverters market, expansion of China's market, and expansion of photovoltaic power, wind power, and other new energy. In automotive electronics, demand rose year on year as growth in Europe and Asia absorbed the effect of the ending of tax reductions for eco cars in Japan. As a result, net sales increased significantly year on year.

Operating results improved substantially year on year because of higher earnings accompanying an increase in net sales and the benefits of the business restructuring in the previous fiscal year.

In photoconductive drums, although sales volume increased, the Group faced declining product prices and the effects of currency exchange rates. As a result, net sales and operating results were down slightly year on year.

**[ ED&C Components ] YoY: Net sales increased 45.7%, operating results improved ¥7.6billion**

Net sales rose 45.7% year on year, to ¥65.5 billion, while operating results improved ¥7.6 billion year on year, to ¥2.9 billion, moving into the black.

In the Japan's market, demand for machine tools from equipment manufacturers grew significantly, including demand from Asia centered on China. Overseas markets saw a significant increase in demand from Asian markets, centered on China, which continues to grow vigorously. As a result, net sales increased significantly year on year. Operating results improved substantially year on year because of higher earnings accompanying an increase in net sales and the benefits of business restructuring in the previous fiscal year.

**[ Vending Machines ] YoY: Net sales decreased 6.1%, operating results improved ¥1.2 billion**

Net sales declined 6.1% year on year, to ¥85.8 billion, while operating results improved ¥1.2 billion year on year, to ¥0.4 billion, moving into the black.

Net sales declined year on year because a temporary increase in sales volume resulting from unusually warm summer weather did not absorb continuing curbed investment among beverage and food product manufacturers that reflects continued sluggish consumption. Operating results were down year on year as declining prices, lower sales volume, and the effect of the earthquake counteracted cost reduction and reduction in fixed cost.

In currency handling systems, net sales and operating results improved year on year due to an increase in the installation of automatic change dispensers by retail companies, centered on chain stores, and reduction in fixed cost.

**[ Magnetic Disks ] YoY: Net sales decreased 9.2%, operating results improved ¥2.2 billion**

Net sales declined 9.2% year on year, to ¥40.4 billion, while operating results improved ¥2.2 billion year on year, to operating loss of ¥5.2 billion.

The HDD market was slightly above the level of the previous fiscal year. The segment shipped mainstay products: 500GB and 667GB 3.5-inch aluminum media and the 320GB 2.5-inch aluminum/glass media. However, this did not offset the effect of currency exchange rates and suspension of operations due to scheduled power outages following the Great East Japan

Earthquake. As a result, net sales declined year on year. Although improving year on year thanks to the benefits of restructuring that reduced overall expenses and reduced cost, operating results remained in the red.

**[ Others ] YoY: Net sales decreased 2.9%, operating results deteriorated ¥1.1 billion**

Net sales declined 2.9% year on year, to ¥116.0 billion, while operating results deteriorated ¥1.1 billion year on year, to ¥2.1 billion.

## Group Research and Development Activities

During fiscal 2010, the year ended March 31, 2011, our efforts in research and development were focused on the development of components and solutions connected with the fields of “energy and the environment” and “smart communities.” the following provides an overview of these activities. In energy solutions field, we developed and launched a 2,000 kW geothermal binary power generation system, which is able to utilize geothermal resources in the 150°C-and-less low-temperate zone and offers the greatest power output within Japan.

In the industrial solutions field, we collaborated with Chubu Electric Power Co., Inc. to jointly develop an induction-heating (IH) aluminum melting and holding furnace, that generates 50% less CO<sub>2</sub> than combustion heating methods.

In social solutions field, in medium capacity UPSs (uninterruptable power systems), we developed and launched the “UPS 7100D Series” high-efficiency, low-noise UPS that adopts new three-level conversion technology and reverse-blocking IGBT. In high-capacity units, we developed and launched the ultra-high efficiency (98.5%) “UPS 8000ND” for data centers. Concerning other systems for data centers, we developed the “F-COOLSPOT” local air conditioning system that directly cools the specific areas where heat accumulates in server rooms and offers 25% energy savings compared with conventional air conditioning system.

In transportation solutions field, we developed and launched the safe and easy-to-use DC rapid recharger “FRC Series” which makes it possible to quickly recharge an electric vehicle’s battery to about 80% capacity in 30 minutes.

In semiconductors field, we developed power integrated modules with terminals press-fit into the board to enable solderless assembly for industrial application. In addition, we began mass production of IGBT modules for new 3-level inverter circuits, which are essential technology for realizing significant decrease in loss in power conditioners used in UPS systems, wind electric turbines and solar power generation, among others. In products for automotive electronic devices, we developed a 6th generation pressure sensor that will contribute to higher combustion efficiency of engines and cleaner exhaust gas.

In vending machines field, we have completed our development of an extremely energy-efficient vending machine, in which we have adopted hybrid heat pump systems and new electronic expansion valves that realizes considerable energy savings by adjustment of operation settings to suit the season. We have also launched new generation vending machines with digital signage that monitors the customer standing in front of the machine and provides drink recommendation based on this.

In the field of new technologies and core technologies we have been developing next-generation power semiconductors that utilize the wide band-gap semiconductors SiC (silicon carbide) and GaN (gallium nitride) for which we have been collaborating in joint research with the National Institute of Advanced Industrial Science and Technology for SiC and with Furukawa Electric Co., Ltd. for GaN. In SiC research, we developed a schottky barrier diode, which we aim to launch in fiscal 2011. We are also continuing to strengthen our principal core technologies.

## Group Capital Investment

In fiscal 2010, we made total strategic investments of ¥27.2 billion, including those for leasing, focusing on the field of “energy and environment.” Key investments were as follows.

In the Environmental Solutions segment, to develop and expand overseas production sites, we transferred production facilities for motors from the Suzuka Area of Fuji Electric Systems Co., Ltd. to a production site in China, and expanded the scope of production to intermediate-capacity motors.

In the Semiconductors segment, we developed and expanded industrial-use IGBT module assembly facilities of Fuji Electric Semiconductor (Malaysia) Sdn. Bhd. to expand the power



semiconductor device market. In response to the growth of the market for environmentally friendly vehicles, we made capital investments to step up production of vehicle-mounted semiconductors and sensors. The Research and Development Group introduced facilities for developing a SiC device, which is a next-generation power device.

In the ED&C Components segment, we developed a small electromagnetic switch which meets the needs of the Chinese market, which is expected to grow significantly, and invested on production facilities at Fuji Electric (Changshu) Co., Ltd.

In the Magnetic Disks segment, we strengthened production facilities for aluminum media at Fuji Electric (Malaysia) Sdn. Bhd. in response to the increasing capacity of HDDs, and promoted the expansion of overseas production.

In the Vending Machines segment, at the Fuji Electric Retail Systems Co., Ltd. plant in Mie, we built a new manufacturing building for vending machines and promoted the establishment of streamlined facilities. Further, we invested on production facilities and molding equipment for energy-saving vending machines.

## Group Financing

In Fiscal 2010, to strengthen our financial position and to create the foundations for sustainable growth, we appropriated a portion of the proceeds from the sale of investment securities held for the payment of interest-bearing debts and secured funds in hand for the future redemption of bonds, and redeemed bonds of ¥10 billion in June 2010.

As a result, our consolidated financial obligations as of the end of March 2011 decreased by ¥85.8 billion year on year to ¥274 billion, leaving net financial obligations, calculated by deducting cash and cash equivalents from financial obligations, of ¥192.2 billion (a drop of ¥130.3 billion year on year).

## Initiatives to Protect the Environment

As part of our efforts to manage the environment for the global development of the “energy and environment” business and to achieve “Environmental Vision 2020” formulated in April 2009, we have actively engaged in energy-saving activities to reduce CO<sub>2</sub> emissions during production and develop energy-creating products that contribute to reducing CO<sub>2</sub> emissions in society. To further ensure compliance with laws and regulations concerning the environment in terms of our social responsibility as a company, we also continued to conduct compliance training, covering the sales division and on-site construction work. Overseas, to maintain the same level of environment management as in Japan, we promoted efforts to strengthen management systems at production sites with local managers.

Furthermore, amid concerns that power supplies will not be sufficient during the summer due to the after-effects of the recent Great East Japan Earthquake, we will enhance our on-going energy-saving activities and cooperate to save electricity through the unified efforts of Fuji Electric.

## Contributions to Society

While considering the contribution of the “energy and environment” business to achieve a sustainable society as the pillar of CSR management, we are engaged in social contribution activities in the context of the mission described in our corporate philosophy to act as a good corporate citizen within the global community.

In Fiscal 2010, we engaged in the following activities, while focusing on preserving the global environment, supporting youth development, and contribution activities from a global perspective.

In cooperation with the international medical support organization People’s Hope Japan, we donated a regional health center with a delivery room and a transportable solar photovoltaic power system manufactured by the Company to a remote island in Indonesia with which Fuji Electric has a deep relationship through a geothermal power generation business. The island has no electricity and the power generated is used in the regional health center with a delivery room to provide light during deliveries and to charge the phonocardiograph.

Further, we organized a science class with an engineer in the power electronics field of Fuji Electric acting as instructor to promote interest in science among children. During the fiscal year under review, we held a class for teachers at a primary school in Hino-shi where the Tokyo Plant is located. In the class, we introduced the technology and products of Fuji Electric and the teachers made an original hand-crafted motor using familiar parts such as clips and magnets.

As mentioned in Page 2, we are also supporting the victims of the Great East Japan Earthquake.

## Group Issues to be Addressed

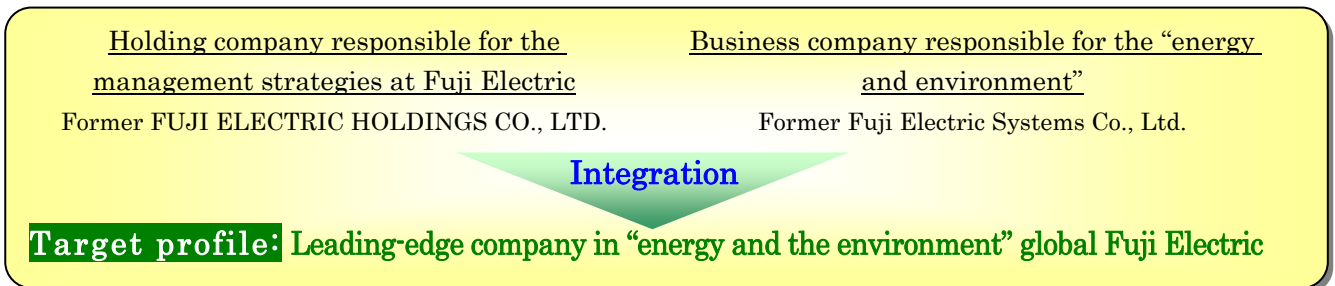
### ■ Business Conditions in Fiscal 2011

Looking at the business conditions that Fuji Electric faces going forward, the economic climate is likely to move toward recovery on the back of solid external demand stemming from exports to Asia and the beginning of full-fledged recovery efforts in the wake of the Great East Japan Earthquake.

However, the outlook is likely to remain uncertain due to concerns over the possible negative effects of the earthquake, including near-term supply problems for components and materials and prolonged restrictions on electric power supplies.

### ■ Launch of a new “Fuji Electric”

Amid these conditions, aiming to establish an organization in preparation for “emphasizing the energy and the environment business” and “expanding businesses globally,” set out in the fiscal 2009–2011 Medium-Term Management Plan, the Company merged with its wholly owned subsidiary Fuji Electric Systems Co., Ltd., which is responsible for the “energy and the environment” business, on April 1, 2011 and made a new start as FUJI ELECTRIC CO., LTD.

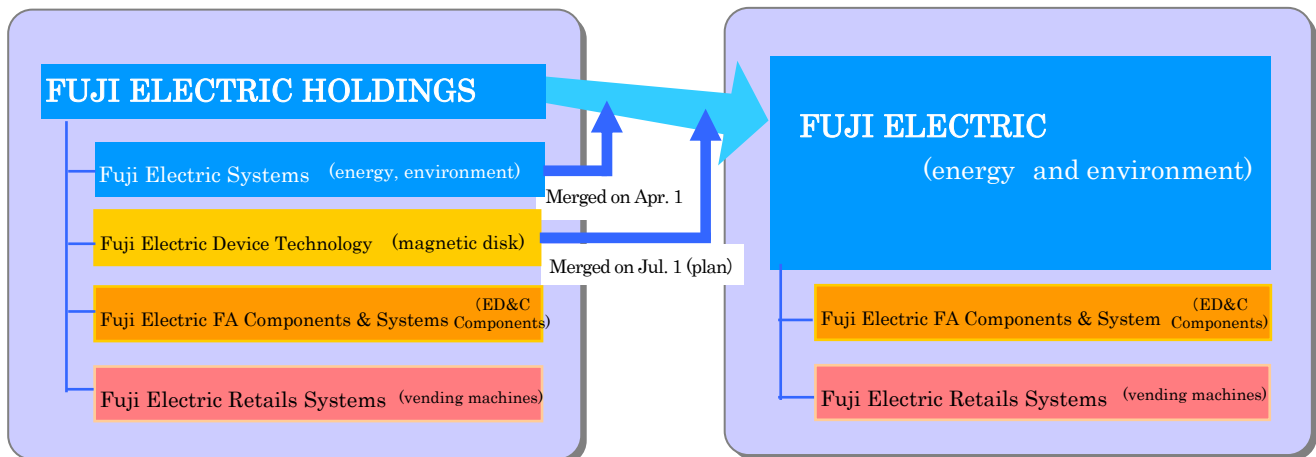


Furthermore, as part of structural reform of Magnetic Disks segment, all domestic functions at Fuji Electric Device Technology Co., Ltd were transferred to and integrated into Fuji Electric (Malaysia) Sdn. Bhd. As of July 1, 2011, Fuji Electric Device Technology Co., Ltd is planned to be merged with FUJI ELECTRIC CO., LTD.

### ● Overview of the New Management Framework

Previous Framework

New Framework (July 2011 and thereafter)



#### Improve management efficiency by simplifying organization

- Clarifying responsibilities for executing each business
- Facilitating decision making
- Revitalizing human resources

## ■ Priority Issues in Fiscal 2011

Aiming to become a leading-edge company in “energy and the environment,” the Company will tackle the following priority issues in fiscal 2011.

### ● Priority Issues

1. **Clarify priority areas, optimize business portfolio**
  - > We will clarify the “energy and the environment” business area as a focus of efforts, exploiting the strength of power electronics technology
2. **Reform management to make it market/customer oriented**
  - > Thoroughly strengthen “marketing capabilities,” “sales capabilities,” and “manufacturing capabilities”
3. **Reform to realize timely management control methods that have mid- to long-term perspective**
  - > Prepare three-year business plans based on rolling format and 10-year vision
4. **Complete business restructuring**
  - > Rebuild the earnings structure of the vending machines business and Magnetic Disks businesses

#### Priority Issue 1. Clarify priority areas, optimize business portfolio

- > We will clarify the “energy and the environment” business area as a focus of efforts, exploiting the strength of power electronics technology.

We will aim to be a company in the vanguard of differentiated businesses in the “energy and the environment” business area, which is wide-ranging and comprises many competitors. We will clarify Fuji Electric’s unique energy and the environment business, capitalizing on power electronics technology = “technology to unlock the potential of electricity” as a strength.

We will optimize our business portfolio (the combination of businesses) by concentrating the deployment of business resources.

#### Priority Issue 2. Reform management to make it market/customer oriented

- > Thoroughly strengthen “marketing capabilities,” “sales capabilities,” and “manufacturing capabilities”

Aiming to “reform management to make it market/customer oriented,” we will strengthen marketing capabilities, sales capabilities, and manufacturing capabilities as follows.

##### - Marketing capabilities

We will strengthen functions for considering Fuji Electric’s management resources, such as technology, products, and services, in light of future trends in markets, the economy, and society—without being overly focused on short-term perspectives; identifying the profile Fuji Electric should target over the medium-to-long term; and preparing concrete processes toward the realization of this profile.

##### - Sales capabilities

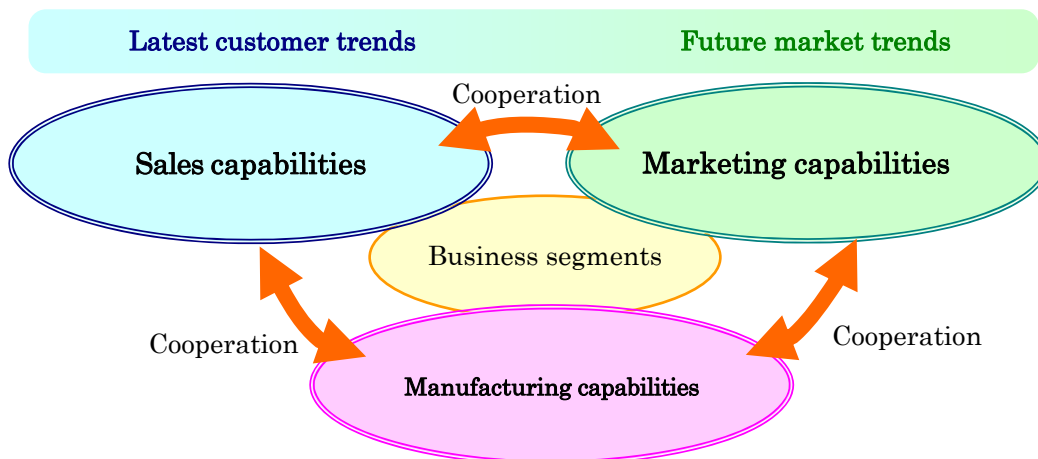
As the source of market/customer oriented management, we will conduct our own marketing and provide feedback on the latest information to respective functions, including development, manufacturing, and business strategy.

Further, in recent years “customers have become borderless” due to domestic customers’ forays into regions worldwide. In response, based on the idea that “Japan is a part of the world,” we will merge “domestic sales” and “overseas sales” to establish an organization befitting “global Fuji Electric.”

**- *Monotsukuri* (Manufacturing) capabilities**

We believe that “sound manufacturing” is Fuji Electric’s traditional strength.

Aiming to realize “global Fuji Electric,” “Fuji Electric’s original production technology” for major components is important in order to advance the localization of production. We will rigorously restrengthen such production technology.



**Priority Issue 3. Reform to realize timely management control methods that have mid- to long-term perspective**

- > Prepare three-year business plans based on rolling format and 10-year vision

Until now, every three years we have renewed medium-term management plans, which set out medium-term targets. Going forward, however, we will renew three-year plans every year based on a rolling format and a long-term vision, thereby enabling us to simultaneously control management from a “long-term perspective” while “responding to changing conditions in a timely manner.”

**Priority Issue 4. Complete business restructuring**

- > Rebuild the earnings structure of the vending machines business and magnetic disks businesses

**- Vending machines business**

We will create an efficient business management system by responding to the market contraction stemming from the aging of society and curbed investment associated with the economic slump, transferring/consolidating the Tokyo headquarters function and the Saitama Plant to the Mie Plant, and integrating/reorganizing sales bases. At the same time, we will rationalize production at the Mie Plant by introducing the Toyota production method and by streamlining production through the new production lines.

**- Magnetic disks business**

In November last year, we announced that we would comprehensively transfer the domestic production function to Fuji Electric (Malaysia) Sdn. Bhd. However, aiming to realize further reforms aimed at creating an earnings structure that is resilient to market fluctuation, we brought forward the timing of the transfer to June 2011. At the same time, we will transfer/consolidate all of the functions of Fuji Electric Device Technology Co., Ltd., and establish a single global base system that unites development, manufacturing and sales.

Also, following the transfer we will consider using the company’s Yamanashi lot as a power semiconductor production base.

## ■ Our Immediate Challenge—Recovery from the Great East Japan Earthquake

In the aftermath of the Great East Japan Earthquake, we are concerned that limited power supplies in summer and delays in the procurement of components and materials will interfere with our production activities.

Fuji Electric plans to minimize the influence of such factors by changing the hours of operation of plants and ensuring diversification of procurement channels for sourcing parts in the supply chain.

Furthermore, while considering the earthquake as a source of great suffering for people in Japan, we are committed to supporting restoration activities in the disaster-affected areas as a good corporate citizen.

We have already received many requests and inquiries about radiation dosimeters, radiation monitoring posts, electricity meters, private electrical power facilities, and other equipment. We will respond to these requests to the fullest extent and continue to provide customers who have no choice but to suspend operations because their plants are affected by the disaster with support to restore plant systems of production lines and power-receiving and substation facilities.

In addition, looking ahead to structural changes in society and the economy after restoration, we are incorporating those structural changes in our long-term strategies and engage in corporate management in coordination with society as a whole.

Your continued understanding and support for Fuji Electric are 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, 2011

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 27, 2011, 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 2010 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 Corporate 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 2010

	Payees (number of persons)	Payment (¥ million)
Directors	14	333
(Outside)	(4)	(22)
Auditors	7	80
(Outside)	(4)	(22)

(Notes) 1. The above payees include three Directors (one of whom was an Outside Director) and two Auditors (one of whom was an Outside Auditor) who retired at the close of the 134th Ordinary General Meeting of Shareholders held on June 24, 2010.

2. The amounts of remuneration for Directors include those paid as the performance-related remuneration in fiscal 2009.

3. In addition to the above payment, in accordance with the resolution passed at the 131st Ordinary General Meeting of Shareholders held on June 26, 2007, the following final payments were made as retirement benefits to the Directors and Auditors in Note 1, who retired on June 24, 2010.

Two Directors: ¥24 million (¥4 million for one of whom was an Outside Director)

Two Auditors: ¥9 million (¥3 million for one of whom was an Outside Auditors)

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 treasury stock. The following table shows the amount contributed to the Director Shareholding Association, including voluntary contributions,



together with the amount of treasury stock acquired.

	Contribution to Director Shareholding Association (¥million)	Treasury stock acquired (Thousands of shares)
Directors	44	185
Auditors	9	36

## [Corporate Overview]

### Stock information (as of March 31, 2011)

1. Authorized shares: 1,600,000,000  
 2. Issued and outstanding shares: 746,484,957  
 3. Number of shareholders: 63,091 (an increase of 3,539 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	150	264,025,099	35.37
Other domestic corporations	681	137,964,931	18.48
Foreigners	389	112,488,323	15.07
Individuals and others	61,871	232,006,604	31.08
<b>Total</b>	<b>63,091</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)	50,426	7.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,503	4.97
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
Mizuho Trust & Banking Co., Ltd.	7,991	1.12

(Notes) 1. Treasury stock of 31,867,094 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, 2011)

#### 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

(Note) 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.

## 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
Mitsunori Shirakura	Representative Director, Vice President and Director Assistant to President
Tadashi Kudo	Outside Director
Hiroaki Kurokawa	Outside Director
Motoyuki Suzuki	Outside Director
Takamichi Hamada	Director Senior Executive Officer General Manager, Corporate Planning Headquarters
Hisao Shigekane	Director Senior Executive Officer General Manager, Corporate R&D Headquarters CTO (Chief Technical Officer)
Michio Abe	Director Senior Executive Officer General Manager, Monotsukuri Strategy Headquarters General Manager, Supply Chain Innovation Project Office
Junichi Matsumoto	Director Executive Officer General Manager, Corporate Finance Office CFO (Chief Financial Officer)
Takashi Kusaka	Director Executive Officer General Manager, Corporate Planning Office
Hiroshi Nishigaki	Director General Manager, G Project Office In charge of management and administration of construction business
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.

Mr. Tadashi Kudo and Mr. Motoyuki Suzuki are registered as Independent Officers as stipulated by 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.

Mr. Yuzuru Fujita, Mr. Takahiko Ito and Mr. Kunio Morikiyo are reported as Independent Officers as stipulated by 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 Mr. 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 Mr. 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. Outside Auditor Mr. Tsuyoshi Nagahama resigned his post as Outside Auditor at the close of the 134th Ordinary General Meeting of Shareholders held on June 24, 2010.

5. Positions or responsibility of Directors in the Company were changed as follows on April 1, 2011.

Name	Position or responsibility in the Company, or main occupation	
Michihiro Kitazawa	Representative Director, President and Director	Chief Executive
Mitsunori Shirakura	Representative Director	Executive Vice President Assistant to President (mainly in charge of energy and environment business) In charge of compliance
Tadashi Kudo	Outside Director	
Hiroaki Kurokawa	Outside Director	
Motoyuki Suzuki	Outside Director	
Hisao Shigekane	Director	Senior Managing Executive Officer General Manager, Corporate Marketing Headquarters CMO (Chief Marketing Officer)
Takamichi Hamada	Director	Senior Managing Executive Officer In charge of business in China
Michio Abe	Director	Managing Executive Officer
Takashi Kusaka	Director	General Manager, Production Headquarters Executive Officer General Manager, Industrial Systems Business Headquarters
Junichi Matsumoto	Director	Executive Officer General Manager, Corporate Finance Office CFO (Chief Financial Officer)
Hiroshi Nishigaki	Director	In charge of management and administration of construction business

## 2. Material Concurrent Responsibility and Representative Status of Directors and Auditors

### (1) Directors

Name	Significant concurrent positions
Mitsunori Shirakura	President and Representative Director, Fuji Electric Systems Co., Ltd. Outside Auditor, NOHMI BOSAI LTD. (retired on June 25, 2010) Director (Non-standing), Fuji Electric FA Components & Systems Co., Ltd.
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	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 President and Representative Director, Fuji Techno Survey Co., Ltd. Outside Director, FUJI TECH Co., Ltd. (retired on June 25, 2010) Outside Director, Toko Electric Co., Ltd. (retired on June 29, 2010)
Michio Abe	Director (Non-standing), Fuji Electric Device Technology Co., Ltd. (assumed on June 18, 2010) Director (Non-standing), Fuji Electric Retail Systems Co., Ltd. (assumed on June 18, 2010)
Junichi Matsumoto	President and Representative Director, Fuji Electric Finance and Accounting Support Co., Ltd. Director (Non-standing), Fuji Electric Retail Systems Co., Ltd. (assumed on June 18, 2010)
Takashi Kusaka	Director(Non-standing), Fuji Electric Device Technology Co., Ltd. (assumed on June 18, 2010)
Hiroshi Nishigaki	Outside Director, Fujitec Co., Ltd. (assumed on June 25, 2010) Outside Auditor, NOHMI BOSAI LTD. (assumed on June 25, 2010)

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

2. Mr. Mitsunori Shirakawa retired as President and Representative Director of Fuji Electric Systems Co., Ltd. when Fuji Electric Systems Co., Ltd. was absorbed in an absorption-type merger with the Company as the surviving company and ceased to exist as of April 1, 2011.
3. Mr. Motoyuki Suzuki retired as professor of the Open University of Japan as of March 31, 2011 and was appointed guest professor of the Open University of Japan as of April 1, 2011.
4. Mr. Hisao Shigekane retired as President and Representative Director of Fuji Techno Survey Co., Ltd. when Fuji Techno Survey Co., Ltd. was absorbed by the Company and ceased to exist as of April 1, 2011.
5. On March 31, 2011, Mr. Junichi Matsumoto retired as Director of Fuji Electric Retail Systems Co., Ltd.
6. On March 31, 2011, Mr. Takashi Kusaka retired as Director of Fuji Electric Device Technology Co., Ltd.
7. 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.
8. 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.
9. 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
Keiichi Hirata	Auditor (Non-standing), Fuji Electric Systems Co., Ltd. (assumed on June 18, 2010) Auditor (Non-standing), Fuji Electric Device Technology Co., Ltd. (retired on June 18, 2010) Auditor (Non-standing), Fuji Electric Retail Systems Co., Ltd. (retired on June 18, 2010)
Toshio Shinozaki	Auditor (Non-standing), Fuji Electric Device Technology Co., Ltd. (assumed on June 18, 2010) Auditor (Non-standing), Fuji Electric Retail Systems Co., Ltd. (assumed on June 18, 2010)
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 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. Mr. Keiichi Hirata retired as an Auditor of Fuji Electric Systems Co., Ltd. when Fuji Electric Systems Co., Ltd. was absorbed in an absorption-type merger with the Company as the surviving company and ceased to exist as of April 1, 2011.
  3. The Company has a business relationship that includes borrowing funds with Asahi Mutual Life Insurance Company, where Yuzuru Fujita 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 0.60 percent contribution to the total foundation funds of Asahi Mutual Life Insurance.
  4. The Company is engaged in technological research on next-generation power devices jointly with Furukawa Electric Co., Ltd. where Yuzuru Fujita and Takahiko Ito serve 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.
  5. FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD., where Takahiko Ito serves a concurrent position, is a subsidiary of the Company and has business transactions including orders for engineering work with the Company.
  6. 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	13 of the 14 meetings	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. <ul style="list-style-type: none"> <li>- Importance of risk management for business management</li> <li>- Requirement to level booking of sales and profits</li> </ul>
Hiroaki Kurokawa	12 of the 14 meetings	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 <ul style="list-style-type: none"> <li>- Basic concepts when proceeding with the globalization of businesses</li> <li>- Requirement to improve management efficiency based on clients and markets</li> </ul>
Motoyuki Suzuki	10 of the 10 meetings	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. <ul style="list-style-type: none"> <li>- Importance of long-term strategies based on changes underway in society</li> <li>- Requirement to establish a business model with the focus on added value</li> </ul>

(Note) Mr. Motoyuki Suzuki assumed his position as a Director at the closure of the 134th Ordinary General Meeting of Shareholders held on June 24, 2010, so the number of Board of Directors meetings attended and held is counted after his assumption.

##### (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 14 meetings 4 of the 4 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	13 of the 14 meetings 4 of the 4 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	10 of the 10 meetings 3 of the 3 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.

(Note) Mr. Kunio Morikiyo assumed his position as an Auditor at the closure of the 134th Ordinary General Meeting of Shareholders held on June 24, 2010, so the number of Board of Directors meetings attended and held and the number of Board of Auditors meetings attended and held is counted after his assumption.

**(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	67
(ii) Total profit on cash and other financial assets payable by the Company and its subsidiaries	343

(Notes) 1. In the audit contract between the Company and the accounting auditor, no distinction is made in the amounts of auditing fees under the 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 total profit in (ii) includes the amount the Company paid as compensation to the accounting auditor for advisory services related to introduction of International Financial Reporting Standards, that is entrusted as services (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, 2011)

Fuji Electric	<b>Energy Solutions</b>			
	Fuji Electric Systems Co., Ltd. (Note 1)	Fuji IT Co., Ltd.	GE Fuji Meter Co., Ltd.	
	<b>Environmental Solutions</b>			
	Fuji Electric Systems Co., Ltd. (Note 1)	Ibaraki Fuji Co., Ltd.	Fuji Electric Motor (Dalian) Co., Ltd.	
	Fuji Electric IT Solutions Co., Ltd.	Fuji Electric FA Services Co., Ltd.	Wuxi Fuji Electric FA Co., Ltd.	
	Fuji Electric Thermo Systems Co., Ltd.	Hakko Electronics Co., Ltd.	Fuji Electric Power Supply (Thailand) Co., Ltd.	
	Fuji Electric Chiba Tech. Co., Ltd.	Shanghai Fuji Electric Transformer Co., Ltd.	Japan AE Power Systems Corporation*	
	Tottori Manufacturing Electric Co., Ltd.	Shanghai Fuji Electric Switchgear Co., Ltd.	METAWATER Co., Ltd.*	
<b>Semiconductors</b>				
Fuji Electric Systems Co., Ltd. (Note 1)	Fuji Electric (Shenzhen) Co., Ltd.	Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.		
Fuji Electric Power Semiconductors Co., Ltd.	Fuji Electric Philippines, Inc.			
<b>ED&amp;C Components</b>				
Fuji Electric Systems Co., Ltd. (Note 1)	Fuji Electric FA Singapore Private Ltd.	Fuji Electric (Changshu) Co., Ltd.		
Fuji Electric FA Components & Systems Co., Ltd.	Fuji Electric FA Taiwan Co., Ltd.	Fuji Electric FA Korea Co., Ltd.		
Chichibu Fuji Co., Ltd.	Fuji Electric Dalian Co., Ltd.	Fuji Electric (Asia) Co., Ltd.		
Fuji Electric Technica Co., Ltd.				
<b>Vending Machines</b>				
Fuji Electric Retail Systems Co., Ltd.	Shinshu Fuji Electric Co., Ltd.	Hoei Plastics Co., Ltd.	Mie Fuji Co., Ltd.	
<b>Magnetic Disks</b>				
Fuji Electric Device Technology Co., Ltd.	Fuji Electric (Malaysia) Sdn. Bhd.			
<b>Others</b>				
<Construction> Fuji Furukawa Engineering & Construction Co., Ltd.	Fuji Furmanite Co., Ltd.*	Fuji Electric Engineering Co., Ltd. (Thailand)*		
<Shared Service Companies> Fuji Office & Life Service Co., Ltd.	Fuji Electric IT Center Co., Ltd.	Fuji Electric Finance and Accounting Support Co., Ltd.,		
Fuji Techno Survey Co., Ltd.				
<b>Shared sales companies</b>				
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 (Shanghai) Co., Ltd.				
Hoei Hong Kong Co., Ltd.				
<b>Production facilities company</b>				
Fuji Electric F-Tech Co., Ltd.				

- (Notes) 1. Fuji Electric Systems Co., Ltd. conducts businesses for Energy Solutions, Environmental Solutions, Semiconductors and ED & C Components segments.
2. The following changes occurred among consolidated subsidiaries during the fiscal year under review.  
 New consolidated subsidiaries: Fuji Electric (Changshu) Co., Ltd., Fuji Electric FA Korea Co., Ltd., Shanghai Fuji Electric Transformer Co., Ltd., Fuji Electric Power Supply (Thailand) Co., Ltd., GE Fuji Meter Co., Ltd.  
 Excluded from consolidation: Fuji Electric Instrumentation Co., Ltd., Fuji Electric Instruments Co., Ltd., Fuji Electric Matsumoto Mechanics Co., Ltd., Hokuriku Fuji Co., Ltd., Iiyama Fuji Co., Ltd., Fuji Brain Trust Co., Ltd., Azumi Fuji Co., Ltd., Asahi Assets Management Co., Ltd., Atai Fuji Electric Co., Ltd., Fuji Logistics Co., Ltd.\*
3. Companies marked with an asterisk (\*) are accounted for as equity method affiliates.
4. The following changes occurred on April 1, 2011.
- On April 1, 2011, Fuji Electric Systems Co., Ltd. and Fuji Techno Survey Co., Ltd. were absorbed in an absorption-type merger with the Company as the surviving company and ceased to exist.
  - On April 1, 2011, Fuji Electric (Shanghai) Co., Ltd. changed its company name to "Fuji Electric (China) Co., Ltd."

## Important subsidiaries of the corporate group

Company name	<b>Fuji Electric Systems Co., Ltd</b>		
The Company's capital contribution	100%		
Major business	Development, manufacturing, sales and services of various equipment and systems related to social infrastructure for energy, industries, transportation, others, as well as ancillary solution provision, related to systems and semiconductor devices and photo conductor		
Net sales (¥ billion)	380.9	Net assets (¥ billion)	67.3
Operating income (¥ billion)	7.0	Capital (¥ billion)	25.0
Net income (¥ billion)	2.9	Number of employees	8,292
Company name	<b>Fuji Electric Device Technology Co., Ltd.</b>		
The Company's capital contribution	100%		
Major business	Development, manufacturing and sales of disk devices		
Net sales (¥ billion)	40.4	Net assets (¥ billion)	13.6
Operating income (¥ billion)	(4.7)	Capital (¥ billion)	27.5
Net income (¥ billion)	(5.3)	Number of employees	385
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, food service equipment, monetary service equipment, etc., and related service provision		
Net sales (¥ billion)	84.8	Net assets (¥ billion)	25.8
Operating income (¥ billion)	0.2	Capital (¥ billion)	9.8
Net income (¥ billion)	(2.9)	Number of employees	1,632

(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.

## Important Corporate Realignments

- The Company received a takeover bid for Fuji Logistics Co., Ltd. from Mitsubishi Logistics Corporation and sold shares of Fuji Logistics Co., Ltd. held by the Company. Consequently, on September 24, 2010, Fuji Logistics Co., Ltd. ceased to be an equity method affiliate of the Company.
- On February 1, 2011, the Company established GE Fuji Meter Co., Ltd., a joint venture with General Electric Company in the U.S., which designs, manufactures, and sells meters (including smart meters) aimed at customers in the area of electric power and other customers in Japan. The Company's stake in said company is 50.01%, and it is a consolidated subsidiary of the Company.
- On April 1, 2011, the Company absorbed Fuji Electric Systems Co., Ltd., a wholly-owned subsidiary engaged in the energy and environment business, to establish a management system focusing on the energy and environment business and expanding the global business.
- On April 1, 2011, the Company absorbed Fuji Techno Survey Co., Ltd., a wholly-owned subsidiary handling patent applications, to unify intellectual property strategic functions, business strategic functions, research and development strategic functions, and other activities.
- It was resolved at a meeting of the Board of Directors held on April 27, 2011 that all functions of Fuji Electric Device Technology Co., Ltd., a wholly-owned subsidiary engaged in the magnetic disks business, be transferred to and integrated into Fuji Electric (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of Fuji Electric Device Technology Co., Ltd. In connection with this resolution, on July 1, 2011, it was resolved that said company would be absorbed by the Company through absorption-type merger, and a merger agreement was concluded.

## Main Facilities of the Group (as of March 31, 2011)

### 1. Energy Solutions segment

Production facilities	Hino, Kawasaki, Nankan machi (Kumamoto)
-----------------------	---

### 2. Environmental Solutions segment

Domestic facilities

Production facilities	Hino, Kobe, Ichihara, Ami machi (Ibaraki), Kawasaki, Suzuka
-----------------------	---

Overseas facilities

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

### 3. Semiconductors segment

Domestic facilities

Production facilities	Matsumoto
-----------------------	-----------

Overseas facilities

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

### 4. ED & C Components segment

Domestic facilities

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

Overseas facilities

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

### 5. Vending Machines segment

Production facilities	Yokkaichi, Konosu
-----------------------	-------------------

### 6. Magnetic Disks segment

Domestic facilities

Production facilities	Minami Alps
-----------------------	-------------

Overseas facilities

Fuji Electric (Malaysia) Sdn. Bhd.
------------------------------------

### 7. Others, Common

Domestic facilities

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

Development facilities	Hino, Matsumoto, Ichihara, Kawasaki
------------------------	-------------------------------------

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 (Shanghai) Co., Ltd. (China), Hoei Hong Kong Co., Ltd. (China), Fuji Electric Engineering Co., Ltd. (Thailand)
---

(Note) On April 1, 2011, Fuji Electric (Shanghai) Co., Ltd. changed its company name to "Fuji Electric (China) Co., Ltd."

### Employees of Fuji Electric (as of March 31, 2011)

Business segment	Number of employees (persons)	Year-on-year change (persons)
Energy Solutions	2,347	167
Environmental Solutions	8,197	824
Semiconductors	5,158	752
ED&C Components	2,626	228
Vending Machines	1,903	(741)
Magnetic Disks	1,539	(2)
Others	1,973	(370)
Entire Company (common)	819	180
<b>Total</b>	<b>24,562</b>	<b>1,038</b>

- (Notes) 1. Employees included in the “entire company (common)” represent those who cannot be classified into specific segments.  
 2. The number of employees of the Company at year-end is 819 (an increase of 180 persons from the end of the previous year).

### Major lenders (as of March 31, 2011)

Name of Lenders	Balance of Loans (¥ billion)
Mizuho Corporate Bank, Ltd.	28.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20.8
Resona Bank, Limited.	12.0
Development Bank of Japan Inc.	8.3

## Basic Policy on System of Internal Controls

Based on the regulations of Article 362, Section 5 of Companies Act, the Board of Directors of the Company will construct an internal control system, as provided for in Article 362, Section 4, Item 6 of the Companies Act and Article 100, Sections 1, each Item and Section 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 Law of Japan. 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, as outlined in our medium-term plan whose target is fiscal year 2011.

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 (1000 shares) are rounded down.

3. The business object in the future, stated in the Business Report is calculated based on given assumptions that we assess to be reasonable at the time of writing the Business Report. The description may differ from the actual results, and we cannot guarantee the accuracy of the content.

## Consolidated Balance Sheets

(as of March 31, 2011)

[Assets]	(¥Millions)	[Liabilities]	(¥Millions)
<b>Current assets</b>	<b>443,024</b>	<b>Current liabilities</b>	<b>404,898</b>
Cash and deposits	81,883	Notes and accounts payable-trade	134,686
Notes and accounts receivable-trade	197,350	Short-term loans payable	87,850
Merchandise and finished goods	37,935	Current portion of bonds	40,000
Work in process	41,132	Lease obligations	9,608
Raw materials and supplies	30,383	Accrued expense	36,178
Deferred tax assets	15,849	Income taxes payable	2,416
Other	39,050	Advances received	37,539
Allowance for doubtful accounts	(561)	Other	56,618
<b>Noncurrent assets</b>	<b>362,662</b>	<b>Noncurrent liabilities</b>	<b>225,963</b>
<b>Property, plant and equipment</b>	<b>165,931</b>	Bonds payable	71,010
Buildings and structures	75,039	Long-term loans payable	75,158
Machinery, equipment and vehicles	30,491	Lease obligations	23,228
Tools, furniture and fixtures	3,895	Deferred tax liabilities	38,263
Land	27,697	Provision for retirement benefits	12,647
Leased assets	27,535	Provision for directors' retirement benefits	365
Construction in progress	1,271	Other	5,289
<b>Intangible fixed assets</b>	<b>10,146</b>	<b>Total liabilities</b>	<b>630,861</b>
Software	4,575		
Other	5,571	<b>[Net assets]</b>	
<b>Investments and other assets</b>	<b>186,584</b>	<b>Shareholders' equity</b>	<b>141,592</b>
Investment securities	129,333	Capital stock	47,586
Long-term loans receivable	2,037	Capital surplus	46,734
Prepaid pension cost	43,444	Retained earnings	54,378
Deferred tax assets	4,634	Treasury stock	(7,106)
Other	8,556	<b>Accumulated other comprehensive income</b>	<b>13,762</b>
Allowance for doubtful accounts	(1,421)	Valuation difference on available-for-sale securities	19,895
<b>Deferred assets</b>	<b>109</b>	Deferred gains or losses on hedges	4
Bond issue expenses	109	Foreign currency translation adjustments	(6,136)
		<b>Minority interests</b>	<b>19,580</b>
		<b>Total net assets</b>	<b>174,935</b>
<b>Total assets</b>	<b>805,797</b>	<b>Total liabilities and net assets</b>	<b>805,797</b>

## Consolidated Statements of Income

(from April 1, 2010 to March 31, 2011)

	(¥ Millions)	(¥ Millions)
<b>Net sales</b>		<b>689,065</b>
<b>Cost of sales</b>		<b>543,557</b>
<b>Gross profit</b>		<b>145,507</b>
<b>Selling, general and administrative expenses</b>		<b>133,590</b>
<b>Operating income</b>		<b>11,917</b>
<b>Non-operating income</b>		
Interest and dividends income	2,913	
Miscellaneous income	3,536	6,450
<b>Non-operating expenses</b>		
Interest expense	5,585	
Miscellaneous expenses	5,555	11,141
<b>Ordinary income</b>		<b>7,225</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	232	
Gain on sales of investment securities	30,760	
Gain on sales of subsidiaries' stocks	539	31,531
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	923	
Loss on valuation of investment securities	2,863	
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,270	
Office/Factory Integration Cost	1,600	
Impairment loss	1,269	
Other	3,382	12,310
<b>Income before income taxes</b>		<b>26,447</b>
Income taxes-current	3,373	
Income taxes-deferred	6,829	10,202
<b>Income before minority interests</b>		<b>16,245</b>
Minority interests in income		1,141
<b>Net income</b>		<b>15,104</b>

## Consolidated Statement of Changes in Net Assets

(¥Millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	47,586	46,734	42,010	(7,095)	129,235
Changes of items during the period					
Dividends from surplus			(2,501)		(2,501)
Net income for the year			15,104		15,104
Purchase of treasury stock				(11)	(11)
Disposal of treasury stock		(0)		1	1
Change of scope of consolidation			56		56
Change of scope of equity method			(291)		(291)
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	(0)	12,367	(10)	12,357
Balance at March 31, 2011	47,586	46,734	54,378	(7,106)	141,592

	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 March 31, 2010	52,985	110	(3,464)	49,631	17,267	196,134
Changes of items during the period						
Dividends from surplus				-		(2,501)
Net income for the year				-		15,104
Purchase of treasury stock				-		(11)
Disposal of treasury stock				-		1
Change of scope of consolidation				-		56
Change of scope of equity method				-		(291)
Net changes of items other than shareholders' equity	(33,089)	(106)	(2,672)	(35,868)	2,312	(33,555)
Total changes of items during the period	(33,089)	(106)	(2,672)	(35,868)	2,312	(21,198)
Balance at March 31, 2011	19,895	4	(6,136)	13,762	19,580	174,935

## Non-Consolidated Balance Sheet

(as of March 31, 2011)

<b>[Assets]</b>	(¥Millions)	<b>[Liabilities]</b>	(¥Millions)
<b>Current assets</b>	<b>115,899</b>	<b>Current liabilities</b>	<b>58,444</b>
Cash and deposits	40	Accounts payable-trade	1,202
Accounts receivable-trade	125	Current portion of bonds	40,000
Deferred tax assets	844	Current portion of long-term loans payable	1,000
Short-term loans receivable	6,808	Accounts payable-other	10,231
Accounts receivable-others	4,326	Income taxes payable	806
Deposits paid	103,457	Other	5,204
Other	297		
		<b>Noncurrent liabilities</b>	<b>140,010</b>
<b>Noncurrent assets</b>	<b>245,442</b>	Bonds payable	71,010
<b>Property, plant and equipment</b>	<b>2,237</b>	Long-term loans payable	46,241
Buildings	890	Deferred tax liabilities	18,466
Land	332	Provision for retirement benefits	3,673
Leased assets	772	Other	618
Other	242		
		<b>Total liabilities</b>	<b>198,454</b>
<b>Intangible fixed assets</b>	<b>255</b>		
Software	207	<b>[Net assets]</b>	
Other	48	<b>Shareholders' equity</b>	<b>142,832</b>
		<b>Capital stock</b>	<b>47,586</b>
<b>Investments and other assets</b>	<b>242,948</b>	<b>Capital surplus</b>	<b>56,817</b>
Investment securities	83,139	Capital reserve	56,777
Affiliates' shares	110,186	Other capital surplus	39
Capital contributions	387	<b>Retained earnings</b>	<b>45,729</b>
Long-term loans receivable	47,248	Legal reserve	11,515
Other	1,986	Other retained earnings	34,213
		General reserve	26,793
		Retained earnings brought forward	7,420
		<b>Treasury stock</b>	<b>(7,299)</b>
<b>Deferred assets</b>	<b>109</b>		
Bond issue expenses	109	<b>Valuation and translation adjustments</b>	<b>20,164</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>20,164</b>
		<b>Total net assets</b>	<b>162,997</b>
<b>Total assets</b>	<b>361,451</b>	<b>Total liabilities and net assets</b>	<b>361,451</b>

## Non-Consolidated Statement of Income

(from April 1, 2010 to March 31, 2011)

	(¥Millions)	(¥Millions)
<b>Operating revenue</b>		
Net sales	2,844	
Operating revenue	<u>22,074</u>	24,919
<b>Operating expenses</b>		
Cost of sales	2,746	
Operating expenses	<u>19,861</u>	22,607
<b>Operating income</b>		<b>2,312</b>
<b>Non-operating income</b>		
Interest and dividends income	3,805	
Miscellaneous income	<u>277</u>	4,083
<b>Non-operating expenses</b>		
Interest expense	2,448	
Miscellaneous expenses	<u>122</u>	2,570
<b>Ordinary income</b>		<b>3,824</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	30,182	
Gain on sales of subsidiaries and affiliates' stocks	<u>1,729</u>	31,912
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	45	
Loss on valuation of subsidiaries and affiliates	31,787	
Other	<u>3,574</u>	35,407
<b>Income before income taxes</b>		<b>328</b>
Income taxes-current	9,540	
Income taxes-deferred	<u>261</u>	9,801
<b>Net loss</b>		<b>(9,472)</b>

## Non-Consolidated Statement of Changes in Net Assets

(¥ Millions)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total stockholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings	Retained earnings brought forward	Total retained earnings		
Balance at March 31, 2010	47,586	56,777	39	56,817	11,515	26,793	19,394	57,703	(7,288)	154,817
Changes of items during the period										
Dividends from surplus				-			(2,501)	(2,501)		(2,501)
Net loss for the year				-			(9,472)	(9,472)		(9,472)
Purchase of treasury stock				-				-	(11)	(11)
Disposal of treasury stock			(0)	(0)					1	1
Net changes of items other than shareholders' equity				-						-
Total changes of items during the period	-	-	(0)	(0)	-	-	(11,974)	(11,974)	(10)	(11,984)
Balance at March 31, 2011	47,586	56,777	39	56,817	11,515	26,793	7,420	45,729	(7,299)	142,832

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at March 31, 2010	51,183	51,183	206,001
Changes of items during the period			
Dividends from surplus		-	(2,501)
Net loss for the year		-	(9,472)
Purchase of treasury stock		-	(11)
Disposal of treasury stock		-	1
Net changes of items other than shareholders' equity	(31,019)	(31,019)	(31,019)
Total changes of items during the period	(31,019)	(31,019)	(43,004)
Balance at March 31, 2011	20,164	20,164	162,997