





Note to Readers

We have combined the Annual Report and the CSR Report.

Fuji Electric has up to now released our Annual Report, in which we report on our company's management policies and strategies, as well as our results and financial condition, every year. We have also been publishing our annual CSR Report, in which we report on our environmental and social efforts toward realizing a sustainable society.

In fiscal 2011, we elected to merge these reports into a single volume entitled the Fuji Electric Report, which focuses on our management activities in fiscal 2010.

This report covers many items of concern to our stakeholders as noted in surveys, as well as themes of particular importance to Fuji Electric.

For example, the Special Feature in this report introduces our company's "energy and environment" business, which contributes to the resolution of global-scale environmental issues. The CSR Report discusses our response to the Great East Japan Earthquake and topics such as "Customers," "Suppliers," "Employees," and "Community Contribution Activities" in its social reporting, and also introduces our "Efforts to Prevent Global Warming" in its environmental reporting.

Scope of the Report

In principle this Report covers Fuji Electric Co., Ltd. and its consolidated subsidiaries. In this Report, "Fuji Electric" refers to the Company and its affiliates, while "Fuji Electric Co., Ltd." refers to Fuji Electric alone.

Publication Date

This report: October 2011

Next report: Planned for August 2012

Period of the Report

This report covers fiscal 2010 (April 1, 2010, to March 31, 2011). Although the report focuses on the results of fiscal 2010 business activities, descriptions of some earlier and some more recent initiatives are also included from the standpoint of continuity of activities.

Cautionary Statement With Respect to Forward-looking Statements

Statements made in this report with respect to Fuji Electric's plans, strategies, and future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. Potential risks and uncertainties include: (1) sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from revisions to trade regulations; (2) exchange rates, particularly between the yen and the U.S. dollar and Asian and European currencies; (3)

the ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technologies in a timely manner and to manufacture them in a cost-effective way; (4) the rapid pace of technological innovation, especially in the field of electronics; (5) sudden changes in the supply and demand balance in the markets Fuji Electric serves; (6) problems involving the intellectual property rights of Fuji Electric and other companies; (7) fluctuations in Japanese stock markets; and other risk factors. Accordingly, actual results could differ from those contained in any forward-looking statement.



Our geothermal business, which is gaining attention as a form of renewable energy, is growing.

P11



We are expanding our business in the Chinese market, which has an increasing need for energy conservation and environmental protection.

P15



We ensure stable operations at customer facilities through our post-delivery maintenance service.

P37



We contribute to improving regional infrastructure through our products.

P40

CONTENTS

Fuji Electric in Society	3
Consolidated Financial Highlights	5
President's Message	7



Focus on the Field of Energy and Environment

I Leading the World in Geothermal	11
II Creating Smart Communities	13
III Expanding Environmental Business in China	15

Business Report 17

Segment Overview	18
Energy	19
Industrial Systems	20
Social Systems	21
Power Electronics	22
Electronic Devices	23
ED&C Components	24
Vending Machines	25
Overseas Operations	26
Research and Development	27
Intellectual Property	29

CSR Report 30

Fuji Electric's CSR Philosophy	31
Our Response to the Great East Japan Earthquake	33
Social Report	35
Environmental Report	41

Management Structure 47

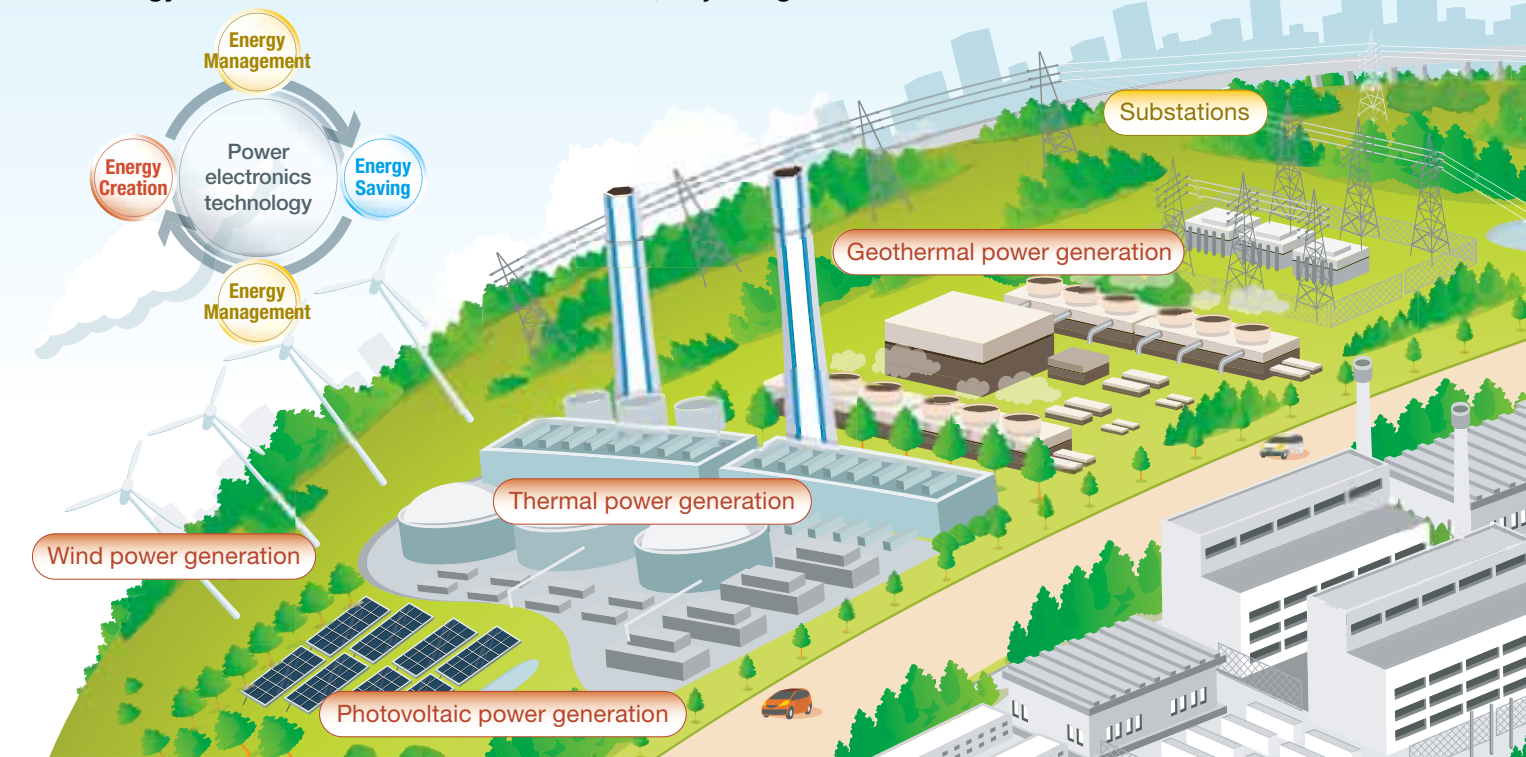
Corporate Governance	48
Compliance/Risk Management	50
List of Officers	51

Financial/Company Information 52

Financial Information	53
Consolidated Subsidiaries and Equity-method Affiliates	59
Company Information/Stock Information	61
Third-Party Opinion	62

Using Technology to Unlock the Potential of Electricity to Contribute to Creating Next-Generation Communities in Harmony with Nature

Fuji Electric is contributing to the future “smart” society through a variety of products utilizing our power electronics technologies, in everything from power creation in the area of power supply, energy conservation in the area of demand, to joining the two.



Energy Creation

At power plants:



Steam turbines



Turbine generators



Power conditioners using solar power



Solar cells



Phosphoric acid fuel cells

Energy Management

From the perspective of electrical power monitoring:



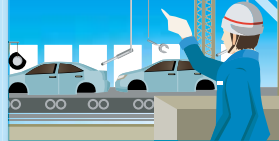
Electric monitoring control systems



Smart meters

Energy Saving

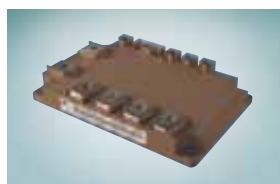
At factories:



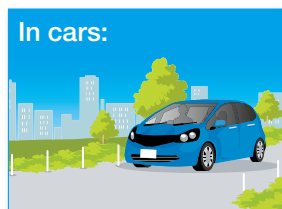
Inverters



High-efficiency synchronous motors



Industrial-use IGBT modules



IGBT modules for EVs/HVs



Main converters



Local air-conditioning systems



Eco-friendly switchboards



Quick chargers for EVs



Linear door systems



Uninterruptible power supply systems (UPSs)



Magnetic contactors



*IDC: Internet data center

Consolidated Financial Highlights

Millions of yen

Thousands of
U.S. dollars*1

Fiscal year	2006	2007	2008	2009	2010	2010
-------------	------	------	------	------	------	------

Operating Results

POINT1	Net sales	¥ 908,059	¥ 922,172	¥ 766,637	¥ 691,223	¥ 689,065	\$ 8,301,989
POINT2	Operating income (loss)	46,208	35,883	(18,855)	924	11,917	143,580
POINT3	Net income (loss)	23,142	16,792	(73,306)	6,757	15,104	181,979

Cash Flows

	Cash flows from operating activities	¥ 12,764	¥ (13,195)	¥ 23,101	¥ 11,923	¥ 53,853	\$ 648,833
	Cash flows from investing activities	(34,440)	(36,694)	(12,278)	(528)	84,241	1,014,960
POINT4	Free cash flow	(21,676)	(49,889)	10,823	11,395	138,094	1,663,794
	Cash flows from financing activities	18,756	54,211	53,753	(62,575)	(93,468)	(1,126,127)
	Cash and cash equivalent	19,135	22,092	85,365	37,283	81,796	985,502

Equipment and R&D Investment

	Plant and equipment investment*2	¥ 71,450	¥ 75,260	¥ 33,457	¥ 19,124	¥ 27,223	\$ 327,999
	Depreciation and amortization*3	17,544	21,528	23,919	26,053	27,945	336,693
	R&D expenditures	32,554	31,260	30,394	24,296	32,568	392,394

Financial Position

	Total assets	¥ 1,024,832	¥ 1,035,951	¥ 908,941	¥ 908,938	¥ 805,797	\$ 9,708,398
	Total net assets	284,553	263,255	146,113	196,134	174,935	2,107,656
	Interest-bearing debt	299,908	356,226	416,083	359,790	274,019	3,301,436

Ratios

	Total net assets ratio (%)	26.8	24.6	14.3	19.7	19.3	—
	Debt-equity ratio (times)*4	1.1	1.4	3.2	2.0	1.8	—
	Net debt-equity ratio*5	1.0	1.3	2.5	1.8	1.2	—
	Return on equity (ROE) (%)	8.4	6.3	(38.1)	4.4	9.0	—
	Return on assets (ROA) (%)	2.3	1.6	(7.5)	0.7	1.8	—

Per Share Data

	Yen				U.S. dollars*1	
Net income (loss)	¥ 32.37	¥ 23.49	¥ (102.57)	¥ 9.46	¥ 21.14	\$ 0.255
Cash dividends	8.00	8.00	4.00	1.50	4.00	0.048
Net assets	384.53	355.98	182.37	250.28	217.40	2.619

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥83=U.S.\$1, the approximate exchange rate at March 31, 2011.

*2 Plant and equipment investment is the total of investment in tangible fixed assets and acquisition amounts for lease contracts.

*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.

*4 Debt-equity ratio: Interest-bearing debt/Net assets

*5 Net debt-equity ratio: Net interest-bearing debt (interest-bearing debt—cash and cash equivalents)/Net assets

FY2010 POINT 1

Net sales

Net sales decreased ¥2.2 billion year on year, to ¥689.1 billion. The Semiconductor and the ED&C Components businesses saw significant year-on-year increases thanks to support from expanding markets in Asia, centered on China. However, other businesses experienced year-on-year decreases due to the reduction of orders in the previous fiscal year as well as the effects of the disaster.

FY2010 POINT 2

Operating income

While we experienced some negative effects due to the strength of the yen, owing to higher sales in the Semiconductor and the ED&C Components businesses and the results of business restructuring in the previous fiscal year, operating income was ¥11.9 billion, a year-on-year improvement of ¥11.0 billion.

FY2010 POINT 3

Net income

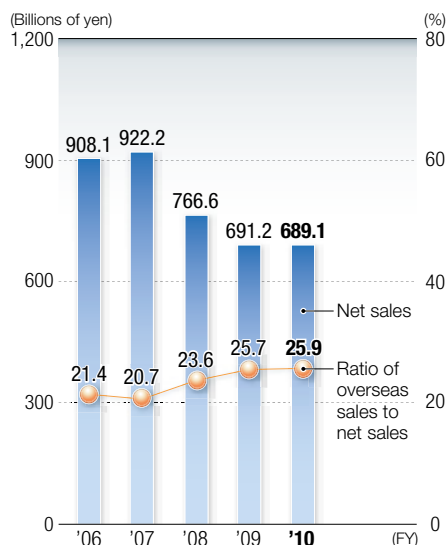
Net income improved ¥8.3 billion year on year, to ¥15.1 billion, due to the recording of gain on sales of investment securities of ¥30.8 billion in extraordinary income.

FY2010 POINT 4

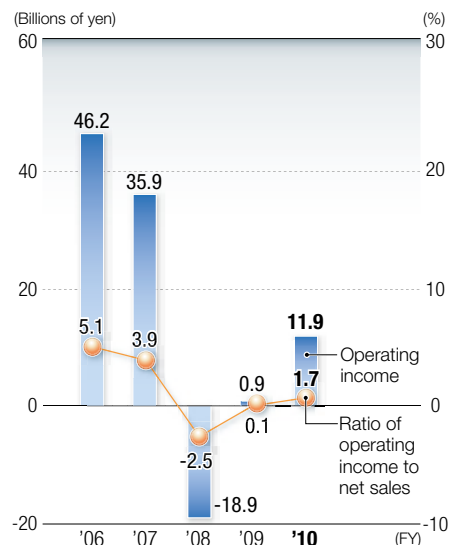
Free cash flow

Consolidated free cash flow was ¥138.1 billion, an improvement of ¥126.7 billion compared to the previous fiscal year. This was mainly due to successful efforts to promote the recovery of trade receivables, which boosted working capital, and proceeds from sales of investment securities.

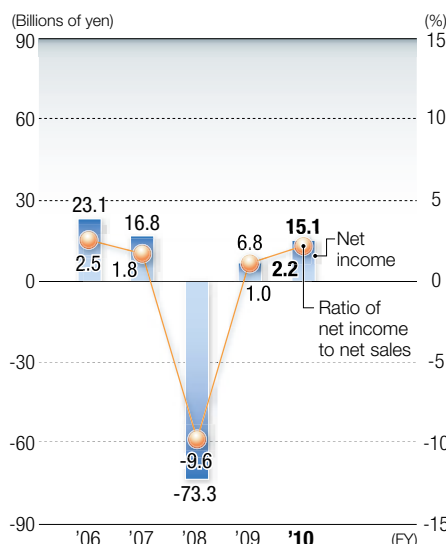
Net Sales/ Ratio of Overseas Sales to Net Sales



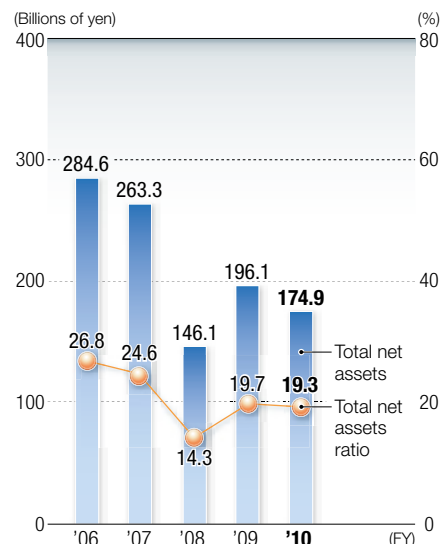
Operating Income/ Ratio of Operating Income (Loss) to Net Sales



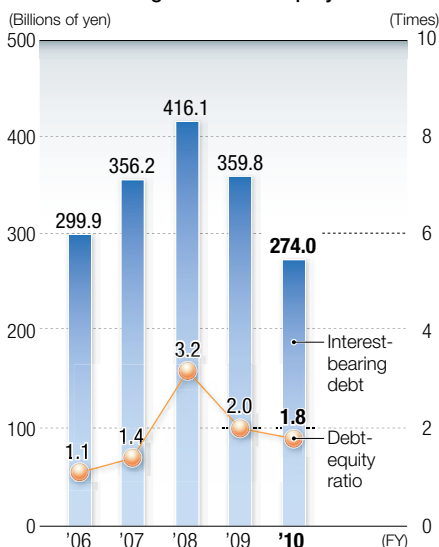
Net Income/ Ratio of Net Income (Loss) to Net Sales



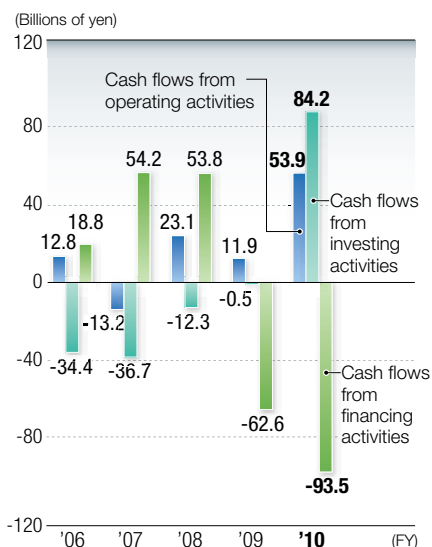
Total Net Assets/ Total Net Assets Ratio



Interest-bearing Debt/Debt-equity Ratio



Cash Flows



We aim to be a leading-edge company in the field of energy and environment.



I would like to begin by thanking everyone for their support and interest in our company.

On behalf of everyone at Fuji Electric, I would like to express our deepest sympathies and concern for all victims of the Great East Japan Earthquake. We pray for the earliest possible recovery from the damage caused by that disaster.

In April 2011, we merged Fuji Electric Holdings Co., Ltd. with its wholly owned subsidiary Fuji Electric Systems Co., Ltd., heralding the start of the New Fuji Electric. Our management policies of “expanding our business on a global scale” and “focusing on energy and the environment” are geared toward achieving continuous growth, based on our corporate philosophy of acting as “a responsible corporate citizen in a global society to strengthen our trust with communities, customers and partners.”

Global warming is an emblematic environmental issue that currently influences the economic policies of many countries. The occurrence of the Great East Japan Earthquake increased the sense of urgency about energy-related issues, and people across the

Corporate Philosophy

Corporate Mission

We, The Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners. Our mission is to: Contribute to prosperity, encourage creativity and seek harmony with the environment.

Slogan

To be enthusiastic, ambitious and sensitive.

Management Policies

1. Expand our business on a global scale and promote self-contained operational management based on a global perspective.
2. Expand business development with a focus on “energy and the environment.”
3. Respect employee ambitions and deploy a strong team of diverse human resources.

globe are taking a new look at energy sources as well as how energy is used.

Fuji Electric would like to offer comprehensive proposals for creating next-generation cities and towns that exist in harmony with nature. Our energy and environment business has three pillars, the first being “energy creation,” which offers the ability to supply environmentally-friendly energy through the use of power semiconductors, power distribution and control equipment, and other key components based on the power electronics technologies we have developed to “unlock the potential of electricity” since our founding. The second pillar is “energy conservation,” by which we aim for energy efficiency. Finally, we offer “energy management,” which ties together energy creation and conservation. We offer a lineup of products and systems employing these technologies that allows us to do our best to satisfy our customers and be of value to them.

Next, I would like to introduce the fiscal 2011 measures by which we can realize our management goals.

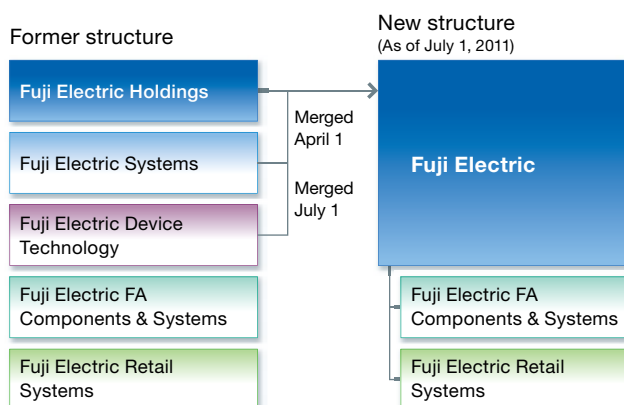
Improving Our Integrated Operational Management Structure

In addition to merging Fuji Electric Holdings Co., Ltd. with Fuji Electric Systems Co., Ltd. in April 2011, Fuji Electric Device Technology Co., Ltd., our magnetic disk company, was merged into Fuji Electric Co., Ltd. in July of this year, improving our integrated operational management structure. At the same time, we also amended our management structure, going from 53 to 18 executive officers. This speeds up the decision-making process and clarifies executive responsibilities.

We have also reorganized the segments of our energy and environment business, the better to weave them together as they grow. We have divided them into six main business categories, and are quickly proceeding to develop products and systems with power electronics at their core, so as to realize “energy creation,” “energy conservation,” and the “energy management” that ties them together.

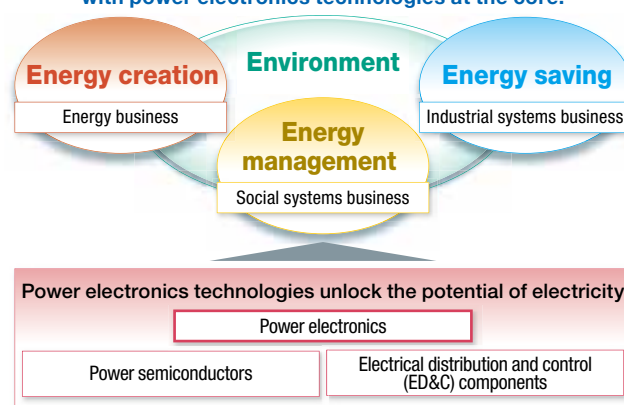
Launch of the New Fuji Electric

Improving our integrated operational management structure for our energy and environment business



Fuji Electric's Energy and Environment Business

Developing business in the energy creation, energy management, and energy conservation segments, with power electronics technologies at the core.



Drawing up Our 10-Year Vision for Customer-Oriented Management Structure

Taking the customer's perspective is vital to providing the products the market demands, and therefore we newly established the Corporate Marketing Headquarters in April 2011. This unit is responsible for marketing activities and drawing up our 10-Year Vision, which is the long-term business strategy aligned to Fuji Electric's technologies and products. Our Sales Headquarters establishes Three-Year Rolling Plans based on the 10-Year Vision and the current market environment, based upon which our Operating Headquarters develop products and systems. Our integrated management structure is composed of these three segments.

Thorough Strengthening of Our Manufacturing Capability

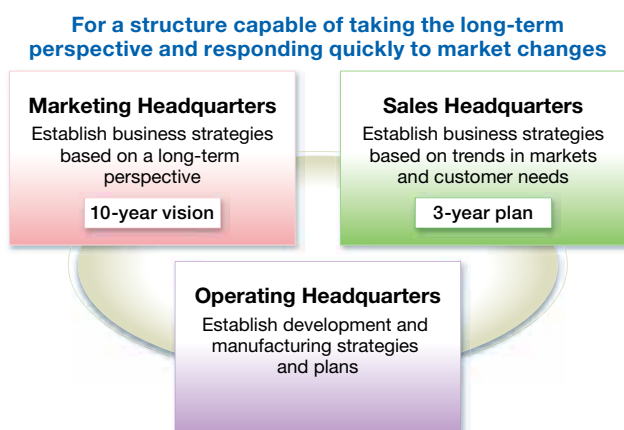
Manufacturing capability is vital to creating products that anticipate customer needs. We have made our Saitama factory the home base of our production technology division, so as to strengthen our equipment and production technology capabilities. Our engineering and skills training, which supports our

production technologies, is concentrated there. We have also continuously moved forward with supply chain innovations, such as thorough inventory compression and visualization. In addition, we are pursuing a concentrated purchasing strategy and expanding our global procurement, so as to further enhance our cost competitiveness.

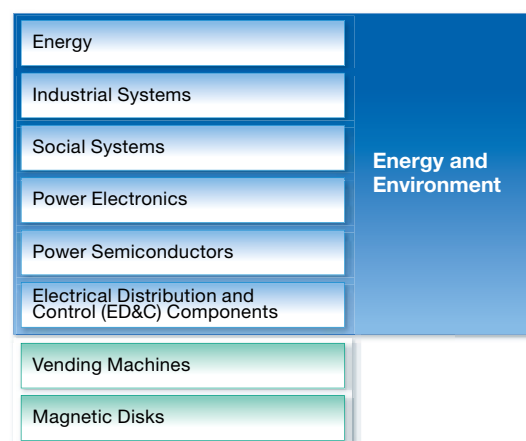
Expanding Our Energy and Environment Business

While facility investment is down in Japan, we foresee restoration and recovery demand resulting from the Great East Japan Earthquake, as well as continued strength overseas, especially in Asia. Taking these market circumstances into consideration, Fuji Electric is expanding energy and environment business. We foresee sales in FY2011 rising ¥40.9 billion over the previous year to ¥730 billion, but the energy and environment business is expected to exceed that increase, with ¥47.4 billion forecast. We also foresee a major year-on-year increase of ¥10.1 billion in earnings, to ¥22 billion, with energy and environment business taking up about 90% of that amount and driving profits. We are also focusing our R&D and facility investment

Targeting Market and Customer-based Management



Fuji Electric Business Structure



resources in energy and environment in FY2011, fine-tuning our strongest field, power electronics, so as to expand our energy and environment business globally.

Completion of Restructuring in Our Magnetic Disk and Vending Machine Businesses

Other than our energy and environment business, we are also taking steps to restructure the business that have posed management issues, magnetic disks and vending machines. We are making changes in these businesses so as to achieve stable profits.

We finalized the transfer and concentration of all magnetic disk business functions, including sales, development, and production, to Malaysia by the end of June of this year, to enable us to respond flexibly to rapid changes in the HDD environment. This move took place well ahead of the initially schedule, which had placed the move at the end of March 2012. In our vending machine business, by the end of June of this year we had also transferred and concentrated all Tokyo headquarters functions as well as all Saitama factory functions to our Mie factory. We achieved further efficiency in our operational structure by integrating and

restructuring our vending machine sales bases.

For Continuous Social Development

Fuji Electric pledged participation in the UN Global Compact (GC) in February 2010. We view the 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption as vital guidelines in our global business development, and will work to realize them through adherence to the Fuji Electric Code of Conduct.

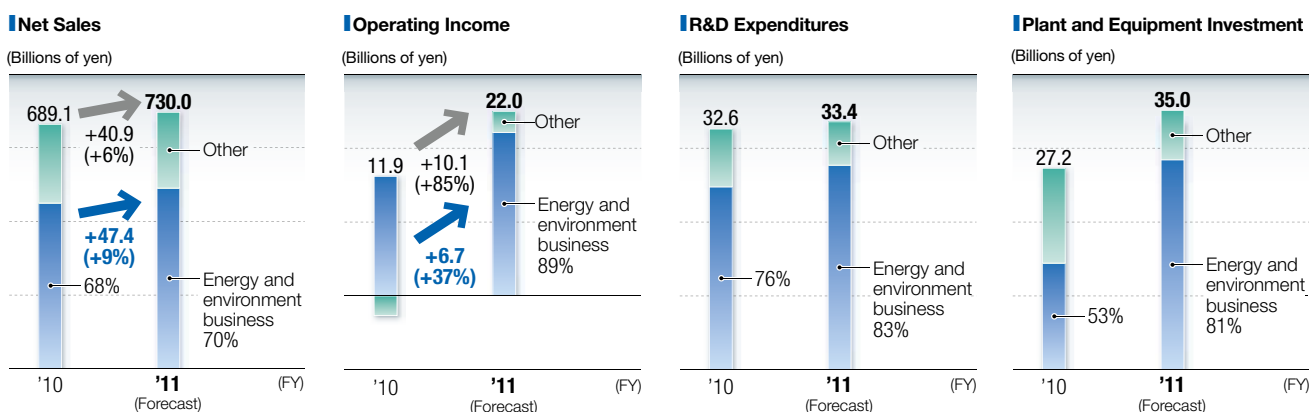
Contribution to the continuous development of the global community through our energy and environment business is a fundamental principle of Fuji Electric's management. We wish to continue to be a company that is needed by our stakeholders, and will do all we can to earn their understanding and support.

August 2011



Michihiro Kitazawa
President and Representative Director
Fuji Electric Co., Ltd.

Fiscal 2011 Results Forecast/R&D Expenditures and Plant and Equipment Investment Plan



Note: Amounts for the share of the energy and environment business are calculated prior to adjustment for inter-unit transactions.

Leading the World in Geothermal

Fuji Electric as the geothermal power total coordinator

Delivering Geothermal Equipment around the Globe

Japanese geothermal technology leads the field globally, with three Japanese companies taking up about 70% of the world market in geothermal equipment (maximum capacity equipment).

One of these is Fuji Electric. Fuji Electric has been delivering steam turbines and power generators, which are the main equipment in geothermal, to countries around the world such as the United States, Indonesia, the Philippines, and New Zealand since the 1960s.

In May 2010, we delivered all of the equipment used in the world's largest single unit geothermal power generation facility, with a capacity of 140 MW, to the Nga Awa Purua Geothermal Power Station in New Zealand. Fuji Electric now goes beyond manufacturing steam turbines and generators, and as a geothermal total

coordinator provides everything from peripheral equipment through building construction. Our strength in geothermal power is recognized worldwide.

Fuji Electric Geothermal Power Generation Facilities in Operation Worldwide

As of March 31, 2011; From Fuji Electric's delivery records



Sales Launch of Binary Generators Expands Geothermal Potential

Geothermal power generation generally requires steam of 150°C and up to spin the turbines, but Fuji Electric has developed binary generation technology that enables power to be generated at lower temperatures from geothermal sources. This equipment went on the market in May 2010.

In addition to making possible the use of lower temperature sources, binary generation also makes use of the low-temperature hot water that is returned after being used to generate geothermal power, expanding the geothermal usage range.

Comment

Improving Global Competitiveness

Fuji Electric is a Corporate Member of the Japanese Business Alliance for Smart Energy Worldwide*, and chairs a working group (WG) within that organization formed to promote the spread of geothermal energy. This WG has joined forces with the Japanese government and other geothermal energy-related companies to create an "all-Japan alliance" that is moving forward with the search for geothermal sources worldwide. The focus of this search is currently Indonesia, which is rapidly expanding geothermal development. Indonesia is pursuing a policy for adding around 4,000 MW to its current geothermal capacity of 1,200 MW by 2014. We see this as great opportunity to expand our business.

Fuji Electric will continue to improve global competitiveness, driving worldwide geothermal business as the all-Japan leader.



Shigeto Yamada (left)
Aiko Kitajima (right)
Energy Business Headquarters
Fuji Electric Co., Ltd.

* **Japanese Business Alliance for Smart Energy Worldwide:** A private and public sector alliance formed in October 2008 with the goal of promoting Japanese energy-saving and renewable energy products and technologies worldwide, and to build a global framework for doing so.

After-Service Focus

Fuji Electric also focuses on post-delivery after-service. In 2008 we established our Operation Support Center within the Kawasaki Factory, to enable us to confirm the operational status of the geothermal equipment we had delivered worldwide. The center takes in data concerning items such as steam flow, production of electricity and turbine pressure, and uses that to estimate the equipment's future status and propose maintenance options to the customer.



Operation Support Center

Column

Geothermal Is Easy on the Earth

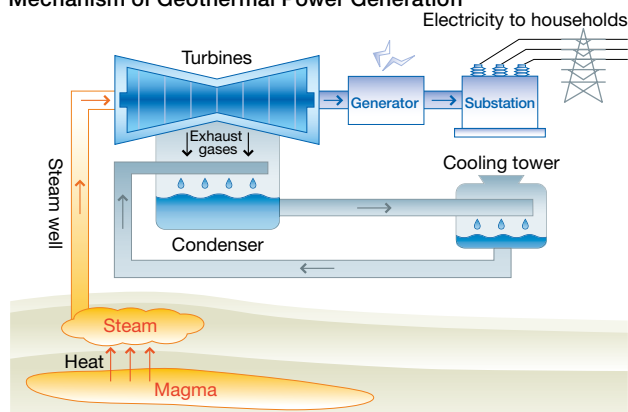
Stable, Low CO₂ Emissions Power

Geothermal is a renewable form of energy by which underground water heated by magma pools provides steam to spin a turbine, generating power. This makes it unnecessary to burn fossil fuels, and compared to other methods of power generation it has the advantage of emitting

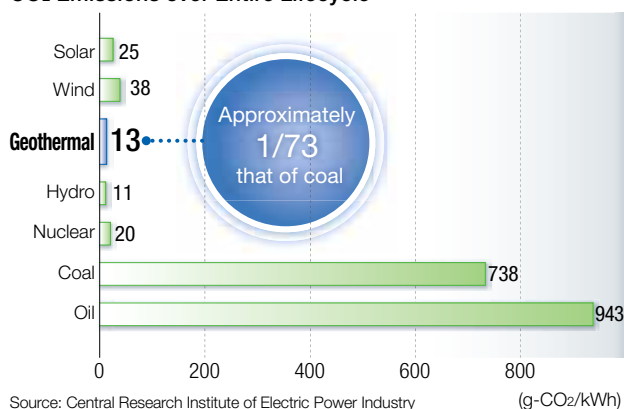
exceptionally low volumes of CO₂ during operation.

Unlike wind and photovoltaic power generation, which are also renewable energy sources, geothermal is a stable power source because it is unaffected by the weather or climatic conditions, and facility utilization efficiency is also high.

Mechanism of Geothermal Power Generation



CO₂ Emissions over Entire Lifecycle



Geothermal's Great Future Potential

It is said that there are sufficient geothermal sources to generate around 140,000 MW worldwide, but up to now only about 10,000 MW have been developed, so the potential is great. Japan is third in the world in geothermal sources, but most of that is in places such as national parks, so there has been no new geothermal power facility construction for more than 10 years. Geothermal power is expected to come to play a bigger role as laws are revised and regulations relaxed.

Geothermal Source Ranking

Country	United States	Indonesia	Japan	Philippines	Mexico
Geothermal resource volumes (MW)	30,000	27,790	23,470	6,000	6,000

II Creating Smart Communities

Contributing to building next-generation towns through a broad array of products and technologies

Energy and Environment Products and Technologies Contributing to the Smart Community Market

The creation of environmentally friendly smart communities, which conserve energy and resources across the entire infrastructure, including power, water, traffic, and communications, is greatly anticipated.

Fuji Electric offers a wide variety of products and technologies for the smart community market. For example, we provide energy creation products and technologies such as power conditioners for use in solar and wind power generation, which face power volume

stability issues due to weather. We also make energy management products and services, such as grid connection and distribution control systems for controlling power transmission, and smart meters that measure the power consumption of residences and other buildings. We also make energy-saving products for efficient power use, such as power electronics, which includes power semiconductors, inverters and other products.

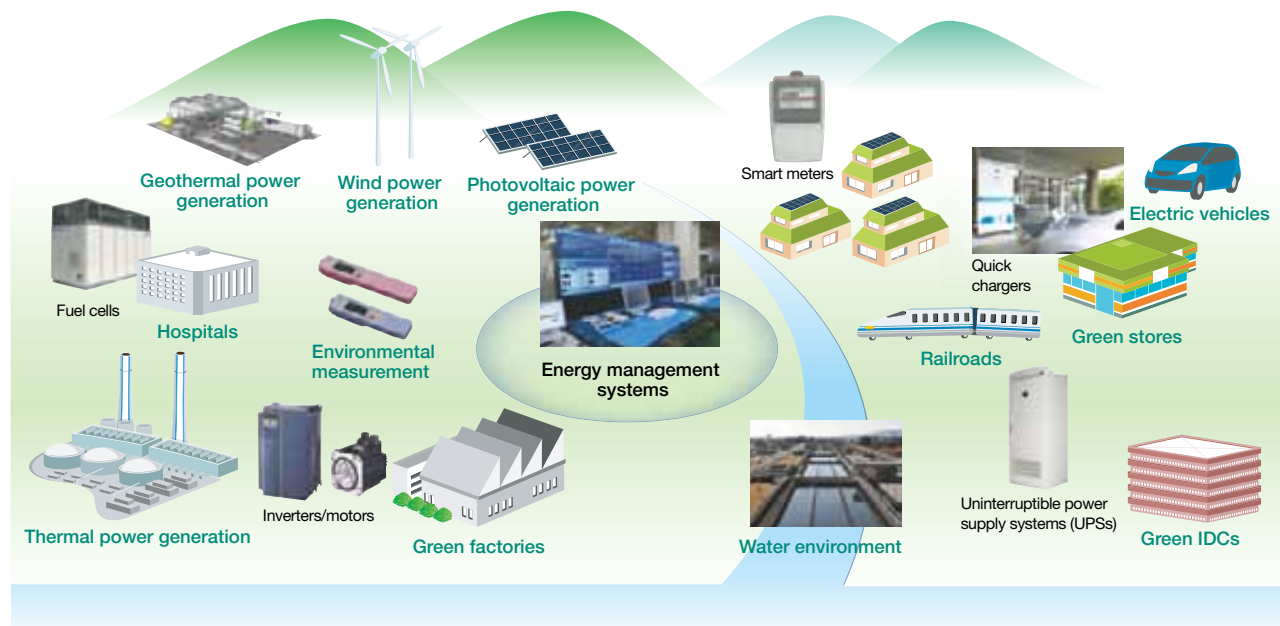
Participation in Proving Tests and Examination in Japan and Overseas

Proving tests are underway in Japan and abroad with the goal of creating smart communities. In Japan, Fuji Electric is participating in smart community proving tests in Kitakyushu (Fukuoka) and Kansai Science City (Kyoto), and smart grid proving tests in Kyushu and Okinawa. Overseas we have been involved in proving tests, as well as examination of smart communities, in New Mexico, USA, as well as in India and Indonesia.

The projects in Kyushu and Okinawa began in 2010 with the start of proving tests on renewable energy projects introduced on nine remote islands, producing results. Also, Fuji Electric was one of the core companies in the proving tests in Kitakyushu. We continue to contribute to the creation of smart communities by offering products and technologies such as energy management and smart meters to the entire region.

Smart Communities

Comprehensive proposal for building next-generation towns in harmony with nature



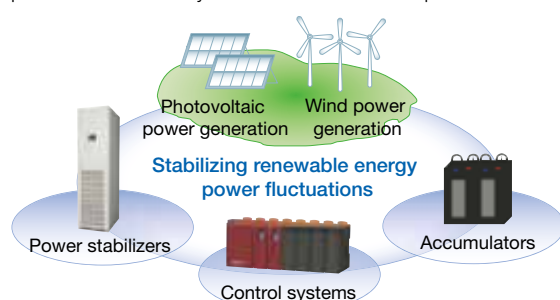
Example 1

Remote island micro-grid system proving tests

Providing Stable Power to Remote Islands

We have been looking into the use of renewable energy on remote islands out of the reach of the mainland power grid, from the perspective of both environmental protection and the “local production/local consumption” philosophy.

Fuji Electric is participating in proving tests for remote micro-grid systems on nine islands, six off Kagoshima and three that are part of Okinawa. We are mainly tasked with using our power electronics technology that unlocks the potential of electricity to monitor and control power.



We have sought to find ways to stabilize the power supply from solar and wind sources, which can fluctuate due to weather changes, as well to tie it in with the existing diesel generator-supplied network, and to conduct research into ways to make that run more efficiently.

We also plan to expand this field overseas, especially in such Southeast Asian countries as Indonesia, where there are many remote islands.

Hideto Shirai

Smart Community Business
Department, Social Systems
Business Headquarters
Fuji Electric Co., Ltd.



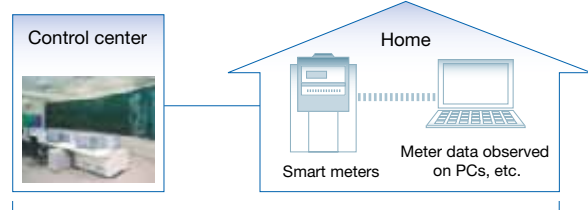
Example 2

Developing smart meters

Accurate Energy Management that Makes Power Use “Visible”

Smart meters are like the watt-hour meters found in every home, but with communications and other functions built in. Smart meters make the power used by every home “visible.”

The use of the data acquired from smart meters makes it possible to estimate power demand corresponding to season, time, and regional characteristics. They offer accurate,



no-waste energy management.

Also, the consumers themselves can observe meter data through the use of monitors and PCs in homes, creating better energy conservation awareness in society as a whole.

Fuji Electric also participated in the smart meter field in the proving tests for the Smart Community Creation Business underway in Kitakyushu. By building upon these results we can increase reliability, which will increase the acceptance of smart meters.

Hideki Matsuda

Smart Community Business
Department, Social Systems
Business Headquarters
Fuji Electric Co., Ltd.





Expanding Environmental Business in China

Strengthening our China business promotion structure in response to the needs of the market

Focus on Energy Conservation and Environmental Market

China's GDP surpassed Japan's in 2010 making it the world's second largest economy, and is forecast to experience a high rate of growth of roughly 9% in 2011. China is also engaged in energy conservation and environmental measures as national policy (12th Five-Year Plan), and by 2015 its environmental market is expected to reach ¥56 trillion. The Chinese market is therefore naturally of great importance to Fuji Electric as we try to grow the energy and environment business.

We are offering highly competitive inverters, power semiconductors, and other energy-saving products to the industrial segment such as factory production line equipment, air conditioning and other electrical equipment that uses large amounts of power, and to the social

segment such as buildings, water treatment plants, and other facilities for which investment demand is expected. Net sales in China in FY2010 is ¥49 billion, which makes up about 30% of our overall overseas net sales.

Main markets and products

Plants (production lines, air conditioning, etc.)

Inverters, motors, power semiconductors, magnetic contactors, earth-leakage circuit breakers, temperature controllers, etc.



General-purpose inverters

Buildings (elevators, air conditioning, etc.), water treatment plants

Inverters, motors, etc.



Power semiconductors

Expanding Business through Locally Based Business Structures

Fuji Electric is aiming to be known as "Global Fuji Electric," and therefore we are expanding our overseas business. In FY2010 we established Fuji Electric (China) Co., Ltd. in Shanghai to manage the overall China market. We are also expanding our sales and production bases in China, strengthening our human resources and shoring up our business structure by laying out a new business system intended to speed up business expansion. In addition, we are strengthening our marketing activities in China.

We are currently proceeding with product development, centering on inverters, that meets Chinese customer needs. We are also seeking to expand our business by making local production easier through more local parts procurement, as well as by product development aimed at cost reduction.

We will also focus on the EV and smart city markets, which are expected to grow.

Comment

Targeting a Doubling of Sales I Want to Grow Sales of Fuji Electric Products

I am mainly in charge of sales through sales distributors geared toward expanding the sales of Fuji Electric products in the Chinese market. In contrast with Japan, there are some cases in China in which the sales distributor itself conducts the business, and each sales distributor is characterized by having strengths in particular markets.

Therefore, I try to understand the issues faced by each distributor and each major customer, to see what products they require and to get a detailed understanding of their needs. In addition, I try to offer solutions to their needs by using Fuji Electric products. As a result of these efforts, I have been able to broadly expand the number of sales distributors and end users in just a single year, increasing sales.

My next target is to double sales of Fuji Electric products in the Chinese market. Achieving that target means conducting steady marketing and making the Fuji Electric brand well-known in the Chinese market.



Gong Xiaozhou

Commercial Sales Department
Power Electronics Sales Division
Fuji Electric (China) Co., Ltd.

Expanding Local Production of Inverters

Fuji Electric is expanding production in China of general-purpose inverters, which are a key energy-saving component. As of July 2011, about 50% of production was being handled by Wuxi Fuji Electric FA Co., Ltd. ("Wuxi Fuji Electric").

Wuxi Fuji Electric began operations in 1998, offering a various lineup of inverters, for general industry, air conditioning controls, elevators, etc., in China as well as to the entire world. The company is looking to increase production to meet anticipated growing demand in the inverter market.

Wuxi Fuji Electric also began making high-pressure

inverters for water treatment plants, which require a large amount of power, in FY2009, and is planning to expand sales broadly in FY2011.



Wuxi Fuji Electric



High-pressure inverter, for which we anticipate expanding sales in the Chinese market

Meeting Market Needs through Thorough Localization

Our factory started out with around 60 employees when first established, but since then we have grown steadily, and as of June 2011 our workforce had reached about 460. Many of our core employees are Chinese, and we are creating a structure that can handle all market needs, from design through manufacturing.

We are focusing on human resources development, such as introducing a training system for developing the skill level necessary for specialization, so as to achieve strong craftsmanship.



Wuxi Fuji Electric production site

Comment

Focusing Human Resources Training to Improve Quality

Wuxi Fuji Electric strengthens human resources training based on our philosophy "People make quality." For example, we have created a Technical Certification System for screw tightening, soldering, and other important basic work, as well as for tasks such as product assembly and inventory control. The acquisition of internal qualifications is an employee requirement. This gives employees control over their skill level, and provides motivation because employee skill level is reflected in compensation.

We also put effort into CSR. In FY2010, of the 4,500 companies attached to the new industrial park, we placed among the top 50 "Corporate CSR Leaders." It was the third year in row that we were chosen for this commendation, and the reasons given for the selection included local volunteer activities in our community, our emphasis on human resource training and safety controls, ISO 14001 acquisition, efforts toward environmentally friendly operations, and our building of an appropriate management-labor relationship. Our selection as a Corporate CSR Leader encourages us to continue to strive for a workplace environment in which our employees can advance along with the company.



Li Hao, Xia Yuhua,
Huang Fei, Liu Wenyu
(from the left)


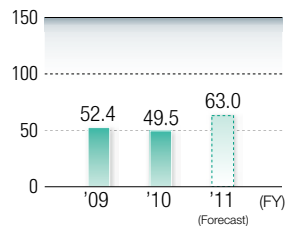
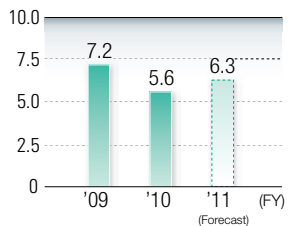

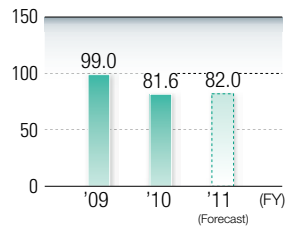
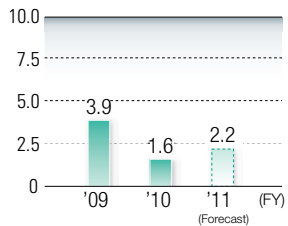

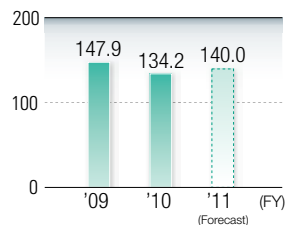
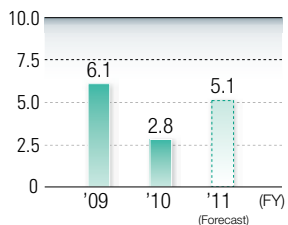
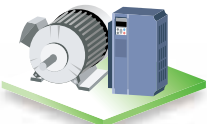
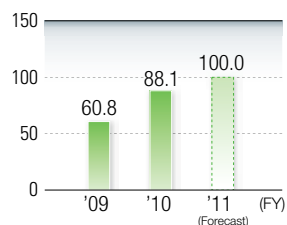
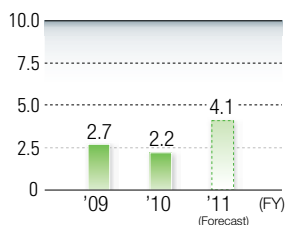
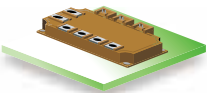
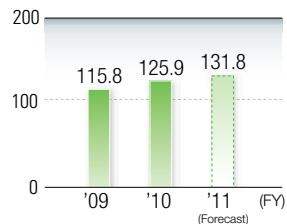
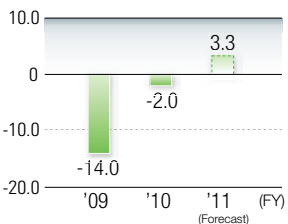

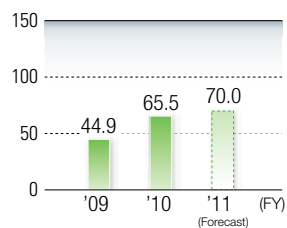
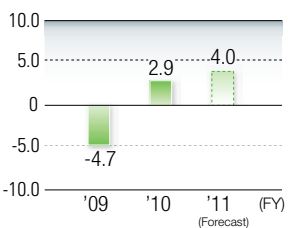

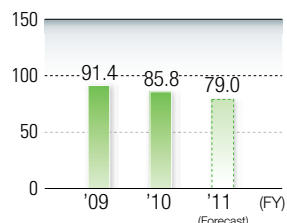
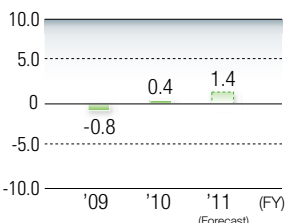
Wuxi Fuji Electric FA Co., Ltd.



Business Report

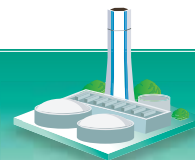
Segment Overview	18
Energy	19
Industrial Systems	20
Social Systems	21
Power Electronics	22
Electronic Devices	23
ED&C Components	24
Vending Machines	25
Overseas Operations	26
Research and Development	27
Intellectual Property	29

Segment Overview

Mainstay Products		Net Sales (Billions of yen)	Operating Income (Loss) (Billions of yen)																	
Plant																				
<div>Energy</div> <div></div>	<ul style="list-style-type: none">Thermal/geothermal power generation facilitiesHydroelectric power generation facilitiesNuclear power-related equipmentRadiation control systems	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Net Sales</td><td>52.4</td><td>49.5</td><td>63.0</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Net Sales	52.4	49.5	63.0	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Operating Income</td><td>7.2</td><td>5.6</td><td>6.3</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Operating Income	7.2	5.6	6.3	▶P19
FY	'09	'10	'11 (Forecast)																	
Net Sales	52.4	49.5	63.0																	
FY	'09	'10	'11 (Forecast)																	
Operating Income	7.2	5.6	6.3																	
<div>Industrial Systems</div> <div></div>	<ul style="list-style-type: none">Industrial drive systemsMeasurement systemsIndustrial power supply systemsAir conditioning equipment for data centers	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Net Sales</td><td>99.0</td><td>81.6</td><td>82.0</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Net Sales	99.0	81.6	82.0	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Operating Income</td><td>3.9</td><td>1.6</td><td>2.2</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Operating Income	3.9	1.6	2.2	▶P20
FY	'09	'10	'11 (Forecast)																	
Net Sales	99.0	81.6	82.0																	
FY	'09	'10	'11 (Forecast)																	
Operating Income	3.9	1.6	2.2																	
<div>Social Systems</div> <div></div>	<ul style="list-style-type: none">Power transmission and distribution systemsPower receiving and distribution substation equipmentWatt-hour metersEnergy monitoring systemsNew energy systems	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Net Sales</td><td>147.9</td><td>134.2</td><td>140.0</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Net Sales	147.9	134.2	140.0	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Operating Income</td><td>6.1</td><td>2.8</td><td>5.1</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Operating Income	6.1	2.8	5.1	▶P21
FY	'09	'10	'11 (Forecast)																	
Net Sales	147.9	134.2	140.0																	
FY	'09	'10	'11 (Forecast)																	
Operating Income	6.1	2.8	5.1																	
Components																				
<div>Power Electronics</div> <div></div>	<ul style="list-style-type: none">InvertersMotorsUninterruptible power supply systems (UPSs)Electric equipment for railcarsChargers for EVs, powertrains for EVsPower conditioners	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Net Sales</td><td>60.8</td><td>88.1</td><td>100.0</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Net Sales	60.8	88.1	100.0	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Operating Income</td><td>2.7</td><td>2.2</td><td>4.1</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Operating Income	2.7	2.2	4.1	▶P22
FY	'09	'10	'11 (Forecast)																	
Net Sales	60.8	88.1	100.0																	
FY	'09	'10	'11 (Forecast)																	
Operating Income	2.7	2.2	4.1																	
<div>Electronic Devices</div> <div></div>	<ul style="list-style-type: none">Power semiconductorsPhotoconductive drumsSolar cellsMagnetic disks	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Net Sales</td><td>115.8</td><td>125.9</td><td>131.8</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Net Sales	115.8	125.9	131.8	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Operating Income</td><td>-14.0</td><td>-2.0</td><td>3.3</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Operating Income	-14.0	-2.0	3.3	▶P23
FY	'09	'10	'11 (Forecast)																	
Net Sales	115.8	125.9	131.8																	
FY	'09	'10	'11 (Forecast)																	
Operating Income	-14.0	-2.0	3.3																	
<div>ED&C Components</div> <div></div>	<ul style="list-style-type: none">Magnetic contactorsMolded-case circuit breakersEarth-leakage circuit breakersPush buttons and indicator lights	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Net Sales</td><td>44.9</td><td>65.5</td><td>70.0</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Net Sales	44.9	65.5	70.0	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Operating Income</td><td>-4.7</td><td>2.9</td><td>4.0</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Operating Income	-4.7	2.9	4.0	▶P24
FY	'09	'10	'11 (Forecast)																	
Net Sales	44.9	65.5	70.0																	
FY	'09	'10	'11 (Forecast)																	
Operating Income	-4.7	2.9	4.0																	
<div>Vending Machines</div> <div></div>	<ul style="list-style-type: none">Food/beverage vending machinesCurrency handling systems	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Net Sales</td><td>91.4</td><td>85.8</td><td>79.0</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Net Sales	91.4	85.8	79.0	 <table><thead><tr><th>FY</th><th>'09</th><th>'10</th><th>'11 (Forecast)</th></tr></thead><tbody><tr><td>Operating Income</td><td>-0.8</td><td>0.4</td><td>1.4</td></tr></tbody></table>	FY	'09	'10	'11 (Forecast)	Operating Income	-0.8	0.4	1.4	▶P25
FY	'09	'10	'11 (Forecast)																	
Net Sales	91.4	85.8	79.0																	
FY	'09	'10	'11 (Forecast)																	
Operating Income	-0.8	0.4	1.4																	



Energy



We are strengthening our power plant business by offering Fuji Electric's "energy creation," which is centered on thermal and geothermal power generation. We are working to expand orders for thermal and geothermal plants, focusing on Asian and Near and Middle Eastern markets. We are also increasing our sales of fuel cells.

In the nuclear power and radiation sector we offer the safety and security of top-quality, highly accurate radiation control and measurement systems, as well as restoration support.

(Billions of yen)

	FY2009	FY2010	FY2011 (Forecast)
Net sales	52.4	49.5	63.0
Operating income	7.2	5.6	6.3

FY2010 Results Outline

Ordering delays and the freezing of new large-scale projects in FY2009, mainly for thermal and geothermal power equipment, caused both sales and operating profits to decline in comparison to the previous fiscal year.

Nonetheless, FY2010 also saw a recovery in orders for large projects, rebounding from the curbing of investment seen in FY2009. Demand for electrical power trended strongly worldwide due to the economic recovery, and new orders in the thermal power segment increased, especially in the developing economies. In Japan we also saw lively renewal demand, such as maintenance and repairs through measures to improve lifespan and efficiency for environmental and energy conservation considerations. The nuclear and radiation sector also experienced lively demand for after-service, and orders in the energy segment overall increased.

FY2011 Market Environment

The Japanese electric power demand situation is tense due to the impact of the Great East Japan Earthquake, and while we can expect some decline in the after service accompanying operational stoppages, such as maintenance and repairs, mainly for thermal and hydroelectric equipment, geothermal is getting more and more attention for use as a source of renewable energy. Also, concerns about safety and security are increasing as support efforts for post-disaster recovery and restoration continue, so the need for radiation measuring devices is growing.

Electrical power demand is on a growth path overseas, and we forecast continued strength in the thermal and geothermal fields in the growing economies of Asia and the Near and Middle East.

FY2011 Policies and Strategies

We will seek to increase orders for our core thermal and geothermal power plant businesses, through measures such as strengthening our relationships with existing customers, and improving our ties with partners such as trading companies and engineering firms, as well as overseas sales companies. Our efforts will focus on markets in Asia and the Near and Middle East.

Fuel cells, which continued to supply electricity even during the Great East Japan Earthquake, are getting attention as new forms of energy. We will promote greater use of fuel cells in Japan as an alternate power source for continuous power supply during emergencies, such as when earthquakes occur. We also plan to offer them and expand their sales in markets such as Europe and South Korea, where environmental needs are increasing.

Our work in the nuclear and radiation sector currently includes development of additional safety measures for disaster response, as well as restoration support. Our restoration support also includes supplying radiation measurement devices to organizations including power companies, government agencies, local governments, and the private sectors. We are also developing systems for measuring radiation in food, and are contributing to energy conservation and security through large-scale inspections of collection, distribution, and shipping centers.



Industrial Systems



We supply the industrial infrastructure sector, mainly plants, with industrial drive systems, measurement systems, industrial power supply systems, air conditioning equipment for data centers, and other equipment and systems that save power and conserve energy. In addition to restoring industrial equipment in Japan, we are also working to expand orders for plants globally.

(Billions of yen)

	FY2009	FY2010	FY2011 (Forecast)
Net sales	99.0	81.6	82.0
Operating income	3.9	1.6	2.2

FY2010 Results Outline

In FY2010, we faced a broad decline in project orders in comparison with the previous fiscal year, due to the effects of cutbacks in large-scale equipment investment. This resulted in lower sales and operating profits than last year.

Industrial infrastructure investment recovered gradually in Japan, while in China and the rest of Asia the tone was favorable. We focused on strengthening our proposals during the economic recovery, as well as strengthening the overseas investment proposals of Japanese clients. As a result, we broadly increased orders for renewal projects in Japan and large-scale projects overseas.

FY2011 Market Environment

Accompanying a steep drop in production by automakers due to the impact of the Great East Japan Earthquake, materials manufacturers, such as steelmakers, are also expected to face slumping demand. At the same time, data center and similar businesses are expected to expand due to increased demand for dispersing the risk posed by earthquakes and power supply uncertainties.

We expect overseas markets such as China and the rest of Asia to continue to show strong facility investment trends. Japanese companies can be expected to speed up overseas facilities investment in conjunction with the strong yen and natural disaster risk.

FY2011 Policies and Strategies

Our basic policy is to manage operations based on our markets and customers. By creating operations and operational structures tailored to the needs of markets and customers we can offer optimal products and systems. In particular, we can use the advanced plant systems construction know-how we have accumulated over many years in giving priority to reconstructing the production sites damaged in the Great East Japan Earthquake, as well as improving the energy efficiency of plants.

We are working to stabilize our business foundation in Japan, anchoring it to the maintenance and repair after-service founded on our strong delivery record. Internationally, we are working to obtain orders, especially in China and other parts of Asia, in areas in which investment is speeding up, such as steel plants as well as equipment and device manufacturers. We are also strengthening our overseas procurement ability and establishing engineering bases, so as to create a foundation for further overseas business growth.



Social Systems



We are developing business related to next-generation electric power networks—“smart grids”—which are expanding in use in tandem with the spread of renewable energy, as well as “smart community”-related business for optimizing the usage of various utilities such as water and heat.

We continue to make progress in developing new markets and supporting restoration work in Japan, by providing equipment and systems that contribute to electrical power supply stability, such as smart meters (watt-hour-meters), new energy, and power transmission and distribution control systems, and by putting to use the trial and testing results we have accumulated in both Japan and overseas.

(Billions of yen)

	FY2009	FY2010	FY2011 (Forecast)
Net sales	147.9	134.2	140.0
Operating income	6.1	2.8	5.1

FY2010 Results Outline

The delayed recovery of social infrastructure spending and rapidly rising materials costs, as well as the postponement by customers of investment plans due to the impact of the Great East Japan Earthquake, resulted in both sales and operating profits lower than in the previous fiscal year.

We currently moving full-speed ahead with smart community trials and testing work in Japan, and are participating in such work in Kitakyushu City (Fukuoka), Kansai Science City (Kyoto), and remote islands off the coasts of Kyushu and Okinawa. We also executed other measures aimed at expanding business, such as establishing GE Fuji Meter Co., Ltd. (a joint venture with General Electric of the United States).

FY2011 Market Environment

Japanese market direction is unclear due to the impact of the Great East Japan Earthquake, with the possibility of postponement of new investment in power and railways. At the same time, social infrastructure investment is expected to expand overseas, especially in China and other Asian countries, where Japanese companies can also be expected to speed up overseas facilities investment.

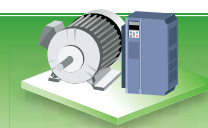
FY2011 Policies and Strategies

We are developing social infrastructure and power demand-side business in Japan as well as in China and other countries in Asia.

Our social infrastructure business includes restoration support through the provision of power receiving/distribution substation equipment and watt-hour meters. We are also using the know-how and results we have accumulated through smart community trials and testing in focusing on expanding our business of providing key smart community systems and components, such as power grid and distribution control systems, smart meters (watt-hour meters), power conditioners, power stabilizers, etc.

Our demand-side business includes energy management in response to demand for energy savings, as well as the development of market sectors such as manufacturing and food distribution, focusing on themes such as energy creation, energy conservation, safety, and accident prevention.

Power Electronics



Our inverters, industrial motors, uninterruptible power supply systems (UPSs), and similar products combine high energy efficiency with core power electronics technologies. We are developing a product line covering a broad spectrum of fields in which demand for energy conservation is growing, such as industrial and social infrastructure.

We are also strengthening our sales channels, focusing on growing markets in China and other countries in Asia, as well as constructing a globalized production system. Our goal is to establish an operational structure that responds to the particular needs of each market.

(Billions of yen)

	FY2009	FY2010	FY2011 (Forecast)
Net sales	60.8	88.1	100.0
Operating income	2.7	2.2	4.1

FY2010 Results Outline

In the drive sector, the Japanese pump and air conditioning market served by our drive systems business, the focus of which is inverters, was firm, while overseas, facilities investment in Asia, especially China, grew. Therefore, both sales and operating profits exceeded the previous fiscal year.

Otherwise, overseas orders for railway equipment improved, and we landed an order for a large project in North America. In the automotive sector we began selling quick chargers, so as to respond to the growing popularity of electric vehicles.

In the power supply sector, integration of the TDK-Lambda Corporation power supply business in the previous term resulted in higher sales than in the previous term. Nonetheless, due to the impact of market environment fluctuations, such as fierce price competition, operating results were lower than those for the previous fiscal year.

FY2011 Market Environment

Although we do not forecast a broad increase in facilities investment in Japan, the market tone is trending firm. Also, as demand for energy conservation and power outage response measures grows we predict that trend in investment in data centers, etc., will also be favorable.

In overseas markets, we anticipate investment by governments in rail and EV infrastructure, mainly in the China and other Asian markets that are already experiencing high levels of economic growth.

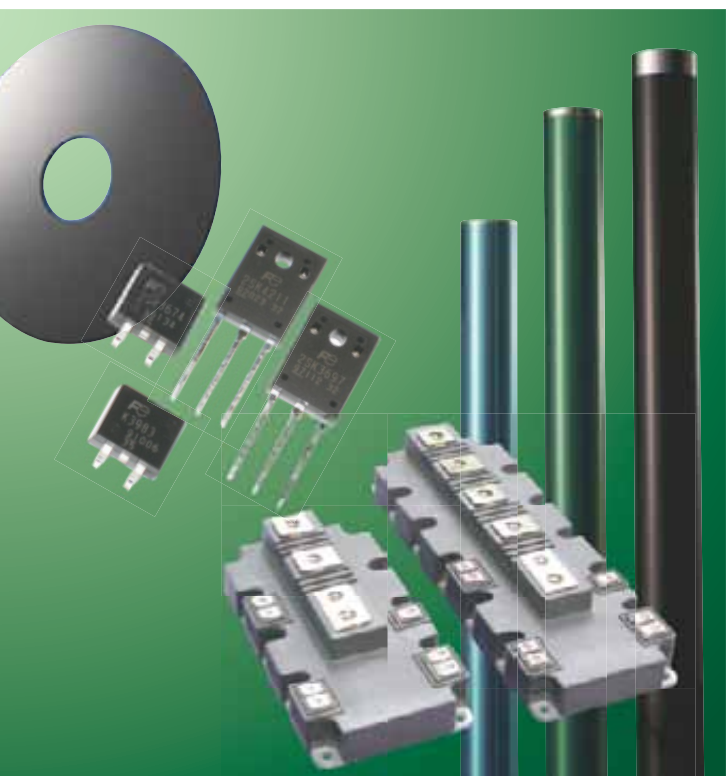
FY2011 Policies and Strategies

We are expanding sales in our core drive control systems business, focusing on fans, pumps, packing machines, and cranes mainly for China and other developing economies in Asia. We will expand sales through the effective introduction of new models, increasing our market share.

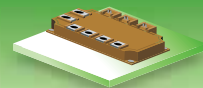
We are expanding our lineup of chargers in our automotive business, and aim to take the top share of the medium-fast and rapid charger equipment market.

We are expanding our overseas bases (production, sales, service) in our rail business, and will increase overseas sales by enhancing the competitiveness of existing products and developing new ones.

We will maintain our level of domestic sales by improving efforts to sell data center equipment, the demand for which is improving along with the need for safety and security. We will expand overseas production for full-scale development of China and other Asian markets, for which further growth is forecast.



Electronic Devices



We seek to expand our global market share and establish a high-revenue business, with power semiconductors at its core. We are rapidly developing business in fields such as machine tool and robot production, hybrid car, and new energy, including solar power.

We are also developing market strategies that put our products' special characteristics to use in sectors such as magnetic disks, photoconductive drums, and solar cells, and seek to expand sales and secure earnings.

(Billions of yen)

	FY2009	FY2010	FY2011 (Forecast)
Net sales	115.8	125.9	131.8
Operating income	-14.0	-2.0	3.3

FY2010 Results Outline

In the semiconductor sector, results for the power supply application field were lower compared to the previous fiscal year due to slowdown from summer on, especially in China, coupled with exchange rate impact. Results for the industrial field were broadly stronger, due to the recovery in the inverter market as well as growth in the China market and in new forms of energy, such as solar and wind power. In the automotive application field, despite the impact of the ending of subsidies for eco-cars in Japan, expansion in Europe and Asia resulted in improved results compared to the previous term. As a result, both sales and operating results were up year on year.

The magnetic disks sector was hit by the impact of exchange rates as well as operational interruptions caused by the planned power outages in the wake of the Great East Japan Earthquake, causing a year-on-year drop in sales. Despite the improvement in operating results compared to last year due to structural reforms such as cost reductions and general expense decreases, a loss was posted for this sector.

Despite a sales volume increase for photoconductive drums, lower product prices and the impact of exchange rates resulted in slightly lower sales and earnings compared to the previous fiscal year.

FY2011 Market Environment

We foresee strong growth in the industrial field of the power semiconductor market, with continued infrastructure demand centered on China and other Asian markets, as well as rising demand globally for new types of energy. At the same time, in the automotive application sector a severe contraction in production by automakers in the aftermath of the Great East Japan Earthquake is forecast for the start of the term, in addition to which the supply-demand situation in the data and

power supply sector continues to be unclear.

In the magnetic disks market, PCs, servers, and digital electronics will be the drivers of the HDD market, while in the case of the photoconductive drum market we expect expanding demand for printers, especially in the developing economies. We also forecast demand in the solar cell market to continue to grow.

FY2011 Policies and Strategies

We will expand the introduction of our power semiconductors in global markets, focusing on our IGBTs. In addition to the industrial field, which is our base in this sector, we will also strengthen development of products for eco-cars and new energy. In addition, we will proceed with development of next-generation power devices using SiC, and aim for mass production during FY2011. Furthermore, in order to respond to increased demand for power semiconductors, we are making investments to convert our Yamanashi factory, which formerly was used for magnetic disks production, so as to strengthen wafer processing capacity of power semiconductors. This facility investment will result in a manufacturing structure centered on two bases (Matsumoto and Yamanashi), thereby dispersing earthquake and power supply risk.

In June 2011, we consolidated all magnetic disks operations, from development through production and sales, in Malaysia, with the goal of achieving the global top level in terms of cost and quality. In the sector of photoconductive drums we will put to use our global sales channels and the strengths of our integrated production in China to expand sales geared toward lower-cost printers, sales of which are expected to grow. In the sector of solar cells we will continue to open up new markets, using the special characteristics of film-type solar cells to create power-generating weed barrier sheets, etc.

ED&C Components



We offer an ED&C component product line featuring items such as molded-case circuit breakers, earth-leakage circuit breakers, magnetic contactors, and push buttons and indicator lights through our national sales network. Our share is among the largest in the domestic market, with a solid customer base of machinery and power distribution board manufacturers. We are also expanding our lineup of products that meet the main overseas standards, so as to strengthen response to our international customers.

We will continue to grow this business by expanding the lineup of products we offer in the growing markets of China and other parts of Asia.

(Billions of yen)

	FY2009	FY2010	FY2011 (Forecast)
Net sales	44.9	65.5	70.0
Operating income	-4.7	2.9	4.0

FY2010 Results Outline

The power distribution and control equipment field was characterized by strong growth in Japan led by demand from Asia, especially China, which was met by the major equipment manufacturers. The power distribution board market also trended favorably. Overseas, demand expanded strongly in Asia, centering on China. As a result, sales rose sharply in comparison to the previous term.

In regard to operating results, in addition to increasing sales we also succeeded in broadly lowering the break-even point through the business restructuring efforts ongoing since FY2009. As a result of strengthening our profitability, operating profits rose broadly in comparison to the previous term.

FY2011 Market Environment

The direction of the market environment is unclear, with a domestic economy impacted by the Great East Japan Earthquake and sustained growth in the overseas developing economies also uncertain.

Nonetheless, the overall domestic economy is being driven by overseas demand, especially in China and the rest of Asia, with the machine manufacturers, who are our main customers, expected to sustain the high levels of exports and production they have maintained since the second half of FY2010. Overseas, the markets of Asia, especially China, are expected to continue to be strong.

FY2011 Policies and Strategies

In addition to strengthening our position in the domestic market by adding the unique products of France's Schneider Electric, our joint venture partner, to our product line, we are developing new customers in the power distribution field. In addition, we are establishing a department dedicated to promoting acceptance of our specifications and conducting marketing so as to develop new customers in the machine manufacturer market, where we have been strong up to now and seek to enhance our response capabilities.

We will seek to increase our sales in overseas markets, particularly in Asia with a focus on China. In real terms this means deepening our ties with local subsidiaries such as Fuji Electric (China) and Fuji Electric Asia Pacific, and expanding sales through strategic product offers that match the needs of markets.

Also, in response to rising prices for silver, copper and other materials, we will seek to improve our profitability by implementing cost-reduction measures at all stages through development.



Vending Machines



Utilizing our technological capabilities and accumulated expertise as evidenced by our top industry share, we promote development of energy-conserving products so as to offer high-added-value vending machines that contribute to society.

As the domestic market continues to contract we are working to build an operational structure suitable to the market's scale, and are reforming our business to enable stable earnings. We are also speeding up our development of overseas markets, where demand is expected to grow.

(Billions of yen)

	FY2009	FY2010	FY2011 (Forecast)
Net sales	91.4	85.8	79.0
Operating income	-0.8	0.4	1.4

FY2010 Results Outline

Although the vending machine and food equipment segment got a temporary boost from the summer heat wave, consumption is down causing beverage makers to curtail investment and engage in heavy price competition. That, combined with the material shortages caused by the impact of the Great East Japan Earthquake, caused both sales and operating profits to be lower than in the previous fiscal year.

In the currency handling systems segment we were able to increase deliveries to stores, mostly those of retail chains, of automatic change dispensers. We also reaped the benefits of fixed expense reduction efforts, resulting in sales and operating profits better than in the previous fiscal year.

We also integrated headquarters functions with those of our production bases as part of our effort to reform our operational structure, so as to speed up management decision-making.

FY2011 Market Environment

The declining population has caused the Japanese beverage vending machine business to trend downward, and the impact of the Great East Japan Earthquake is expected to hasten that process. At the same time, the market is changing in that the need for more energy-efficient, environmentally responsive vending machines has increased in the aftermath of the earthquake, and we also foresee increased demand for disaster-response vending machines that can be used to supply beverages during an emergency.

While we predict that the tough market for currency

handling systems will persist, there is also an increasing need to cut costs associated with cash registers to make them more efficient, as well as for security measures. Therefore we anticipate broader adoption of the use of automatic change dispensers at stores and in other locations.

FY2011 Policies and Strategies

Our efforts in the vending machine and food equipment sector will include developing more energy-efficient, environmentally friendly vending machines in response to the market environment, which has changed greatly since the Great East Japan Earthquake. We will also expand high-value-added vending machines that contribute to society, such as machines with a storage battery that enables vending to continue even during a power outage.

In addition to concentrating our production of vending machines by going from two manufacturing bases, at Mie and Saitama, to one (Mie), we are also seeking to reduce costs by operating our new high-efficiency production line and completing the business restructuring that was begun previous fiscal year. These measures are intended to increase profitability. In our overseas business, we will also seek to open up new markets in China, where demand is forecast to increase.

In the currency handling systems sector we will invest in management resources for areas of growth, focusing on money machines, such as automatic change dispensers, and develop and offer products that contribute to greater efficiency in cash control at stores.

Overseas Operations

Overseas Operations Policies and Structure

Fuji Electric has concentrated our management resources on particular fields and is localizing our operational structure to expand our overseas operations.

In FY2010 we established a headquarters in China and strengthened our operational organization in Asia, the United States, and Europe, tailoring our business structure to meet

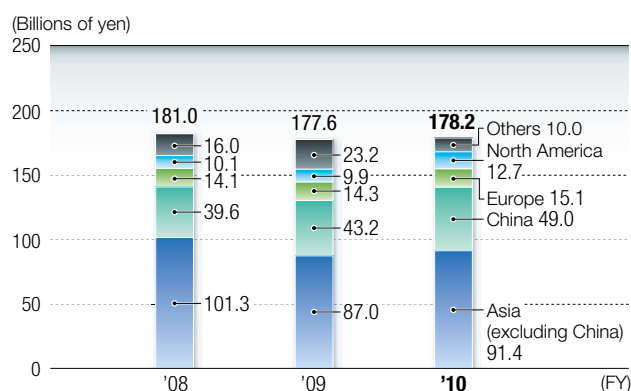
the needs of each market. We also bolstered our sales force by adding more than 300 salespeople overseas. We opened R&D facilities in China and the United States and established a technical center in Europe, so as to develop products that are in line with the particular characteristics of each area.

Fiscal 2010 Results

Demand for facility investment grew overseas, especially in China, so sales of components such as power semiconductors, inverters, and ED&C broadly increased. On the other hand, orders for plant equipment were lower than those in FY2009, resulting on lower net sales.

As a result, overseas sales were ¥178.2 billion, in line with the previous term. Also, the ratio of overseas sales was 25.9%, 0.2 percentage point higher than last year.

Overseas Sales



FY2011 Policies and Strategies by Area

China

China is engaging in energy conservation and environmental measures as part of its national strategy, so the importance of Fuji Electric's energy-efficient environmental products and technologies is growing. Future important measures include strengthening our sales capability by expanding sales distributors and end-user networks, as well as meeting local needs by planning and developing products locally. In addition, we will make use of local companies to enhance our operational structure, engineering, and service functions.

North America

We expect an expansion of infrastructure investment, such as rail and new energy, in North America, and we are strengthening our ability to respond to local project needs, as well as on improving our engineering function.

We are also strengthening marketing of our businesses in Central and South America, where economies are expected to continue to grow and expand.

Asia (excluding China)

We will establish a sales company in Indonesia, which has the highest growth rate and the biggest market among the ASEAN countries. We also plan to expand our engineering centers in Singapore and Thailand, with the goal of expanding our system business in Asian markets. We will strengthen our engineering structures in the drive control systems (including inverters) and power distribution areas, and improve our ability to respond locally in the materials production sector, such as steel and petrochemicals.

Europe

Europe is an important market in that it is the origin of international standards. We established a technical center in Frankfurt, Germany, in FY2010 so as to promote development corresponding to market needs and for rapid response to international standards. Henceforth we will strengthen our specification-taking activities, centering on semiconductors and inverters, and expand our operations in European and world markets.

Research and Development

Research and Development Policies

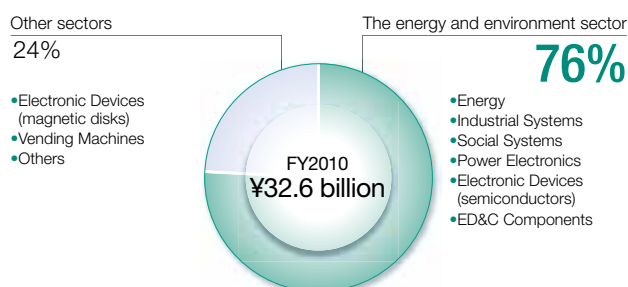
Fuji Electric focuses on the field of energy and environment in research and development of components and systems that will contribute to the building of a sustainable society. We also promote development that reflects market needs, so as to offer products that provide a high level of customer satisfaction.

Fuji Electric Holdings Co., Ltd. merged with Fuji Electric Systems Co., Ltd., the largest of the wholly owned subsidiaries, in April 2011, launching Fuji Electric Co., Ltd. Subsequently, Fuji Electric Device Technology Co., Ltd., was also merged in July 2011. This organizational restructuring

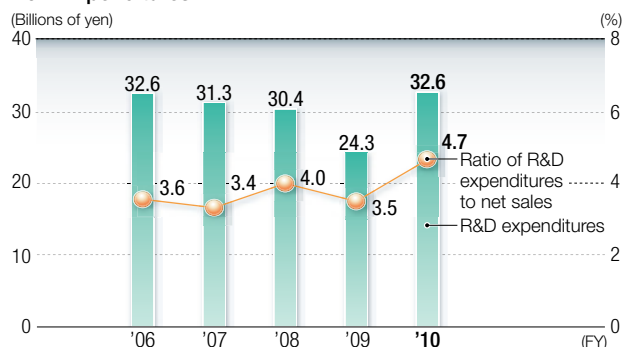
provides for more integrated research and development, from basic/fundamental research through large-scale, strategic research and development, optimizing the process and making it more efficient.

We will also strengthen our overseas development and manufacturing in China and elsewhere, so as to expand our global business. We will strengthen research and development aimed at reforming our business portfolio so as to activate the synergies between our power electronics and power semiconductor technologies.

Composition of R&D Expenditures by Segment



R&D Expenditures



FY2010 R&D Results

In FY2010, we focused on developing energy and environment-related components and solutions. Our main R&D results are as follows.

Binary Geothermal Power Facilities

We developed and released for sale 2,000 kW binary geothermal facilities with the highest output of any made in Japan, enabling the use of geothermal sources of temperatures of 150°C and lower.

IH Aluminum Melting and Holding Furnace

In cooperation with Chubu Electric we developed an IH aluminum melting and holding furnace that emits around 50% less CO₂ than a combustion furnace.



Local Air-Conditioning Systems

We developed the "F-COOLSPOT," spot air conditioning system, which is 25% more energy-efficient than earlier spot air conditioning systems used for direct cooling of server room heat buildup.



DC Quick Chargers

We developed and released for sale our FRC Series DC quick chargers, which are easy to operate, safe, and can charge an electric vehicle battery to 80% in about 30 minutes.



IGBT Module for New 3-Level Inverter Circuits

We began mass production of IGBT Module for New 3-Level Inverter Circuits, which are indispensable to realizing low-loss power conditioners.



SiC Next-Generation Power Semiconductors

We are targeting FY2011 for marketing next-generation power semiconductors using silicon carbide (SiC) wide band gap semiconductors, and are currently conducting joint development of schottky diodes with the National Institute of Advanced Industrial Science and Technology.



Development of the HX Series High-Capacity UPS Featuring the World's Most Efficient IGBT

Back-up Generators Indispensable to Data Centers

The importance of data centers has been expanding in recent years in conjunction with the growth of cloud computing.

Data centers generally use uninterruptible power supplies (UPSs) to ensure that they do not lose power even during blackouts or after lightning strikes. A UPS will supply temporary power from a storage battery in the event of a blackout, and also ensure a stable power supply during regular operations.

Realizing the World's Most Efficient UPS

Fuji Electric has developed the HX Series UPS, which features the world's most efficient new 3-level IGBT module. The HX Series went on sale in April 2011. It is light and compact, and fits in a small space.

By providing this high-performance UPS we can offer safety and security at internet data centers, plants, and other facilities.



Product Outline

•Main Applications

Internet data centers, plant production lines, etc.

•Specifications

Circuit: Regular inverter supply

Capacity: 500kVA

Voltage: 415+/-10%

R&D Manager Opinion

We Seek the Right Balance of Size and Cost Regarding Power Conversion Efficiency

We emphasize efficiency more than any other factor so as to activate the special characteristics of the new IGBT, which enables high power conversion efficiency. Nonetheless, even if we achieve high efficiency it will not be of value if the unit is too large. Therefore, we are uncompromising in our development efforts as we seek to achieve the right balance of efficiency, size, and cost.

We conduct repeated detailed trials during development to keep loss low, for example when we fine-tune the internal composition of the IGBT module. As a result of newly developing the entire system, we have achieved the world's highest level of power conversion efficiency at 97%, while also realizing compact size.



Satoki Takizawa
Product Technology Laboratory
Corporate R&D Headquarters
Fuji Electric Co., Ltd.

Intellectual Property

Intellectual Property Policies

In response to the globalization of our business, Fuji Electric, based on respect for both the intellectual property rights it owns as well as those owned by other companies, is working to strengthen its business through intellectual property strategies that are aligned with our business and R&D strategies.

On April 1, 2011, Fuji Electric Co., Ltd. merged with Fuji Techno Survey Co., Ltd., a wholly owned subsidiary handling patent applications, so as to unify that company's patent examination and application functions with Fuji Electric's business strategy and research and development strategic functions, creating a new structure for stronger business.

Main Measures

- 1) Strengthen the strategic patent portfolio* through participation by the Intellectual Property Division from the business planning and research and development stages on
- 2) Establish guidelines for overseas intellectual property rights examination and for responding to systems overseas
- 3) Establish guidelines for anti-counterfeiting and technology leaks

* **Patent portfolio:** The concept of viewing patents held as a single, aggregate body. This is useful in improving Fuji Electric's technology position (strengths and weaknesses) vis-à-vis other companies, as well as in establishing business strategies and evaluating competitiveness.

Intellectual Property Activities Fiscal 2010 Results

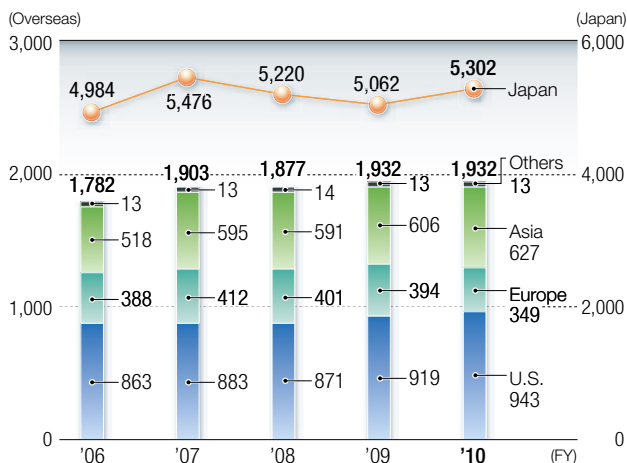
Fuji Electric focuses on energy and environment, and we moved forward with patent applications related to new energy sources, such as fuel cells and solar cells, as well as patents related to efficiency improvements and resource reductions on power electronics products (power semiconductors, inverters, UPSs, etc.) high-efficiency and energy conservation. We placed particular emphasis on strengthening our patent portfolio, with the Intellectual Property Division participating in the process from the business planning and research and development stages on.

Also, continuing from the previous year we focused on monitoring and improving our patent portfolio, exercising patent rights in strategic areas, and preventing infringement of third-party (other company) patents. We also directed

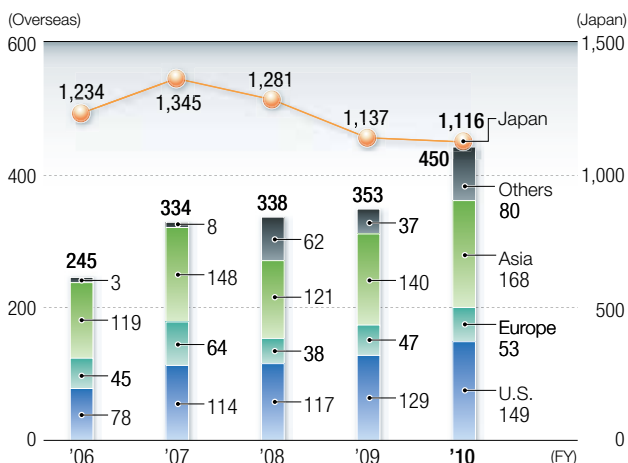
attention to issues of concern through meetings for employees responsible for intellectual property, attended by intellectual property officers from Fuji Electric and staff from related departments, and our intellectual property education program. We sought to spread awareness about our new patent information news support system through our education programs and other means.

Our efforts overseas included making preparations at our local companies in China for initiating application of Chinese intellectual property management rules. In addition, we have implemented human resources training in China that covers intellectual property. We are also proceeding to establish guidelines for dealing with counterfeiting and technology leaks in China.

Number of Patents Held by Region



Number of Patent Applications by Region





CSR Report

Fuji Electric's CSR Philosophy31

Our Response to the Great East
Japan Earthquake33

Social Report

FY2010 CSR Activity Results35

TOPIC 1
Increasing Customer Satisfaction37

TOPIC 2
Creating a Pleasant Work Environment38

TOPIC 3
Socially Responsible Supply Chain
Management39

TOPIC 4
Contributing to Local Communities40

Environmental Report

Message from Environmental Officer41

Medium-Term Plan Objectives
(FY2009–FY2011), and FY2010
Objectives and Performance42

TOPIC 1
Reducing Environmental Impact through
Our Products43

TOPIC 2
Reducing Environmental Impact at Our
Production Bases45

Fuji Electric's CSR Philosophy

All Fuji Electric Employees Share the Values Expressed in Our Code of Conduct

Fuji Electric's CSR is summed up precisely in our Corporate Philosophy and Management Policy. Fundamentally, it means using the power electronics technologies we have developed since our founding to contribute to society through our energy and environment business.

Fuji Electric has always sought to gain our stakeholders' trust through our "honest, open and hardworking attitude" and "quality manufacturing." We view this as our mission, because doing so is vital to remaining a company that society views as necessary to its well-being.

In addition, we view our Code of Conduct as a guideline for all Fuji Electric employees to work in unison so that we can share the same values company-wide. We revised our Code of Conduct in October 2010. The revisions clarified our concerns about all of our stakeholders, and incorporate items such as the four categories and ten principles of the UN Global Compact, and social trends such as preservation of biodiversity.

Fuji Electric continues based upon our CSR philosophy to contribute as a good corporate citizen to the creation of a sustainable society.

Corporate Philosophy

Corporate Mission

We, The Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.

Our mission is to: Contribute to prosperity, Encourage creativity and Seek harmony with the environment.

Slogan

To be enthusiastic, ambitious and sensitive.

Management Policies

1. Expand our business on a global scale and promote self-contained operational management based on a global perspective.
2. Expand business development with a focus on "energy and the environment."
3. Respect employee ambitions and deploy a strong team of diverse human resources.

Fuji Electric Code of Conduct

The Fuji Electric and its employees, from a global perspective always strives to meet our corporate mission of "We, The Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners,"

1. Respect and value our customers
2. Respect and value all people
3. Respect and value the global environment
4. Respect and value our shareholders and investors
5. Respect and value interaction with society
6. Respect, value and conform with all applicable laws and regulations

Handbook and Newsletter Acquainting Employees with the Code of Conduct

Accompanying revisions to the Code of Conduct, we also prepared and distributed to all employees a handbook explaining it. We ran a special six-month series of articles (in Japanese and English) in our company newsletter entitled "Our Code of Conduct." In addition to explanations, we included examples of employee compliance efforts, which helped promote the Code of Conduct and acquaint employees with it.



Company newsletter, *Fe-el*

We have also included a CSR curriculum in the training program geared toward the programs at each level in the company, such as new employees, new managers, etc., so as to make CSR thoroughly understood.

We are currently restructuring our CSR promotion system at our overseas locations as well, taking into consideration ISO 26000, and are making progress in discovering CSR issues based on our Code of Conduct.



CSR training for new managers

Participation in UN Global Compact

We used announcement of our participation in the Global Compact as an opportunity for a CSR survey

Fuji Electric pledged participation in the UN Global Compact* (GC) in February 2010. In conjunction with this, we conducted a CSR survey of our domestic and overseas consolidated subsidiaries to ensure that the 10 principles of the four categories of the GC are thoroughly accepted within our company, as well as to find areas that need improvement.



In conducting the survey we worked with a consulting company to create a questionnaire to confirm the status of basic efforts required by the GC. The survey found no areas requiring immediate improvement, but we will continue to conduct consciousness-raising efforts to foster even deeper understanding of the 10 principles based upon its results.

* **Global Compact:** The United Nations Global Compact is a strategic policy initiative formulated in 2000. Participating companies and organizations are required to support 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and engage in voluntary efforts to achieve sustainable growth.

Four Categories and 10 Principles of the GC

Category	Principle
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labor;
	Principle 5: the effective abolition of child labor; and
Environment	Principle 6: the elimination of discrimination in respect of employment and occupation.
	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
Anti-Corruption	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Outside Assessment of Fuji Electric's CSR Efforts

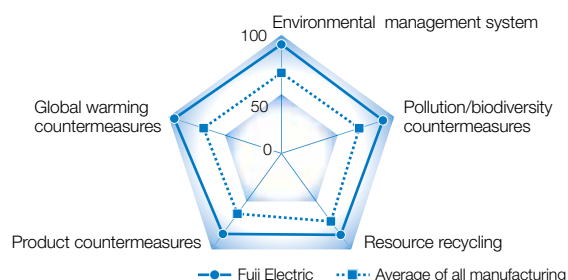
Inclusion in Socially Responsible Investing (SRI) Indices

Fuji Electric has been selected for inclusion in the Dow Jones Sustainability Indices, which are global SRI indices offered by Dow Jones (United States) and SAM (Switzerland), for six consecutive years since 2005, reflecting the high marks given our CSR initiatives. Also, we are ranked among the "silver class" in the SAM ratings.



Corporate Environmental Management Level Survey

Each year, Nikkei Inc. publishes the results of its Corporate Environmental Management Survey evaluating environmental measures. Of the 475 companies assessed in fiscal 2010, the Fuji Electric ranked 56th (last year's ranking was 40th).



10th Place Among Japanese Companies After CDP Survey

The Carbon Disclosure Project (CDP) works in conjunction with international institutional investors to publish corporate strategies for dealing with global warming and actual greenhouse gas emissions volumes. In Japan it does so for the 500 largest companies in terms of market cap. Fuji Electric was ranked 10th among Japanese companies in the 2010 survey.

Our Response to the Great East Japan Earthquake

We would like to extend our deepest sympathies to all victims of the recent Great East Japan Earthquake, and we pray for the speediest possible recovery. We hereby report as follows concerning Fuji Electric's response to the Great East Japan Earthquake as of the end of July 2011.

Fuji Electric's Response

Establishment of Emergency Response Headquarters

Fuji Electric established the Emergency Response Headquarters led by the president in the immediate aftermath of the earthquake on March 11, 2011.

The Emergency Response Headquarters was formed for the purpose of rapid information gathering and response unification in the event of emergencies, with separate functions for dealing with employees, production bases, and customers.

Damage at Fuji Electric and Business Impact

Fortunately none of our employees was hurt in the disaster, but there was some damage to buildings and production facilities at the Fukiage Factory (Saitama Prefecture) and the Otawara Factory (Tochigi Prefecture) of Fuji Electric FA Components & Systems Co., Ltd. We quickly responded, and had restarted operations at all

production bases by March 24, 2011.

We were able to minimize the impact on business of the rolling blackouts which began by power company in April by adjusting operating days and hours.

Response Going Forward

We put the experience gained in the disaster to use by again reviewing large-scale disaster preparations and structures that must be improved from the standpoint of rapid restoration and recovery, while always giving top priority to preserving human life.

We are engaging in thorough confirmation of the safety of our production sites, and are also rechecking the evacuation flow and evacuation routes in each area.

We are also looking into changing to the multi-sourcing of important parts within our components procurement structure.

Response to Customers

In the immediate aftermath of the earthquake we established a Damage Response Call Center for customers who had experienced damage, and the sales managers gathered information about customer damage status.

In the aftermath of the quake we established a response base in the Tohoku region, where we placed dedicated technical staff who did all they could to assist the restoration of customer equipment damaged during the earthquake. We dispatched technicians to the sites of power companies, to which we deliver many of our products, such as generators and substation equipment, and have been working with the power companies to restore operations at the power plants as quickly as possible.

We also delivered Fuji Electric radiation measuring equipment and pocket dosimeters to local governments and power companies.

In addition, we are engaging in medium- to long-term efforts toward restoration for customers who cannot operate at their offices or plants due to serious damage, such as establishing projects comprising measures appropriate to each case.



Fuji Electric's DOSEi pocket dosimeter

Support for Stricken Areas

We provided the following relief for victims and restoration support for stricken areas.

Donation Details and Recipients

Details	Recipient
¥100 million contribution	Central Community Chest of Japan
One Fuji Electric fuel cell unit	Tohoku Fukushi University
500 mobile solar units with Fuji Electric solar cells installed	Disaster Measure Headquarters of Miyagi, Fukushima and Iwate Prefectures
Total of ¥16 million from domestic and overseas affiliates	The Red Cross, local social welfare bureaus, etc.

Support for NGOs Continuing to Provide Support in Stricken Areas

We have provided mobile solar units loaded with Fuji Electric solar cells to TSUNAPRO (a joint project for connecting victims with NPOs), which conducts relief efforts from Oshima in Kessennuma Harbor in the northeastern part of Miyagi Prefecture. These units are used to charge the mobile phones and notebook PCs of volunteers from all over Japan.



The TSUNAPRO staff

Measures to Conserve Power

We established the Energy Conservation Task Force, with members drawn from the energy control divisions at our production bases, with the goal of reducing the amount of power used by all of our plants (11 large contracts) served by Tokyo Electric Power by a total of 25% in comparison to last fiscal year. Our summertime energy conservation efforts are as shown below.

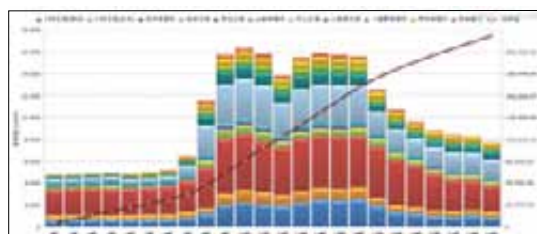
Also, our companywide efforts include extending the "Cool Biz" (light attire) period (May 21 through October 31), switching to high-efficiency lighting and air conditioning, making sure all employees use the energy conservation mode for their computers, and instituting simultaneous days off in summer (two days).



Company poster for energy-conservation and power-saving awareness

Energy Conservation Measures at Plants Served by Tokyo Electric Power

- Expand nighttime and holiday work shifts
- Use existing and new household generators
- Transfer production to other domestic and overseas bases
- Install power monitoring systems



Power monitoring system display. This makes visible the power usage status at each office so it can be monitored, with the goal of reaching reduction targets.

Considering the Recent Disaster

We are revising our disaster planning and working to help our customers quickly restore operations

We at Fuji Electric extend our deepest sympathies to the victims of the recent disaster.

Fuji Electric had already drawn lessons from our experiences in the Great Hanshin Earthquake in constructing a framework for crisis management and large-scale disaster response, but the recent disaster spawned earthquakes and tsunami the likes of which we had never seen. Japan was again reminded in particular of the fearsome power of tsunami. We will therefore also look into methods of dealing with tsunami when revising our disaster planning.

Many of the customers with whom we do business every day also sustained damage in this disaster. We have put our all into helping our customers restore operations at their offices and plants since the earthquake struck, and we will continue to provide our products and technologies so as to contribute to the earliest possible recovery on the part of our customers.



Masahiko Kato
Secretary, Emergency Response
Headquarters, Fuji Electric Co., Ltd.

Social Report

FY2010 CSR Activity Results

Fuji Electric Code of Conduct	Initiative Theme	Fiscal 2010 Targets
Respect and value our customers	Improve sales and service quality	<ul style="list-style-type: none"> Strengthening solution proposal activities Boost service quality by shortening failure response time
	Improve product quality	<ul style="list-style-type: none"> Realization of stable, even quality levels
	Maintain product safety	<ul style="list-style-type: none"> Foster a climate conducive to product safety
	Build relationships with suppliers	<ul style="list-style-type: none"> Survey and evaluation of status of CSR efforts at suppliers
Respect and value all people	Respect for diversity and career formation	<ul style="list-style-type: none"> Promote hiring of the physically challenged Cultivate female core management
	Building a better working environment	<ul style="list-style-type: none"> Promote work-life balance Create a structure in which ambitious employees can take up challenges
	Enhancing health and safety in the workplace	<ul style="list-style-type: none"> Strengthen production base risk avoidance and health and safety management structures
	Workplace operations that respect human rights	<ul style="list-style-type: none"> Improve human rights awareness training
Respect and value the global environment	Please see page 42	
Respect and value our shareholders and investors	Expanding dialog with shareholders and investors	<ul style="list-style-type: none"> Strengthen IR with overseas institutional investors and with individual investors
Respect and value interaction with society	Protecting the natural environment	<ul style="list-style-type: none"> Promote natural environment preservation activities matching local needs
	Supporting youth development	<ul style="list-style-type: none"> Expand efforts to stop young people from drifting away from the sciences
Respect, value and conform with all applicable laws and regulations	Ensure thorough global compliance	<ul style="list-style-type: none"> Develop global compliance at our overseas bases Execute compliance education
	Thorough risk management	<ul style="list-style-type: none"> Promote activities for the prevention of patent infringements against third parties (other companies) Upgrade the intellectual asset management system at overseas R&D facilities Strengthen information security
Corporate governance	Strengthen corporate governance	<ul style="list-style-type: none"> Respond to management structure reforms

Y = Target achieved; PA = Partially achieved; N = No progress

	Major Results of Activities in Fiscal 2010	Assessment	Fiscal 2011 Targets	Contrast with GC10 Principle
	<ul style="list-style-type: none"> •“Salesperson Revolution Seminar” for Solution Sales Training based on new customer development (No. of participants: 180) 	Y	<ul style="list-style-type: none"> •Customer Satisfaction Survey 	-
	<ul style="list-style-type: none"> •Improvement based on analysis of failure response data (9.5% improvement) and implementation of e-learning program for customer engineers (No. of participants: 307) 	PA	<ul style="list-style-type: none"> •Sales awareness revolution and skill enhancement •Boost service quality by shortening failure response time •Strengthen the Call Center through operator training 	
	<ul style="list-style-type: none"> •Implementation of QC diagnostics at six important business sites 	Y	<ul style="list-style-type: none"> •Maintain a loss cost sales rate of 0.3% or lower 	
	<ul style="list-style-type: none"> •Implementation of Product Safety Courses (5 courses, 93 participants) and cultivation of Safety Assessor® certification holders 	Y	<ul style="list-style-type: none"> •Foster a climate conducive to product safety 	
	<ul style="list-style-type: none"> •Survey of suppliers (our top 450 domestic suppliers) concerning status of their CSR efforts (Response rate: 90%) 	Y	<ul style="list-style-type: none"> •Promote green procurement for product purchasing •Thorough understanding of purchasing laws and regulations within the company •Feedback on results of CSR effort status questionnaire 	Principles 1-10
	<ul style="list-style-type: none"> •Increase hiring of the newly graduated and mid-career physically challenged, and expand their career choices 	Y	<ul style="list-style-type: none"> •Hiring of the newly graduated and mid-career, expand career choices for physically challenged employees 	Principles 1-6
	<ul style="list-style-type: none"> •Female core management development training (55 participants) and use of mentor system 	Y	<ul style="list-style-type: none"> •Nurture diversity awareness and improve diversity environment •Cultivate female core management •Cultivate employee career awareness 	
	<ul style="list-style-type: none"> •Introduction of Time Unit System for annual paid leave (initiated in April 2011) •House-Husband/Baby Daddy Photo Contest (Entries: 81) / Increased awareness through in-house publication •Introduction of leave system for when spouse is posted overseas (initiated in April 2011) 	Y	<ul style="list-style-type: none"> •Promote diverse work styles (eco-work efforts) •Homogenize support for employees on childcare leave •Examine and execute measures for male participation on housework and childrearing •Examine and create nursing care support content 	
	<ul style="list-style-type: none"> •Work I Want To Do Survey (Response rate: 94%/no. of interviewees: 363) •In-House Awareness Survey (Survey response rate: 95.5%) 	Y	<ul style="list-style-type: none"> •Create a livelier workplace by executing personnel transfers based on the Work I Want To Do Survey, and expand recruitment system use •Cultivate a corporate culture conducive to young employee development 	
	<ul style="list-style-type: none"> •Expanded use of In-House Recruitment System (Recruiting cases: 13 / Number of transfers: 82) 			
	<ul style="list-style-type: none"> •Implementation of management of health and safety of overseas workers (137 workers) •Conducted safety analyses at overseas production bases (2 plants) •Promoted risk assessment at domestic manufacturing sites (14 plants) 	Y	<ul style="list-style-type: none"> •Strengthen production base risk avoidance and health and safety management structures •Treatment of persons sent to work on Fukushima nuclear power plant related issues 	
	<ul style="list-style-type: none"> •Increased training activity at offices and affiliates 	Y	<ul style="list-style-type: none"> •Make training more active and examine ways to make it more responsive to globalization 	
				Principles 7-9
	<ul style="list-style-type: none"> •Held shareholder meetings for individual investors at exchanges and other venues (7 times) •Factory tours for individual shareholders (Kawasaki Factory, Suzuka Factory: 180 visitors) •Executed overseas IR (US, Asia) 	Y	<ul style="list-style-type: none"> •Planning and execution of IR measures geared toward specific shareholders and investors 	-
	<ul style="list-style-type: none"> •Promoted natural environment preservation activities a total of 22 times at the following locations: Wasuicho, Kumamoto Prefecture (woodland restoration), Uenohara, Yamanashi Prefecture (field restoration), Azumino, Nagano Prefecture (forest preservation); 1,248 employees and their families participated •Ken Noguchi gave an “Environmental School” talk to 30 local elementary school children at the Kumamoto woodland restoration site 	Y	<ul style="list-style-type: none"> •Expand nature conservation efforts in areas around offices 	Principle 8
	<ul style="list-style-type: none"> •Conducted science seminars for teachers in Hino, Tokyo. Conducted science seminars for students at the Suzuka Factory, Mie Factory and elsewhere. 	PA	<ul style="list-style-type: none"> •Build structure for expanding science seminars 	-
	<ul style="list-style-type: none"> •Developed Compliance Program and Corporate Ethics Helpline System at overseas locations (Europe, US, China, Asia) and implemented them thoroughly (12 countries, 39 companies) 	Y	<ul style="list-style-type: none"> •Complete and develop Compliance Program (Global Version) 	Principles 1-6 Principle 10
	<ul style="list-style-type: none"> •Conducted Director Compliance Training (27 participants), Compliance Training By Level (935 participants), Overseas Subsidiary Compliance Training (388 participants) 	Y	<ul style="list-style-type: none"> •Thorough penetration of global compliance through compliance training 	
	<ul style="list-style-type: none"> •Explained our efforts and conducted intellectual property education (16 courses) at meetings for intellectual property coordinators (held in 11 districts) 	Y	<ul style="list-style-type: none"> •Promote activities for the prevention of patent infringements against third parties (other companies) 	-
	<ul style="list-style-type: none"> •Revision of Chinese Employee Invention Rules (established in FY2011) and conducted training of China intellectual property staff 	PA	<ul style="list-style-type: none"> •Improve intellectual property structures at overseas sites 	
	<ul style="list-style-type: none"> •Strengthen auditing and supervision functions to consolidate and upgrade measures at all overseas bases (30 companies) 	Y	<ul style="list-style-type: none"> •Thorough information security •Revision of major disaster preparedness 	
	<ul style="list-style-type: none"> •Revised various systems concerning corporate governance 	Y	<ul style="list-style-type: none"> •Strengthen governance in conjunction with management structure reforms 	-
	<ul style="list-style-type: none"> •Clarified values, envisioned, emphasized, and developed them concerning stakeholders 	Y		

TOPIC 1 Increasing Customer Satisfaction

Supporting Stable Operation of Customer Equipment

A lineup of core industrial plant equipment that always offers safe and stable operations.

Fuji Electric meets customer needs by offering testing and maintenance services and facility investment optimization. We strive to improve our service quality by getting opinions directly from our customers.



Testing and maintenance service site at the Nishi Tama Sanitary Facility Association Environment Center

Focusing on Post-Delivery Equipment Maintenance

Fuji Electric delivers electrical equipment and control systems that support our customers' plant operations in the energy, industrial, and social infrastructure fields (for example, power plants, steel manufacturing and waste incineration plants). Maintenance work is vital to the stable operation of such plant equipment, and therefore our post-delivery response is very important.

Total Equipment Operations Support Across the Entire Lifecycle

Fuji Electric offers services that span the entire equipment lifecycle, from planning through installation/test runs, operation, renewal, and disposal.

For example, in addition to providing preventative maintenance and after-service, such as regular checks and repairs, we also offer maintenance optimized to take equipment aging into consideration by using diagnostic technologies to look into equipment environment, degradation, remaining life and other factors. We also

maintain a 24-hour call center to respond to emergencies. These measures allow us to provide total backup for customer equipment maintenance.

We also conduct postcard-based surveys of the customers to whom we provide maintenance service, so as to improve our service quality. In FY2010 we engaged in improvements such as service engineer skill enhancement training and providing fuller information to customers based upon requests made by customers. We also improved our trouble response time to within four hours from the time the call is received until treatment, an improvement of 9.5% over the previous fiscal year.



24-hour call center



Service engineer skill enhancement training

Customer Opinion

We Put Our Hearts into Achieving Efficient, Stable Equipment Operations that Consider the Local Environment

The Nishitama Eiseikumiai Environmental Center is an incineration facility jointly operated by the Tokyo area cities of Ome, Fussa, and Hamura and the town of Mizuho. This facility is expected to take the strictest precautions concerning pollution, because it is surrounded by residential areas and schools.

In addition to providing the latest in energy conserving, efficient equipment and safe and stable operations conducted from the central control room, Fuji Electric has also created an emergency response structure capable of responding during holidays, at night and at any time, because the facilities operate every day around the clock. We hope Fuji Electric will continue to supply us advanced technologies and know-how.



Shoji Matsuzawa (left), Michio Ota (right)
From the Nishi Tama Sanitary Facility Association
Operations Section

TOPIC 2

Creating a Pleasant Work Environment

Employee Motivation Measures

Fuji Electric's Management Policy clearly states that the company shall "Respect employee ambitions and deploy a strong team of diverse human resources."

As part of our efforts to ensure that this is achieved, in FY2010 we conducted the Work I Want To Do Survey, so as to improve employee motivation as well as reform the corporate culture.

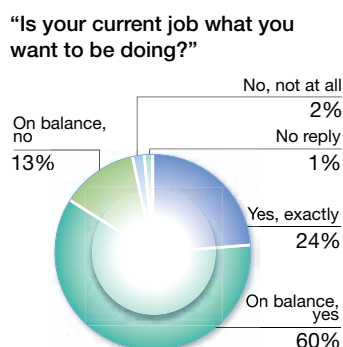


Improving employee motivation with the Work I Want To Do Survey

Getting Employees To Consider What Work They Really Want To Do

Fuji Electric conducted its Work I Want To Do Survey of employees in May 2010. This questionnaire survey connected to human resource transfers was intended to get employees to consider the kind of work they actually want to do, and to bring them to an optimal stage in their development as motivated personnel. We distributed surveys to 14,281 employees, of whom 13,480 replied (94.4% response rate).

In addition to asking "Is your current job what you want to be doing?" we also asked, "Would you like to be transferred?" (13% replied in the affirmative), "Would you like to work abroad?" (a bit more than 20% said they would) and other such questions.



Nurturing an Atmosphere that Encourages Facing Challenges Directly

Afterward, of the employees stating that they would like to transfer, interviews with the person in charge in the desired unit were arranged for those wishing to be interviewed (363). As a result, 166 employees (28 overseas and 138 in Japan) were slated for transfer.

The main point of this effort was to give a strong message to employees that Fuji Electric is a company that encourages employees to throw off their fetters to challenge the work they want to do. This message promotes the taking up of workplace challenges without shying away.

Fuji Electric will continue to strive to create a workplace environment in which employees can reach their fullest potential, and nurture an atmosphere that encourages facing challenges directly.

Opinion of a Human Resources System User

I had already managed business in Japan and China, and after participating in this survey it became possible for me to work in India beginning in April 2012. I am currently getting ready for my posting there, and am studying the Indian market and business strategies.

The Work I Want To Do Survey puts wind in the sails of people with ambition. Normally it is not easy to say that one wants to try another job. I myself have been employed at a workplace with a good atmosphere in which my superiors and colleagues have been very helpful, so I can't say I didn't feel at all reticent.

My future goal is to fulfill the role of an Asia business professional. I feel that by finding energy conservation demand in the growing Indian market and obtaining results I will be able to repay a debt of gratitude to Fuji Electric for providing this opportunity, and I will do my best to make that happen.

The "Work I Want To Do Survey" Motivated Me to Take Up a Challenge



Akira Sugano
From the Power Electronics Group
Sales Headquarters
Fuji Electric Co., Ltd.

TOPIC 3

Socially Responsible Supply Chain Management

Initiating CSR Surveys of Our Suppliers

We engage in CSR activities together with our suppliers and include CSR items in our purchasing policy, so as ensure that our social responsibilities are being met across the entire supply chain.



Request for thorough quality and safety on the part of our suppliers

Using Participation in the Global Compact as an Opportunity to Strengthen Supply Chain Efforts

The Fuji Electric Purchasing Policy states that we will promote procurement that considers CSR, and we conduct joint activities with our suppliers concerning CSR items that we stipulate. We took participation in the UN Global Compact in February 2010 as an opportunity to strengthen these efforts.

In FY2010 we drew up a CSR Status Questionnaire that reflects the Global Compact's 10 principles in the areas of human rights, labor, environment and anti-corruption. We surveyed our domestic suppliers concerning items such as "awareness of laws and regulations," "existence of rules for thorough enforcement," and other CSR matters.

Main Survey Categories

Human rights and labor	<ul style="list-style-type: none"> Forced labor Appropriate pay and working hours Child labor Respect for the right of employees to organize
Safety and hygiene	<ul style="list-style-type: none"> Equipment safety measures Workplace safety and hygiene
Environment	<ul style="list-style-type: none"> Environmental management system Environmental impact reduction Effective use of resources

Execution of Surveys of Our Top Suppliers

We focused our CSR survey on our top 450 domestic suppliers, in addition to which we did so on a trial basis concerning 10 overseas suppliers. Of these, we received replies from 406 domestic suppliers and 10 overseas suppliers (about 90% response rate).

We are taking the results of the survey into consideration in FY2011 in selecting items at our suppliers that need improvement through our joint improvement efforts with our suppliers.

Next we will proceed to expand our CSR surveys, focusing on China and Southeast Asia, where we plan to expand our business. Fuji Electric will continue to consider our social responsibilities across our entire supply chain as we move forward with business globally, and we will meet that challenge directly by working with our suppliers and customers.

Survey form sent to our suppliers

Supplier Opinion

A Good Opportunity to Listen to Our Business Partner and Find Issues Requiring Attention

We are a Chinese company that supplies aluminum electrolytic condensers for Fuji Electric's inverters. We were recently surveyed by Fuji Electric concerning our CSR efforts.

CSR efforts are currently getting stronger in China, especially in the area of environmental regulations. The Fuji Electric survey was a good opportunity for us find and clarify issues we must deal with going forward.

We have always sought to build a relationship of trust with our local community through the capacitor business, and to grow together with it. We offer products and services based on the "Customer Is No. 1" philosophy. We also seek to fulfill our corporate social responsibilities through legal compliance, preservation of the regional environment, and social contribution efforts. We also require that our suppliers fulfill their CSR.



Chen Weidong
Chairman, Nantong Jianghai
Capacitor Co., Ltd.

TOPIC 4

Contributing to Local Communities

Contributing to Better Health and Hygiene in Indonesia

Fuji Electric is working to contribute to society from a global perspective, pursuing themes such as environmental preservation and support for youth education. In FY2010, part of our efforts included providing Fuji Electric solar power generation systems to Indonesian islands out of the reach of the electrical grid.



Solar power generation system donated to Tonda island

Supporting Development of Regional Medical Services in Indonesia, Where Our Business Is Growing

We are actively growing our business in Indonesia, for example geothermal power generation systems. While Indonesia has experienced rapid economic growth, many islands of that archipelago lack infrastructure, and many regions continue to languish in poverty, unable to receive the blessings of satisfactory medical care or other services.

Beginning in FY2008, Fuji Electric began working with Peoples' Hope Japan (PHJ), an international NPO, to provide support for better medical care at the local level in Indonesia through the building of health and childcare centers and childbirth facilities.

Donating Fuji Electric Solar Power Generation Systems to Islands Off the Grid

In FY2010, we donated a Fuji Electric portable solar generator and a health center with a delivery room to Warugasara on the island of Tonda, which is located in the Tirtayasa

autonomous district. Tonda is about 2.5 hours by boat from Java, and is a small island that is home to about 1,800 people. It is not served by the electrical grid (as of the time we provided support), and had an urgent need for electricity for medical services. The portable solar power generation system we donated is used for lighting and the charging of heart monitors during childbirth in health center with a birthing room.

We intend to continue providing such support to regions where people face the challenges of economic hardship.



Health center with a birthing room

Activity Partner Opinion

We Hope Fuji Electric Will Contribute to the Millennium Development Goals

PHJ was established in 1997, and is an international health relief organization engaged in activities in support of the health and hygiene of mothers and children in Southeast Asia. We emphasize education in this field with the goal of furthering the self-reliance of people in Thailand, Indonesia, and Cambodia.

In Indonesia, Fuji Electric followed up its support for the construction of a community health and education center, which was completed in April 2009, with its donation of a portable solar generator and a health center with a birthing room. Fuji Electric has been a supporting member of our organization for over 10 years.

We are deeply grateful for Fuji Electric's support of impoverished regions, and it is our hope that Fuji Electric will also work with us to reduce child mortality and improve maternal health, which are two of the UN's Millennium Development Goals.



Toshio Kimura
President, Peoples' Hope Japan
Specified Non-Profit Organization

Environmental Report



Michio Abe

Executive Officer Responsible for
Environmental Management Administration
General Manager, Production Headquarters
Fuji Electric Co., Ltd.

Message from the Executive Officer Responsible for Environmental Management Administration

Our new structure provides a base for moving forward with environmental management, and we are gaining real trust from society as the leading energy and environment corporation.

Our Management Policy declares that Fuji Electric will develop our energy and environment business globally and contribute to society. The launch of the New Fuji Electric is driving us to redouble our efforts to reduce the environmental impact of our company, as well as to reduce environmental impact on society overall through the use of our products.

We have carried out energy waste reduction measures for the past four years so as to reduce our own environmental impact, and have cut our overall energy costs by about 10%. As we attempt to reduce the environmental impact of our products within society, we are also working to make the power consumed by individual products and services, as well as the effects of CO₂ emissions reduction, “visible” to the consumer. This is our way of offering a response to society’s demand for power conservation through our products and services.




















We formulated the Fuji Electric Environmental Vision 2020 in FY 2009 to serve as a directive for our medium- to long-term environmental activities, focusing on three activities: Stop Global Warming, Create a Recycling-Oriented Society, and Meet our Corporate Social Responsibilities. Our goal is to gain real trust from society as the leading energy and environment corporation.

Tohoku Electric Power and Tokyo Electric Power are requiring their large-scale consumers of electricity to cut maximum electrical power use by 15%. Fuji Electric is working to cooperate with the government’s plan by cutting our power usage by 25% through measures such as shifting production to other regions and conducting thorough energy conservation activities.



Medium-Term Plan Objectives (FY2009–FY2011), and FY2010 Objectives and Performance

 Target achieved
 Partially achieved (70% or more)

	Item	Medium-Term Targets and Target Benchmarks	Fiscal 2010 Targets	Fiscal 2010 Results	Assessment
Promotion of environmental management	Improve environmental management evaluation	Maintain inclusion in Dow Jones Sustainability Index	Inclusion	Continuous inclusion for 6 years	
		Nikkei Environmental Management Assessment	50th	56th	
	Maintain and improve environmental management system	ISO certification acquisition by all Japanese consolidated subsidiaries	Acquisition by all	Acquired by all	
		ISO certification acquisition by overseas manufacturing sites	Acquisition by all	Not acquired by one site	
	Realize green factories and offices	Introduction of Green Factory and Office System	System trials	Trials implemented	
	Promote Environmental Vision 2020	Disclosure and awareness within and outside the company	Disclosure and awareness	Published in non-company journals	
Reduce environmental impact of products, technologies, and services	Increase the proportion of eco-products	Increase sales ratio of eco-products	30%	32%	
		Reduce CO ₂ emissions volumes	850,000 tons	1.11 million tons	
	Maintain or improve controls on product chemical substance content	Response to new regulations	<ul style="list-style-type: none"> Deal with REACH Share latest information 	<ul style="list-style-type: none"> Shore up the REACH database Disclose new information 	
	Environmental contribution business, promote technology development	Expand business and promote technology development	Same as at left	<ul style="list-style-type: none"> Participated in smart grid demonstration test project SiC and GaN devices development 	
Reduction of business activities' environmental impact	Prevention of global warming	Response to amended laws (energy conservation, global warming)	<ul style="list-style-type: none"> Report on revised Rational Energy Use Law Participate in trial cap and trade scheme 	<ul style="list-style-type: none"> Developed policy dealing with revised law Achieved emissions reduction targets 	
		Reduce 2010 energy-source CO ₂ emissions volume by 6% in comparison to 2006	6% reduction (Japan)	19.9% reduction (Japan)	
	Resource recycling	Achieve zero waste emissions	1% or less at all sites in Japan	1% or less at all sites in Japan	
			Monitor final disposal amounts overseas	Determine status overseas	
	Chemical substance control	Reduce use of PRTR-listed substances	Reduce by 40% compared to 2000	40.4% reduction	
		Reduce VOCs	Reduce by 40% compared to 2000	62.2% reduction	
Reduction of environmental risk	Environmental risk management monitoring	Thorough compliance with laws and regulations	Implement at all Japanese manufacturing sites and overseas sites (with high environmental impact)	Implemented at all subject sites (5 overseas sites)	
	Make geographic/historical risk of manufacturing sites visible	<ul style="list-style-type: none"> Keep geographical/historical data for each site Organize past data 	Begin survey	Survey underway	
Promotion of social contribution activities and environmental communications	Implement measures for the protection of biodiversity	Develop and promote efforts	Develop biodiversity guideline	<ul style="list-style-type: none"> Publish pamphlet, "Considering biodiversity from the perspective of rural woodlands" Greening of the Tokyo Factory grounds; preserving the Musashino Forest 	
	Participate in regional activities (including biodiversity efforts)	Participate in regional activities	Participate actively in local environment fairs	<ul style="list-style-type: none"> Activities at each business site Rural woodland activities in Kumamoto Prefecture Field restoration in Yamanashi Prefecture 	

TOPIC 1

Reducing Environmental Impact through Our Products

Promoting Development of “Eco-Products” that Contribute to Environmental Impact Reduction

Fuji Electric is striving to develop and is promoting the widespread adoption of eco-products, which boost energy efficiency, cut chemical substances contained in products and take various other environmental factors into account, and products that help to alleviate the overall environmental impact on society.



Super eco-products (command switch, geothermal power generation, fuel cell, cup-type vending machine)

Creation of Eco-Products and Super Eco-Products

Fuji Electric evaluates the environmental contribution of products and consideration of the environment on a company-wide platform. Products meeting fixed standards for CO₂ emissions volume reduction throughout society are designated “eco-products,” and of these, products which are tops in the industry in environmental performance and degree of environmental contribution or have otherwise received commendations from outside the company are designated “super eco-products.”

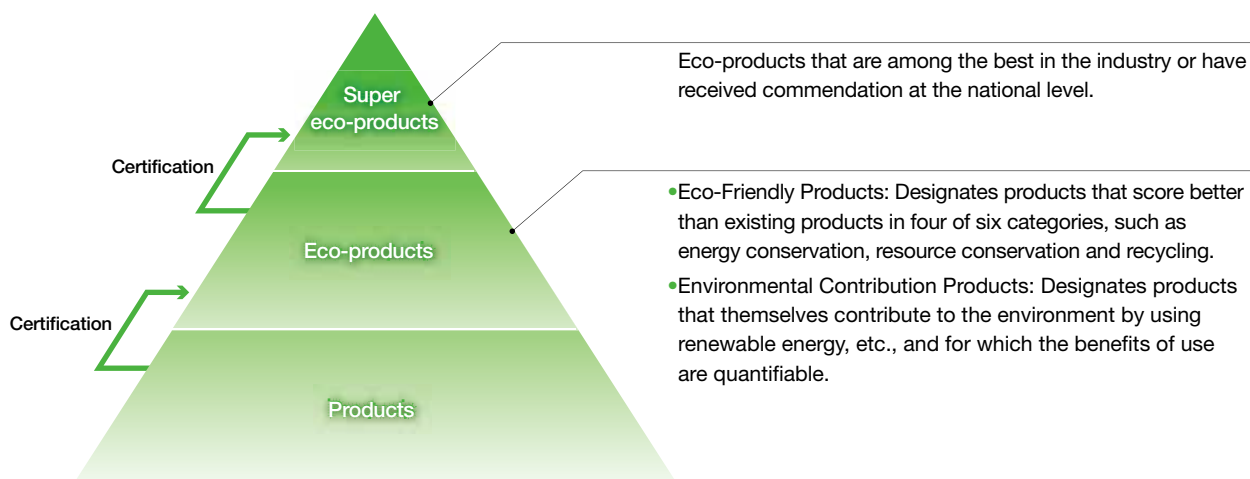
Our environmental medium-term plan for the three years through fiscal 2011 calls for expanding the ratio of eco-products in the overall Fuji Electric product lineup to 40%.

Target: 70% Net Sales Ratio for Eco-Products by 2020

Fuji Electric’s Environmental Vision 2020 sets the CO₂ emissions reduction target for society overall at 2.4 million tons by 2020, and calls for the provision of energy-saving products and energy-creating products to help meet that goal. It also calls for sales of eco-products to make up 70% of total net sales by the same year.

In FY2009, we classified products that can contribute to CO₂ emissions into four groups and devised quantitative CO₂ reduction calculation methods for each. We were thus able to sum up total CO₂ emissions reductions from products sold during FY2009 using these calculation methods. Our targets for FY2010 were “30% of total net sales comprised of eco-products” and “CO₂ emissions volume reduction of 850,000 tons.” We exceeded the targets in both cases, coming in at 32.1% and 1.11 million tons reduction, respectively. For FY2011 we have set an eco-products sales ratio target of 40% and a CO₂ emissions volume reduction target of 1 million tons, as we continue to work to create eco-products and increase the CO₂ reduction effect.

Eco-product Certification Standards



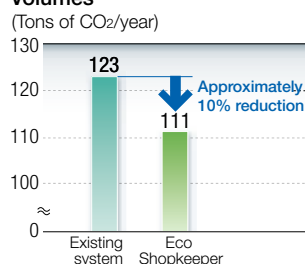
TOPICS

Eco-Product Example 1: The “Eco Shopkeeper” Energy Monitoring Unit

Establishing Limits on Power Use and Supporting Total Energy Management at Retail Chain Stores

The revised Rational Energy Use Law requires chain stores and supermarkets to control the total energy usage of the chain, rather according to each individual store unit. This product not only measures power, but is also capable of setting limits on power use and sounding an alert prior to peak usage being reached, notifying the users of overuse of unneeded power. It can also be operated easily, even by people who don't know a lot about electricity.

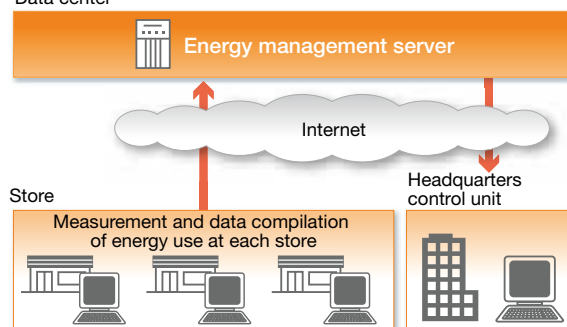
Use of this equipment provides an average energy conservation benefit of 5–10%, by analyzing the data gathered at each store and basing efficient usage strategies on that

Comparison of CO₂ Emission Volumes

analysis. One application example for this equipment is its use in an office building that consumes 300 MWh annually. Improvements in some equipment as well as operational enhancement resulted in about 10% power use reduction. (Calculated based on a case at our company.)

Diagram of Energy Management at Chainstores

Data center



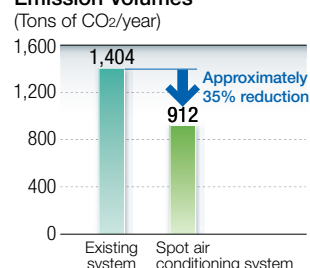
TOPICS

Eco-Product Example 2: Spot Air Conditioning System

Eliminating Heat Accumulation with Better Energy Conservation than Central Air

As data center server rooms trend toward greater capacities and integration, localized heat accumulation is becoming an issue.

This product, a spot air conditioning unit utilizing a high-efficiency coolant pump, eliminates heat accumulation problems. In FY2011, this unit has been achieving about 35% better energy

Comparison of CO₂ Emission Volumes

efficiency than previously used central air conditioners. (Calculated based on a case at our company.)



Local air-conditioning systems

Developer's Opinion

We Focused on Reducing Air Conveyance Power Usage in Developing an Energy-Saving Air Conditioning System

The volume of power used by IT equipment has been growing rapidly in recent years, and is projected to quintuple by 2025 in comparison with 2006 (METI). Therefore, we have been looking into ways to reduce the power used to drive air conditioners (especially that used in air conveyance), which makes up about half of the power used at Internet data centers. To that end we proposed a new air conditioning system by which a separate spot cooling unit (in-room unit) is placed within the server room.

In this system, the spot cooling unit is designed to hang from the server rack, which is unused server room space. The unit provides an energy-conserving way to eliminate local heat accumulation.



Atsushi Nakamura
Heat Application Technology Lab
Fuji Electric Co., Ltd.

TOPIC 2

Reducing Environmental Impact at Our Production Bases

Hitting Our CO₂ Emissions Reduction Targets through Energy Conservation at All Bases

We recognize anti-global warming efforts as an important management issue, and are actively making progress toward that goal as we share information about reducing energy use in business activities throughout the establishment of company.



Sharing information about actual examples of energy conservation throughout Fuji Electric (including affiliates) at the Energy Conservation Case Report Conference

Establishment of Voluntary Targets for CO₂ Reduction and Conserving Energy to Meet Them

Fuji Electric is participating in the voluntary action plan targets for the industry set by four electronics industry organizations* so as to help Japan achieve the goals of the Kyoto Protocol. Since FY2007 we have engaged improving our energy conservation so as to meet our voluntary goal of reducing the volume of Japan's CO₂ emissions from energy use in FY2010, which falls in the middle of the first target period of the Protocol (2008–2012), by 6% in comparison with the benchmark year of FY2006. Examples of energy conservation measures at each of our sites have been compiled in a database, and we have been conducting energy conservation analyses of each domestic production base.

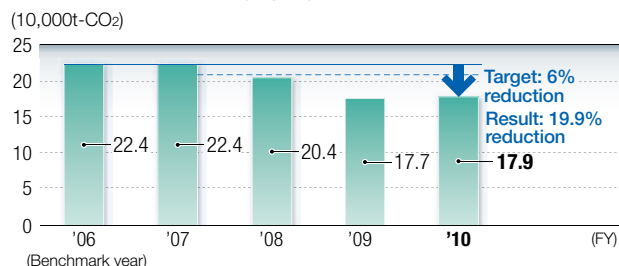
In FY2010 we engaged in a variety of measures, including switching to more efficient lighting, such as LEDs, and air conditioning systems, and reducing energy waste through clean room temperature and humidity controls. As a result, we reduced domestic CO₂ emissions by 179,265 tons, or 19.9%, compared to FY2006, hitting our target. Also, we succeeded in reducing overall energy use (electric plus fuel use) in FY2010 by approximately 11% owing to our energy conservation initiatives

since FY2007.

We also held the Energy Conservation Case Report Conference for the sharing of energy conservation data. In addition, we began conducting energy conservation analyses at two overseas bases so that energy conservation efforts can develop at a level parallel to our domestic bases.

* The Japan Electronics and Information Technology Industries Association, the Communications and Information Network Association of Japan, the Japan Business Machine and Information System Industries Association, and the Japan Electrical Manufacturers' Association

CO₂ Emissions Volume (Japan)



Notes:

1. Emission estimates use the emissions coefficient for electric power users (3.36 tons of CO₂ per ten thousand kilowatt-hours in fiscal 2010), taking into account the goal of a 20% emissions cut relative to 1990 levels by 2010, as specified by the Federation of Electric Power Companies of Japan.
2. This data covers the production bases and offices of all domestic consolidated subsidiaries.

Opinion of an Energy Conservation Coordinator

The Matsumoto factory is engaged in semiconductor production, and as such we consume a lot of energy. Therefore, we have been engaged in serious energy conservation activities since FY2007. In addition to improving the efficiency of the power supply we derive from cogeneration, we have also been able to reduce greenhouse gas emissions and water usage broadly by uncovering energy demand side issues, such as those involving our clean room air conditioning. We would like to provide this kind of know-how to other Japanese and overseas bases as well so that bases worldwide can develop their programs at a level parallel to ours and proceed with measures to reduce energy and resource use as well as greenhouse gas emissions.

Facility investment has become tight due to the changes in the economic environment since the Lehman shock, so continuous investment even in energy conservation measures, which provide good ROI, has been difficult. Nonetheless, we are continuing to improve our controls and diagnostic technologies so as to uncover "hidden" energy issues at our sites.

Working to Uncover "Hidden" Energy Conservation Items



Mamoru Oyama
Environment and Facility Department
Manager, Matsumoto Factory
Devices Business Headquarters
Fuji Electric Co., Ltd.

TOPICS

Energy Conservation Activity Example 1: Fuji Electric Philippines, Inc.

Equipment Energy TOPICS: Award for 26% Better Efficiency by Philippines' Energy Ministry

Nuclear power is prohibited in the Philippines, so most power comes from thermal, with hydro, geothermal, and wind also in use. Nonetheless, chronic power shortages remain a problem as the nation deals with issues such as quality, price, and supply volume.

Fuji Electric Philippines, a semiconductor devices manufacturer, is actively engaging in energy conservation so as to cope with power shortages. Such efforts include raising the temperature of cooling water for equipment by



Power demand can be reduced through cutting the operating frequency of the fan motor for cooling systems from 45 Hz to 60 Hz by installing a frequency inverter.
(The Fuji Electric FRENIC-MULTI inverter)

1°C, and reducing the operating frequency of the fan motors for cooling systems from 45 Hz to 60 Hz by installing inverters.

As a result of these energy conservation measures, the company achieved

electricity savings of 26% in FY2010 compared to the previous fiscal year. In recognition of this achievement, Fuji Electric Philippines received the Energy Ministry's Don Emilio Abello Energy Efficiency Award for superior efficiency improvement.

Henceforth, the company will continue to strive to produce even greater results by having each individual employee give serious consideration to the most effective means of energy use.



Don Emilio Abello Energy Efficiency Award ceremony

TOPICS

Energy Conservation Activity Example 2: Mie Factory, Fuji Electric Retail Systems Co., Ltd.

Building a New, Energy-Conserving Production Facility for Vending Machines

Construction of a new facility for vending machine production at the Mie factory was completed in February 2011. The new facility will enable order-made vending machine production according to customer specifications, and will also shorten production lead time.

The new facility, which went online in February, not only has greatly shortened line length, but also concentrates a number of production lines, such as for sheet metal, painting, assembly, and testing, which had previously been dispersed. This reduces the amount of space required by 40%. Also, by incorporating energy-saving production equipment design and energy-conserving equipment, a 20% reduction of annual CO₂ emissions compared to the previous production facility has been forecast.

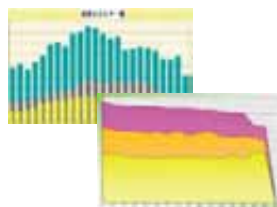
This facility has succeeded in reducing the amount of energy used to produce a single



Mie factory: New production facility
Total building area: 9,308 m²
Total floor area: 13,135 m²

vending machine by 23% (22kWh → 17kWh) by making energy use in the production process "visible" and by improving productivity.

Newly Installed Energy-Saving Equipment



The latest energy-saving systems that make energy consumption "visible"



Efficient operation of painting process fans and pumps by using inverters



Installation of solar power generation systems



Highly energy-efficient equipment, such as LED lighting



Management Structure

Corporate Governance

Management Structure Reforms	48
A Corporate Governance Structure Emphasizing the Role of Outside Officers	48
Remuneration for Directors	49
Internal Control System	49

Compliance/Risk Management

Compliance	50
Risk Management	50
List of Officers	51

Corporate Governance

Fuji Electric's corporate governance is being strengthened through efforts to reform our management structure and improve transparency and our supervisory functions.

Management Structure Reforms

In April 2011, we restarted as the "New Fuji Electric," by integrating Fuji Electric Systems, which primarily handles energy and the environment, and Fuji Electric Holdings, our holding company. We have also introduced an executive officer system that has been implemented across the company, including our affiliates. The management and execution roles have been made clear, which speeds up the

decision-making process as well as clarifying executive responsibility for each business.

We are transferring all domestic magnetic disk operations to Malaysia to strengthen our ability to make profits even in the face of sudden, rapid changes in demand. In tandem with this move, we merged Fuji Electronic Device Technology Co., Ltd., our domestic subsidiary, into Fuji Electric Co., Ltd. in July 2011.

A Corporate Governance Structure Emphasizing the Role of Outside Officers

Outside officers fulfill the role in management of objective supervision. By providing useful advice and instructions across the entire spectrum of Fuji Electric's business, outside officers help to ensure the rationality of business judgments. Our corporate governance structure emphasizes the role of outside officers, with three of our 11 directors and three of our five auditors placed from outside the company.

Outside directors serve to ensure the rationality and propriety of decision making, and strengthen oversight functions. Our three outside directors—Mr. Tadashi Kudo, who brings strong experience in finance-related management, Mr. Hiroaki Kurokawa, who has deep experience as a manufacturing executive, and Mr. Motoyuki Suzuki, with wide-ranging experience in the field of environmental engineering—provide Fuji Electric with useful

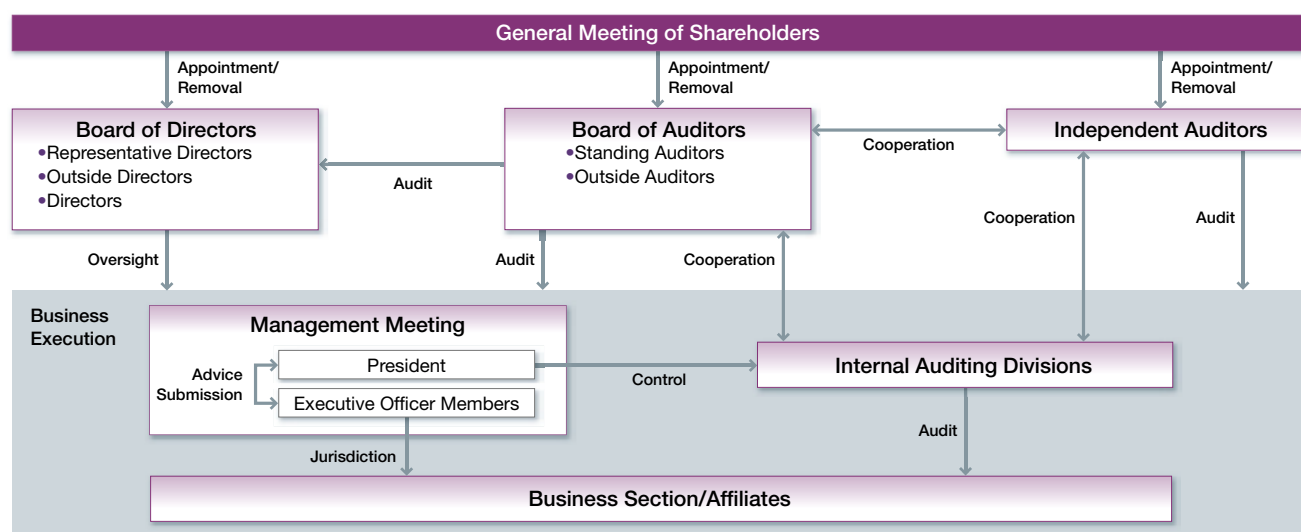
advice and instructions in every aspect of our business.

In addition to having the role of strengthening our auditing functions, our three outside auditors—Mr. Yuzuru Fujita, who possesses strong experience as a financial institution executive, Mr. Takahiko Ito, with his experience as a standing auditor at a listed company, and Mr. Kunio Morikiyo, an attorney—also provide useful advice at our Board of Directors meetings and in other venues concerning our entire business.

Of these outside officers, five have been appointed as independent directors as required by the financial instruments exchanges.

Attendance of outside officers in FY2010 at Board of Directors meetings (held 14 times) and Board of Auditors meetings (held four times) was 91% and 100%, respectively.

Corporate Governance Framework



(1) Directors and Board of Directors

The Board of Directors conducts decision-making and oversight of the management of Fuji Electric and the execution of its important business. Fuji Electric proactively appoints outside directors with a view to strengthening the management supervisory function from an objective perspective and maintaining the rationality and propriety of business decisions.

(2) Auditors and Board of Auditors

The auditors inspect Fuji Electric's management and business execution. In addition to our proactive appointment of outside auditors, we shore up our auditing functions by requiring Standing Auditors to attend Executive Committee meetings.

(3) President, Executive Officers, Executive Committee

Led by the President, the Executive Committee rules on the execution of business other than that decided upon by the Board of Directors. The Executive Committee is composed of executive officers and serves to advise the president, and fulfills functions such as reporting to enable deliberation, recommendation, and monitoring of important matters. Each executive officer controls the execution of the business of which he is in charge.

Remuneration for Directors

Fuji Electric has established a remuneration system and remuneration levels for directors and auditors that are deemed appropriate for their respective duties and in accordance with the shareholders' mandate, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the improvement of business performance.

Standing Directors

Remuneration for standing directors comprises fixed-amount remuneration determined according to position, and performance-based remuneration. A predetermined amount of the fixed-amount remuneration is required to be paid to the director ownership plan, in accordance with the director's position. Performance-based remuneration is paid only when dividends from retained earnings are paid to shareholders. In order to establish a clear link with consolidated performance in each fiscal year, the total amount is limited to 1.0% of consolidated net income in the previous fiscal year.

Outside Directors and Auditors

Remuneration for outside directors and auditors comprises a fixed amount determined according to position, as they bear the responsibility of supervising and auditing the execution of duties for Fuji Electric overall. Acquisition of the Company's stock is on a voluntary basis.

In fiscal 2006, the holding company abolished the retirement benefit system for directors.

Total Remuneration for Directors and Corporate Auditors

	Number of recipients	Amount of payment (Millions of yen)
Directors (of which, outside directors)	14 (4)	333 (22)
Auditors (of which, outside auditors)	7 (4)	80 (22)

Notes

1. Includes three directors (of which, one was an outside director) and two auditors (of which, one was an outside auditor) who retired as of the end of the 134th Ordinary General Meeting of Shareholders, held on June 24, 2010.
2. The amount paid to directors includes performance-based remuneration for FY2009.
3. In addition to the above payments, in accordance with the decision made at the 131st General Shareholders' Meeting on June 26, 2007, the following amounts were paid as final retirement bonuses to the directors and auditors described in Note 1:
 - Two directors: ¥24 million (includes ¥4 million paid to one outside director)
 - Two auditors: ¥9 million (includes ¥3 million paid to one outside auditor)

Internal Control System

The Fuji Electric Board of Directors determines basic policies concerning the establishment of an internal control system as stipulated in the Companies Act, and the company discloses that policy. Fuji Electric's company-wide internal control

system is designed to respond promptly and accurately to the demands placed upon the company by society, and improvements are continuously made to it.

Note: For details please refer to the "Basic Internal Control System Policy" section of our website.

Compliance/Risk Management

We employ thorough measures to ensure compliance with laws and corporate ethics and manage risks and crises, because achieving sustained corporate growth is premised upon doing so.

Compliance

We seek to thoroughly understand laws and customs both in Japan and overseas, as well as all social norms and worldviews, and to comply with them and always act with a high degree of social conscience. We have established the Fuji Electric Compliance Regulations and the Fuji Electric Compliance Program to be our foundation for such efforts.

Compliance Policies and Structures

The Fuji Electric Code of Conduct, which was revised in October 2010, states that we shall “Respect, value and conform with all applicable laws and regulations.” We have established the Fuji Electric Compliance Regulations and the Fuji Electric Compliance Program, which brings together four aspects of domestic and overseas compliance (internal rules, oversight, monitoring, education), based upon this policy, so as to achieve

sustained growth. We promote activities based upon the above regulations and program not only by Fuji Electric Co., Ltd., but also by our consolidated subsidiaries, so as to achieve thorough compliance.

The Fuji Electric Compliance Committee, which is headed by the president and composed of the managers responsible for compliance, with outside experts (attorneys) as observers, has jurisdiction over compliance. The committee meets twice a year to deliberate compliance planning and execution with the goal of achieving full compliance with laws and social norms.

In addition, we have set up the Business Ethics Helpline system for the prevention and early detection of infractions of laws and company rules. This system allows employees to report to the president of Fuji Electric via the offices of the Compliance Division.

TOPICS

Compliance Training in China

Fuji Electric has created a compliance training program for officers and employees of our affiliates that addresses matters they encounter in the course of their business activities. This program is conducted year-round.

In FY2010, 388 overseas subsidiary personnel received training at their locations at 39 operational bases in 12 countries. Notably, in China, where business is expanding rapidly, compliance training was conducted at 14 operational bases.



Compliance training in progress

Risk Management

Fuji Electric manages risks (strategic, financial, operational, hazard and other risks) in an organized and systematic fashion, based on the Fuji Electric Risk Management Rules, formulated in May 2006. The risks related to each business are analyzed when drawing up the business plans for each fiscal year, and included in the creation of those plans.

Note: For details about our response to the Great East Japan Earthquake, please see page 33.

Information Security

To protect personal and confidential information, Fuji Electric has formulated internal rules, instituted training programs for employees and implemented various other measures. These measures include acquiring outside certification for companies demanding a high level of information security. As of April 1, 2011, six of our operations (at four companies) had acquired ISMS certification. Also, currently two companies—Fuji Electric Co., Ltd. and Fuji Electric IT Center Co., Ltd.—have acquired Privacy Mark certification.

List of Officers

Directors

As of June 24, 2011



Michihiro Kitazawa
President and
Representative Director



Mitsunori Shirakura
Representative Director



Tadashi Kudo
Director
(Outside Director)
Special Advisor,
Chuo Fudosan Co., Ltd.



Hiroaki Kurokawa
Director
(Outside Director)
Senior Executive Advisor,
Fujitsu Limited



Motoyuki Suzuki
Director
(Outside Director)
Professor, The Open University of Japan; Chairman of the
Central Environmental Council, Ministry of the Environment



Hisao Shigekane
Director



Yoshio Okuno
Director



Michio Abe
Director



Naoto Yoneyama
Director



Naoya Eguchi
Director



Junichi Matsumoto
Director

Auditors

As of June 24, 2011



Keiichi Hirata
Standing Auditor



Toshio Shinozaki
Standing Auditor



Yuzuru Fujita
Auditor
(Outside Auditor)
Principal Advisor,
Asahi Mutual Life
Insurance Co.



Takahiko Ito
Auditor
(Outside Auditor)
Standing Auditor,
Furukawa Electric Co., Ltd.



Kunio Morikiyo
Auditor
(Outside Auditor)
Attorney

Executive Officers

As of July 1, 2011

President	Michihiro Kitazawa	General management
Executive Vice President	Mitsunori Shirakura	Assistant to the president (mainly responsible for energy and environment business), in charge of compliance
Senior Managing Executive Officers	Hisao Shigekane	Chief Marketing Officer (CMO), Corporate Marketing Headquarters General Manager
	Takamichi Hamada	In charge of China business
Managing Executive Officers	Yoshio Okuno	Sales Headquarters General Manager
	Michio Abe	Production Headquarters General Manager
	Masaru Yamazoe	Power Electronics Business Headquarters General Manager
Executive Officers	Naoto Yoneyama	Energy Business Headquarters General Manager
	Takashi Kusaka	Industrial Systems Business Headquarters General Manager
	Kenzo Sugai	Social Systems Business Headquarters General Manager
	Kuniaki Yanagisawa	Electronic Devices Business Headquarters General Manager
	Naoya Eguchi	Chief Technical Officer (CTO), Corporate R&D Headquarters General Manager
	Hidehiko Asahi	President, Fuji Electric Retail Systems Co., Ltd.
	Fumio Ito	President, Fuji Electric FA Components & Systems Co., Ltd.
	Masahiko Kato	Corporate Planning Office General Manager, Export Administration Office General Manager
	Junichi Matsumoto	Chief Financial Officer (CFO), Corporate Finance Office General Manager
	Toshihiko Ishihara	Human Resources Office General Manager
	Motofumi Matsumura	Corporate Marketing Headquarters Deputy General Manager



Financial/Company Information

Financial Information

Consolidated Balance Sheets	53
Consolidated Statements of Income	55
Consolidated Statements of Comprehensive Income	56
Consolidated Statements of Changes in Net Assets	57
Consolidated Statements of Cash Flows	58
Consolidated Subsidiaries and Equity-method Affiliates	59
Company Information/ Stock Information	61

Financial Information

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
As of March 31, 2011 and 2010	2011	2010	2011
Assets			
Current Assets:			
Cash and cash equivalents	¥ 81,796	¥ 37,283	\$ 985,502
Short-term investments	87	61	1,050
Trade receivables	197,350	223,107	2,377,722
Allowance for doubtful accounts	(561)	(617)	(6,765)
Inventories	109,451	93,450	1,318,690
Deferred tax assets	15,849	22,069	190,957
Other current assets	39,052	40,320	470,490
Total Current Assets	443,024	415,673	5,337,646
Property, Plant and Equipment:			
Land	27,697	30,532	333,703
Buildings and structures	201,113	197,320	2,423,060
Machinery and equipment	165,222	156,505	1,990,632
Lease assets	37,520	27,872	452,049
Construction in progress	1,273	14,595	15,320
	432,825	426,824	5,214,764
Less accumulated depreciation	(266,894)	(250,631)	(3,215,590)
Net Property, Plant and Equipment	165,931	176,193	1,999,174
Investments and Other Assets:			
Investment securities:			
Unconsolidated subsidiaries and affiliates	29,079	31,104	350,360
Other	100,253	219,270	1,207,872
Long-term loans receivable	2,037	1,934	24,547
Deferred tax assets	4,634	4,754	55,843
Other investments and other assets	62,260	61,385	750,083
Allowance for doubtful accounts	(1,421)	(1,375)	(17,127)
Total Investments and Other Assets	196,842	317,072	2,371,578
Total Assets	¥ 805,797	¥ 908,938	\$ 9,708,398

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Liabilities and Net Assets			
Current Liabilities:			
Short-term debt	¥ 37,132	¥ 96,682	\$ 447,374
Current portion of long-term debt	90,718	25,417	1,092,995
Trade payables	134,686	131,746	1,622,731
Advances received	37,539	27,007	452,278
Income taxes payable	2,416	3,686	29,116
Other current liabilities	102,407	96,446	1,233,795
Total Current Liabilities	404,898	380,984	4,878,289
Long-term Liabilities:			
Long-term debt	146,168	237,690	1,761,068
Provision for retirement benefits	12,647	11,152	152,380
Provision for directors' retirement benefits	365	373	4,399
Deferred tax liabilities	38,263	60,049	461,010
Other long-term liabilities	28,521	22,556	343,596
Total Long-term Liabilities	225,964	331,820	2,722,453
Total Liabilities	630,862	712,804	7,600,742
Contingent Liabilities:			
Net Assets			
Shareholders' Equity:			
Capital stock:			
Authorized — 1,600,000,000 shares			
Issued — 746,484,957 shares as of March 31, 2011	47,586	—	573,326
746,484,957 shares as of March 31, 2010	—	47,586	—
Capital surplus	46,734	46,734	563,063
Retained earnings	54,378	42,010	655,158
Treasury stock, at cost:			
31,867,094 shares as of March 31, 2011	(7,106)	—	(85,615)
31,824,451 shares as of March 31, 2010	—	(7,095)	—
Total Shareholders' Equity	141,592	129,235	1,705,932
Accumulated Other Comprehensive Income (Loss)			
Valuation difference on available-for-sale securities	19,895	52,985	239,700
Deferred gains or losses on hedges	4	110	55
Foreign currency translation adjustments	(6,136)	(3,463)	(73,939)
Total Accumulated Other Comprehensive Income	13,763	49,632	165,816
Minority Interests in Consolidated Subsidiaries	19,580	17,267	235,908
Total Net Assets	174,935	196,134	2,107,656
Total Liabilities and Net Assets	¥805,797	¥908,938	\$9,708,398

Consolidated Statements of Income

Years ended March 31, 2011 and 2010	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Net Sales	¥689,065	¥691,223	\$8,301,989
Cost of Sales	543,558	568,966	6,548,891
Gross Profit	145,507	122,257	1,753,098
Selling, General and Administrative Expenses	133,590	121,333	1,609,518
Operating Income	11,917	924	143,580
Non-operating Income (Expenses):			
Interest and dividend income	2,913	2,866	35,102
Interest expense	(5,585)	(6,993)	(67,299)
Other, net	(2,020)	2,666	(24,323)
	(4,692)	(1,461)	(56,520)
Ordinary Income (Loss)	7,225	(537)	87,060
Extraordinary Income (Loss), Net	19,222	(7,890)	231,590
Income (Loss) Before Income Taxes and Minority Interests	26,447	(8,427)	318,650
Income Taxes	10,202	(13,378)	122,919
Income Before Minority Interests	16,245	4,951	195,731
Minority Interests in Net Loss (Income) of Consolidated Subsidiaries	(1,141)	1,806	(13,752)
Net Income	¥ 15,104	¥ 6,757	\$ 181,979
	Yen		U.S. dollars
	2011	2010	2011
Per Share of Common Stock:			
Basic	¥21.14	¥9.46	\$0.255
Diluted	21.10	9.38	0.254

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
Years ended March 31, 2011 and 2010	2011	2010	2011
Income Before Minority Interests	¥ 16,245	¥ 4,951	\$ 195,731
Other Comprehensive Income (Loss)			
Valuation difference on available-for-sale securities	(33,111)	42,326	(398,929)
Deferred gains or losses on hedges	(108)	180	(1,309)
Foreign currency translation adjustments	(3,004)	(1,150)	(36,205)
Share of other comprehensive loss of associates accounted for using equity method	(10)	(97)	(119)
Total Other Comprehensive Income (Loss)	(36,233)	41,259	(436,562)
Comprehensive Income (Loss)	¥(19,988)	¥46,210	\$(240,831)
Comprehensive Income (Loss) attributable to:			
Shareholders of the Company	¥(20,763)	¥48,129	\$(250,168)
Minority interests	775	(1,919)	9,337

Consolidated Statements of Changes in Net Assets

	Thousands				Millions of yen						
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Valuation difference on available- for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Treasury stock	Total	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2009	746,484	¥47,586	¥46,734	¥34,850	¥10,751	¥ (60)	¥(2,431)	¥(7,088)	¥130,342	¥15,771	¥146,113
Net income for the year	-	-	-	6,757	-	-	-	-	6,757	-	6,757
Change of scope of consolidation	-	-	-	49	-	-	-	-	49	-	49
Change of scope of equity method	-	-	-	354	-	-	-	-	354	-	354
Cash dividends	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury stock, net of sales	-	-	(0)	-	-	-	-	(7)	(7)	-	(7)
Net change in the year	-	-	-	-	42,234	170	(1,032)	-	41,372	1,496	42,868
Balance at March 31, 2010	746,484	¥47,586	¥46,734	¥42,010	¥52,985	¥ 110	¥(3,463)	¥(7,095)	¥178,867	¥17,267	¥196,134
Net income for the year	-	-	-	15,104	-	-	-	-	15,104	-	15,104
Change of scope of consolidation	-	-	-	56	-	-	-	-	56	-	56
Change of scope of equity method	-	-	-	(291)	-	-	-	-	(291)	-	(291)
Cash dividends	-	-	-	(2,501)	-	-	-	-	(2,501)	-	(2,501)
Purchase of treasury stock, net of sales	-	-	(0)	-	-	-	-	(11)	(11)	-	(11)
Net change in the year	-	-	-	-	(33,090)	(106)	(2,673)	-	(35,869)	2,313	(33,556)
Balance at March 31, 2011	746,484	¥47,586	¥46,734	¥54,378	¥19,895	¥ 4	¥(6,136)	¥(7,106)	¥155,355	¥19,580	¥174,935

	Thousands of U.S. dollars										
Balance at March 31, 2010	\$573,326	\$563,063	\$506,149	\$ 638,374	\$ 1,333	\$(41,743)	\$(85,487)	\$2,155,015	\$208,046	\$2,363,061	
Net income for the year	-	-	181,979	-	-	-	-	181,979	-	181,979	
Change of scope of consolidation	-	-	683	-	-	-	-	683	-	683	
Change of scope of equity method	-	-	(3,517)	-	-	-	-	(3,517)	-	(3,517)	
Cash dividends	-	-	(30,136)	-	-	-	-	(30,136)	-	(30,136)	
Purchase of treasury stock, net of sales	-	(0)	-	-	-	-	(128)	(128)	-	(128)	
Net change in the year	-	-	-	(398,674)	(1,278)	(32,196)	-	(432,148)	27,862	(404,286)	
Balance at March 31, 2011	\$573,326	\$563,063	\$655,158	\$ 239,700	\$ 55	\$(73,939)	\$(85,615)	\$1,871,748	\$235,908	\$2,107,656	

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
Years ended March 31, 2011 and 2010	2011	2010	2011
Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	¥ 26,447	¥ (8,427)	\$ 318,650
Depreciation and amortization	27,945	26,053	336,693
Increase (decrease) in allowance for doubtful accounts	(11)	103	(137)
Interest and dividend income	(2,913)	(2,866)	(35,102)
Interest expense	5,585	6,993	67,299
Foreign exchange losses (gains)	748	(321)	9,022
Gain on sales of noncurrent assets	(232)	(4,056)	(2,798)
Gain on sales of investment securities	(30,760)	(295)	(370,611)
Gain on sales of subsidiaries' stocks	(539)	—	(6,495)
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,270	—	27,357
Loss on devaluation of investment securities	2,863	257	34,496
Loss on disposal of noncurrent assets	923	898	11,127
Impairment loss	1,269	—	15,301
Changes in operating assets and liabilities:			
Notes and accounts receivable—trade	24,122	(38,777)	290,631
Inventories	(16,179)	59,002	(194,932)
Notes and accounts payable—trade	5,384	8,581	64,872
Advances received	10,525	(24,402)	126,817
Other, net	3,680	(2,516)	44,291
Cash generated from operations	61,127	20,227	736,481
Interest and dividends received	2,745	2,814	33,078
Interest expenses paid	(5,381)	(6,910)	(64,834)
Income taxes paid	(4,638)	(4,208)	(55,892)
Net cash provided by operating activities	53,853	11,923	648,833
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(12,321)	(10,606)	(148,446)
Proceeds from sales of property, plant and equipment	4,987	12,852	60,087
Purchase of investment securities	(398)	(361)	(4,800)
Proceeds from sales of investment securities	94,153	1,408	1,134,379
Proceeds from sales of investments in subsidiaries	1,450	—	17,470
Payments of loans receivable	(7,439)	(11,844)	(89,634)
Collection of loans receivable	6,622	12,236	79,784
Other, net	(2,813)	(4,213)	(33,880)
Net cash provided by (used in) investing activities	84,241	(528)	1,014,960
Cash Flows from Financing Activities:			
Net decrease in short-term loans payable	(59,835)	(71,701)	(720,912)
Proceeds from long-term loans payable	1,709	60,937	20,594
Repayment of long-term loans payable	(24,692)	(47,105)	(297,499)
Proceeds from sales of treasury stock	1	0	16
Purchase of treasury stock	(11)	(8)	(144)
Cash dividends paid	(2,501)	—	(30,136)
Cash dividends paid to minority shareholders	(362)	(65)	(4,369)
Other, net	(7,777)	(4,633)	(93,676)
Net cash used in financing activities	(93,468)	(62,575)	(1,126,126)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,103)	117	(13,299)
Net Increase (Decrease) in Cash and Cash Equivalents	43,523	(51,063)	524,368
Cash and Cash Equivalents at Beginning of Year	37,283	85,365	449,196
Increase in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	990	321	11,938
Increase in Cash and Cash Equivalents Resulting from Merger of Subsidiaries	—	2,660	—
Cash and Cash Equivalents at End of Year	¥ 81,796	¥ 37,283	\$ 985,502

Consolidated Subsidiaries and Equity-method Affiliates (As of July 1, 2011)

Fuji Electric has a total of 46 consolidated subsidiaries, 25 of which are Japanese and 21 overseas companies. Also, Fuji Furukawa Engineering & Construction Co., Ltd. is listed in the Second Section of the Tokyo Stock Exchange. In addition, two companies, Fuji Furmanite Co., Ltd. and Fuji Furukawa E&C (Thailand) Co., Ltd. are equity-method non-consolidated subsidiaries, while two companies, METAWATER Co., Ltd. and Japan AE Power Systems Corporation, are equity-method affiliates.

Japan

25 Consolidated Subsidiaries	Business Outline
Fuji Electric FA Components & Systems Co., Ltd.	Development, manufacture, and marketing of control equipment and power distribution equipment
Fuji Electric Retail Systems Co., Ltd.	Development, manufacture, marketing, and service of vending machines and retail information systems, and provision of related services
Ibaraki Fuji Co., Ltd.	Manufacture and marketing of control panels, power distribution boards, and control equipment
Hakko Electronics Co., Ltd.	Development, manufacture, and marketing of electronic operating panels
Fuji Electric Thermo Systems Co., Ltd.	Manufacture, marketing, and after-sales service of environmental facilities, induction furnaces, and heating units for induction furnaces
Tottori Electric Manufacturing Co., Ltd.	Manufacture of cleanroom equipment and control devices for railways
GE Fuji Meter Co., Ltd.	Design, development, manufacture, marketing, maintenance, and repair electric meters (smart meters, meter-related products) for use by Japan's electric utilities and other customers
Fuji Electric Chiba Tech. Co., Ltd.	Maintenance, inspection and repair of substation equipment, and manufacture and marketing of electric and other machinery and equipment
Fuji IT Co., Ltd.	Provision of total solutions that combine information control systems and component equipment using IT
Fuji Electric IT Solutions Co., Ltd.	Marketing of computers and communication equipment, development and provision of total solutions of information processing systems
Fuji Electric FA Service Co., Ltd.	After-sales service, maintenance, inspection, repair, modification, and marketing of all drive systems including inverters and motors
Fuji Electric Power Semiconductor Co., Ltd.	Manufacture of semiconductor devices
Fuji Electric F-Tech Co., Ltd.	Design, manufacture and marketing of automatic equipment, labor-saving equipment, production lines, dies and jigs, semiconductor application devices, and the design, production and repair of medical equipment and electric appliances
Hoei Denki Co., Ltd.	Marketing, installation, and repair of electrical machinery, control systems, and electronic components
Hokkaido Fuji Electric Co., Ltd.	Marketing, installation, and repair of electrical machinery, control systems, and electronic components
Fuji Electric Technica Co., Ltd.	Marketing, repair and maintenance of power distributors and control equipments, drive control systems and motors products
Chichibu Fuji Co., Ltd.	Manufacture and marketing of control equipment
Shinshu Fuji Electric Co., Ltd.	Development, design, manufacture, and repair of currency handling equipment
Hoei Plastics Co., Ltd.	Processing of plastics and sheet molding
Mie Fuji Co., Ltd.	Manufacture of vending machine parts
Fuji Furukawa Engineering & Construction Co., Ltd.	Design and execution of plant equipment, air conditioning and electric, building and ancillary, and telecommunications construction
Fuji Office & Life Service Co., Ltd.	Printing and copying, document management, advertising and design, travel services, insurance, real estate, third-party salary calculation, human resource development
Fuji Electric IT Center Co., Ltd.	Computer training and consulting services, such as computer network-related software development, contracting for computer network processing, and data provision services
Fuji Electric Finance and Accounting Support Co., Ltd.	Handling of accounts receivable and accounts payable functions for finance departments of Fuji Electric and affiliates; loan provision and other financial services for Fuji Electric affiliates
FESTEC Co., Ltd.	Temp staff dispatch as well as maintenance and construction contracting
Non-Consolidated Subsidiary Accounted for by the Equity Method: 1 Company	Business Outline
Fuji Furmanite Co., Ltd.	Repair of leaks in plumbing lines; design and production of clamps and boxes to prevent leaks, consulting related to leaks
Equity-Method Affiliates: 2 Companies	Business Outline
Japan AE Power Systems Corporation	Research, development, design, manufacture, engineering, marketing, installation, and maintenance services related to transformers, power transmission equipment, and power distribution equipment
METAWATER Co., Ltd.	Manufacture and marketing of various equipment and electric equipment for facilities in the water environment field, including water supply, sewage, recycled water and seawater desalination applications, and design, construction, and outsourcing of various plants

Overseas

21 Consolidated Subsidiaries	Business Outline
FUJI ELECTRIC FRANCE S.A.S.	Manufacture and sales of measuring and control devices
Shanghai Fuji Electric Transformer Co., Ltd.	Manufacture and sales of molded-case transformers
Shanghai Fuji Electric Switchgear Co., Ltd.	Manufacture and marketing of switching equipment, monitoring and control appliances, and related facilities and products
Wuxi Fuji Electric FA Co., Ltd.	Manufacture of inverters and industrial-use measuring instruments, and marketing in the Chinese market
Fuji Electric Motor (Dalian) Co., Ltd.	Manufacture of motors
Fuji Electric Power Supply (Thailand) Co., Ltd.	Manufacture and sale of small to mid-size UPSs and internal electrical parts
Fuji Electric (Shenzhen) Co., Ltd.	Manufacture and marketing of photoconductive drums
Fuji Electric Philippines, Inc.	Manufacture of semiconductor devices
Fuji Electric (Malaysia) Sdn. Bhd.	Manufacture of magnetic recording media
Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.	Manufacture of semiconductor devices
Fuji Electric (China) Co., Ltd.	Marketing of locally manufactured or imported products in China, and export of locally manufactured products
Fuji Electric Hong Kong Co., Limited	Marketing of semiconductor devices and photoconductive drums
Hoei Hong Kong Co., Ltd.	Marketing, installation, and repair of electrical machinery, control systems, and electronic components
Fuji Electric Taiwan Co., Ltd.	Sales of Semiconductor devices, power distribution and control equipment, drive control systems and motors
Fuji Electric Corp. of America	Marketing, installation, and repair of electrical machinery, control systems, and electronic components
Fuji Electric Europe GmbH	Marketing, installation, and repair of electrical machinery, control systems, and electronic components
Fuji Electric Asia Pacific Pte. Ltd.	Marketing, installation, and repair of electrical machinery, control systems, and electronic components
Fuji Electric Dalian Co., Ltd.	Manufacture of low-voltage circuit breakers
Fuji Electric FA (Asia) Co., Ltd.	Marketing of power distribution and control equipment
Fuji Electric (Changshu) Co., Ltd.	Manufacture and marketing of electromagnetic contactors and thermal relays
Fuji Electric FA Korea Co., Ltd.	Sales of power distribution and control equipment and drive control equipment
Non-Consolidated Subsidiary Accounted for by the Equity Method: 1 Company	Business Outline
Fuji Furukawa E&C (Thailand) Co., Ltd.	Electric construction, machine installation, plumbing, engineering, design, trading

Company Information/Stock Information

(As of March 31, 2011)

Company Information

Company Name	FUJI ELECTRIC CO., LTD.
Established	August 29, 1923
Head Office	1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi 210-9530, Japan
Head Office Business Address	Gate City Ohsaki, East Tower, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Employees	24,562 (Consolidated)
Stock Code	6504
URL	http://www.fujielectric.com

Stock Information

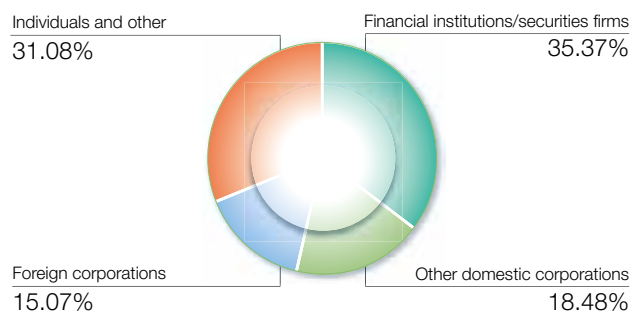
Authorized Shares	1,600,000,000
Issued and Outstanding Shares	746,484,957
Paid-in Capital	¥47,586,067,310
Number of Shareholders	63,091

Share Distribution by Shareholder Type

Type	Number of shareholders	Number of shares
Financial institutions/securities firms	150	264,025,099
Other domestic corporations	681	137,964,931
Foreign corporations	389	112,488,323
Individuals and other	61,871	232,006,604
Total	63,091	746,484,957

Note: "Individuals and other" includes treasury stock.

Holding



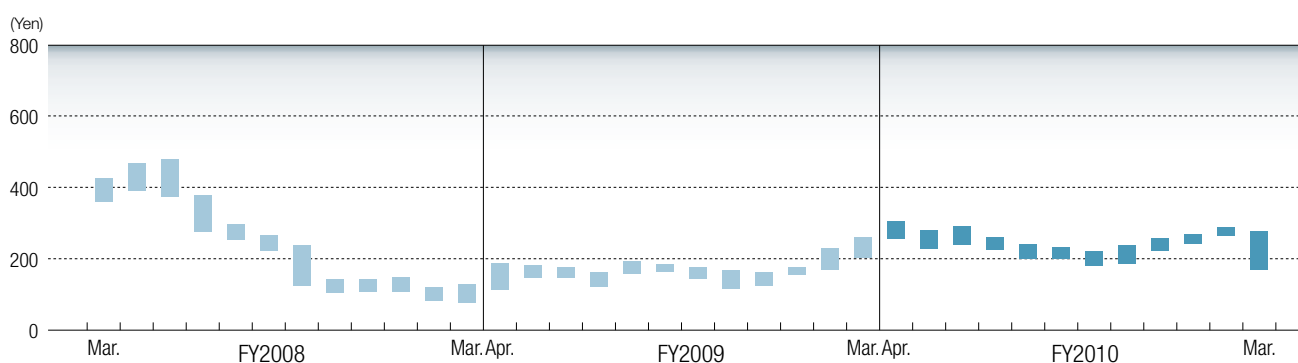
Major Shareholders

Shareholders' name	Number of shares (1000s)	Holding (%)
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:

- Treasury stock of 31,867,094 shares is excluded from the above list of top 10 shareholders.
- 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.

Share Price Fluctuations (Tokyo Stock Exchange)



Third-Party Opinion



Eiichiro Adachi

Counselor, the head of
ESG Research Center
The Japan Research Institute, Ltd.

Mr. Adachi is in charge of industry analysis and company evaluation from a CSR perspective, centering on environmental measures, and provides information about companies to financial institutions for socially responsible investing and environmentally friendly funding. Publications include *CSR Management and SRI* (2004, Kinzai), *Businesses That Will Grow Due to Global Warming* (2007, Toyokeizai), *Intro to Environmental Management* (2009, Nikkei), *Evolving Financial Institution Environmental Risk Strategies* (2011, Kinzai), and others. Mr. Adachi currently serves on the Japan Standards Association's ISO 26000 JIS Conversion Committee (having served as a Japanese Expert on the ISO 26000 Standards Working Group until May 2009).

This year's report is a combination of the Annual Report and the CSR Report, and for the first time the company's main management points are being published in a single volume. The concept of combined reports is the subject of lively discussion around the world. I give Fuji Electric credit for showing the will to get out in front in taking up the challenge of producing this kind of report.

Let's take a look at the significance of a combined report. While this is merely my personal opinion, I think of this as "addressing the business activities of the company from the perspective of social and environmental impact." In this report, Fuji Electric proclaims that its focus henceforth will be on the energy and environment field. That position and the reasons behind it are made clear.

Up to now, while the majority of Japanese companies have been declaring their dedication to principles such as "sincerity" and "superior craftsmanship," most do not make absolute, direct statements about the kind of future they seek to bring about. In the next report from Fuji Electric, I hope the company will clarify the future of the world that its focus on the energy and environment field will ideally bring about.

One example of this is in the section describing Fuji Electric's Social Systems Business. While the company describes participation in activities such as smart community proving tests, the premise for doing so seems to undergo a paradigm shift, from "a world to be supplied with as much power as demand requires" to "a world in which power demand can be managed through thorough demand-side management." This leaves me wanting Fuji Electric to inform readers again of the kind of future it envisions.

Fuji Electric's commitment and leadership in the creation of that future are also of interest to me. As I noted last year as well, Japan has abundant geothermal resources, which

nevertheless cannot be accessed because of a variety of regulations. In response to this situation, rather than simply say, "Geothermal power is expected to come to play a bigger role as laws are revised and regulations relaxed," it would be good for the company to express the will to take the lead in Japan as well as globally in expanding the use of geothermal, in particular given Fuji Electric's technologies and the results it has achieved worldwide.

Making those kinds of efforts would embody "addressing the business activities of the company from the perspective of social and environmental impact," and give a combined report even greater significance. Also, the same line of reasoning makes disclosure about the restructuring of existing business also desirable. I would like have found more direct disclosure in this report about the social and environmental impact of the nuclear equipment, radiation control systems, and vending machine businesses.

From the social and environmental perspectives as well, there is no question that stakeholders will have more expect for what Fuji Electric can accomplish in the future, given its wealth of technologies and results. It is my hope that Fuji Electric's mission to "contribute to prosperity" succeeds to such an extent that generations one hundred years from now will still value the company's efforts.

This third-party opinion derived from this report regarding my perception of the Fuji Electric Co., Ltd., is offered from the viewpoint of an analyst providing corporate information to financial institutions for the purpose of socially responsible investment.

These comments are not a testimony to the accuracy of the measurements and calculations offered in this report based on generally accepted standards for the preparation of environmental reports and other publications or to the comprehensive inclusion of all significant items.

In Closing

We at Fuji Electric are proud of our many energy creation and energy conservation technologies and products, and have a strong desire to use them to contribute to finding solutions to the environmental problems facing the world. We revised our Management Policies last year, declaring that we seek to make Fuji Electric a global company, and will focus on contributing to the global community through our energy and environment business. We also revised our Charter of Corporate Behavior, which is a guideline for employee behavior, to take a global perspective. Henceforth we will take the views expressed above into consideration in clarifying the meaning of our business activities from the perspective of social and environmental impact. We will also thoroughly implement our Code of Conduct overseas and seek increased opportunities for communication with our stakeholders, so as to become a company that is even more highly trusted by society.

Yoshitada Miyoshi

General Manager of the President Office
(Public and Investor Relations Dept./
CSR Promoting Dept.)
Fuji Electric Co., Ltd.



This mark symbolizes
the commitment of Fuji Electric
to environmental protection.

Environmentally Conscious Paper



Paper Certified by the FSC™ as Being from Mixed Sources

The paper used in this report has been certified
by the Forest Stewardship Council as deriving
from well-managed forests and other controlled
sources.



Paper that Contributes to Forest Thinning

Printed on paper made with wood from forest
thinning. "Morino Chonai-Kai" (Forest
Neighborhood Association)—Supporting sound
forest management.



A-(2)-060002

Domestic Materials

In support of the Kizukai
(Japanese Wood Usage)
Campaign promoted by the
Forestry Agency of Japan
to build healthy Japanese
forests that contribute to
the absorption of CO₂, the
paper used in this report is
made from wood sourced
from Japanese forests.

Environmentally Conscious Printing



Non-VOC Ink

This report was printed using 100%
vegetable-based ink containing zero volatile
organic compounds (VOCs).



Waterless Printing

This report was printed
using a waterless
printing process to
prevent the emission of
hazardous liquids during
printing.

Design Consideration



For a design using colors easy to see for people
regardless of individual differences, we obtained
certification from NPO Color Universal Design
Organization (CUDO).

FE Fuji Electric Co., Ltd.

Gate City Ohsaki, East Tower,
11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Contacts: Public and Investor Relations Dept.
TEL: +81-3-5435-7111 <http://www.fujielectric.com/>