

Yokogawa Electric Corporation

Financial Results for Fiscal Year 2010

May 16, 2011

Kazunori Yagi, Chief Financial Officer

Yokogawa would like to express its heartfelt condolences to the victims of the Great East Japan Earthquake.

We fervently hope for an early recovery of the disaster-stricken area.

Summary of FY10 Results



1. Net sales were up from FY09 thanks to continued growth in emerging and resource-rich countries. Operating income also increased due to increased sales and efforts to restructure fixed costs.

Control segment: Outside Japan, Yokogawa concentrated on the upstream markets for the exploration, development, and production of oil and natural gas and on the electric power sector, which is experiencing strong demand in emerging countries. In Japan, we expanded the service business and advanced into new markets. Sales were up from FY09 but operating income declined during the same period due to the strong yen and increased R&D expenses.

Measurement segment: In the semiconductor tester market capital investment lagged for front-end memory testers, a major Yokogawa product, while in the measuring instruments market demand remained strong for power and optical measurement products. Sales for the measurement segment were up overall and the operating loss declined thanks to lower fixed costs and R&D expenses.

2. Even though a business structure improvement expense for the expanded second-life support and voluntary retirement programs and a loss on valuation of investment securities were recorded as extraordinary losses, the net loss was down from FY09.

(Billion ¥)

	FY09 results (A)	FY10 budget	FY10 results (B)	Difference (B-A)
Order	315.2	340.0	334.1	18.9
Sales	316.6	328.0	325.6	9.0
Operating income	2.6	11.0	11.1	8.5
Ordinary income	0.2	8.0	8.6	8.4
Net income	(14.8)	(2.5)	(6.7)	8.1

FY10 Financial Results



(Billion ¥)

		FY09 results	FY10				Difference (B-A)
			Budget 5/14	Budget 11/9(A)	Forecast 4/26	results (B)	
Order		315.2	340.0	340.0	340.0	334.1	(5.9)
Sales		316.6	335.0	328.0	328.0	325.6	(2.4)
Operating income		2.6	8.0	11.0	11.0	11.1	0.1
Ordinary income		0.2	5.0	8.0	8.0	8.6	0.6
Net income		(14.8)	0.0	(2.5)	(7.0)	(6.7)	(4.2)
Exchange rate (¥)	1\$=	92.61	90	85	85	85.13	0.13
	1€=	130.68	130	110	110	112.45	2.45

- Orders missed the 11/9 budget due to factors such as the Great East Japan Earthquake (¥1.5 billion impact) and cancellations in photonics orders after the decision to withdraw from the photonics business.
- While the earthquake had very little direct impact on sales, sales missed the 11/9 budget because of rising uncertainty about the state of the Japanese economy in FY10 2H.
- Operating income and ordinary income exceeded the 11/9 budget because R&D expenses were under budget.
- Net income missed the 11/9 budget due to a loss on valuation of investment securities and the business structure improvement expense.

Comparison of FY10/09 Financial Results

(Billion ¥)

	FY09	FY10	Growth rate	Difference
Order	315.2	334.1	6.0%	18.9
Sales	316.6	325.6	2.8%	9.0
Operating income	2.6	11.1	323.0%	8.5
(ROS)	0.8%	3.4%	—	2.6%
Ordinary income	0.2	8.6	—	8.4
(ROS)	0.1%	2.6%	—	2.5%
Net income	(14.8)	(6.7)	—	8.1
(ROS)	(4.7%)	(2.1%)	—	2.6%

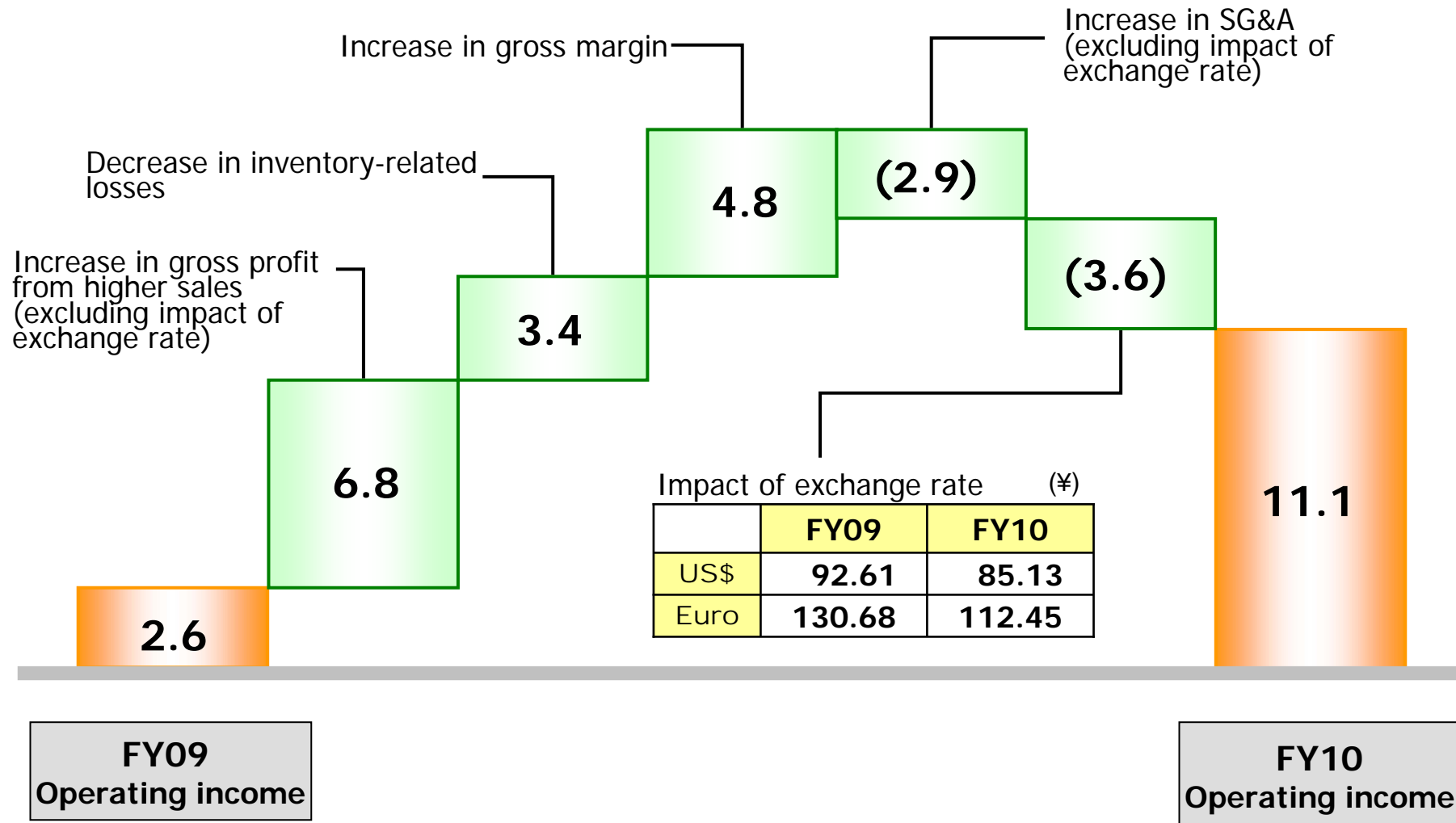
- The rise in orders and sales can be mainly attributed to the strong performance of the control business in emerging and resource-rich countries that continue to experience economic growth, which has more than made up for the impact of the strong yen (impact of foreign exchange rate: ¥12.8 billion decrease in orders, ¥12.2 billion decrease in sales).

- Operating income increased due to higher sales and the improved gross margin resulting from a decrease in inventory-related losses.

- Even though a loss on valuation of investment securities, a business structure improvement expense, and other items were recorded as extraordinary losses, the net loss was down due to the increase in operating income.

Analysis of FY10 Operating Income

(Billion ¥)



Quarterly Financial Results



(Billion ¥)

	FY09					FY10				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Order	79.8	74.9	72.6	87.8	315.2	88.0	81.7	78.4	86.0	334.1
Sales	64.5	86.2	68.5	97.4	316.6	66.2	87.1	75.2	97.1	325.6
Operating income	(5.6)	3.2	(0.4)	5.3	2.6	(0.6)	4.5	0.8	6.4	11.1

- Sales tend to be higher in 2Q and 4Q and this trend is particularly strong with the control segment in Japan.

Non-operating / Extraordinary Income and Expenses

(Billion ¥)

	FY09	FY10
Operating income	2.6	11.1
Non-operating income	3.1	3.7
Non-operating expenses	5.5	6.2
Ordinary income	0.2	8.6
Extraordinary income	1.0	1.5
Extraordinary expenses	11.9	11.1
Income before tax	(10.7)	(1.0)
Tax, etc.	4.1	5.7
Net income	(14.8)	(6.7)

Interest paid: ¥2.8 billion

Foreign exchange losses: ¥1.8 billion

Loss on valuation of investment securities: ¥2.3 billion

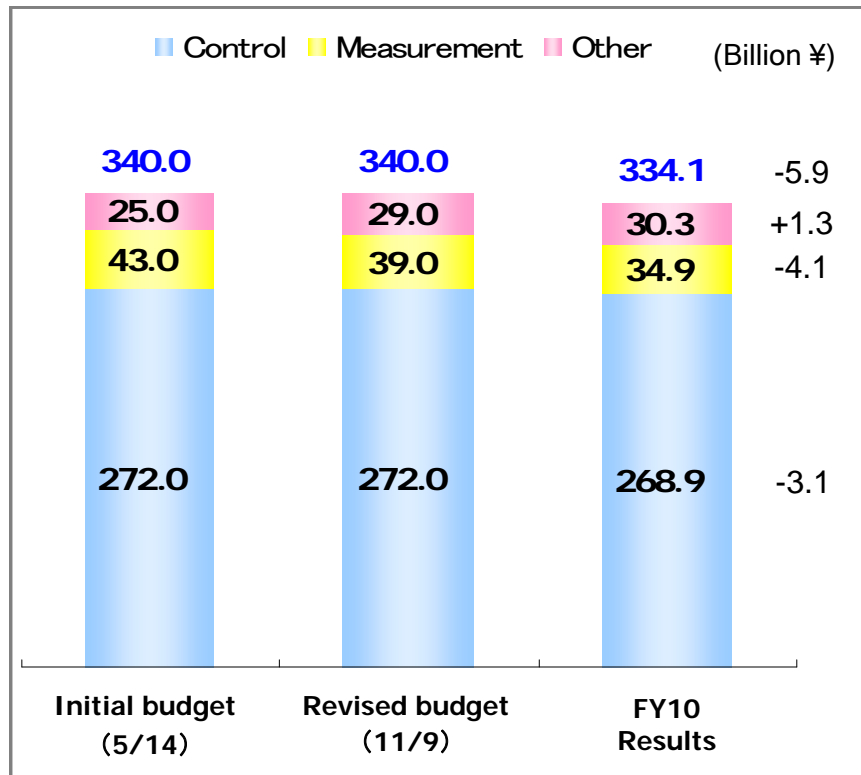
Business structure improvement expense: ¥6.8 billion

- Non-operating expenses have increased mainly due to higher foreign exchange losses (FY09: ¥0.4 billion -> FY10: ¥1.8 billion).

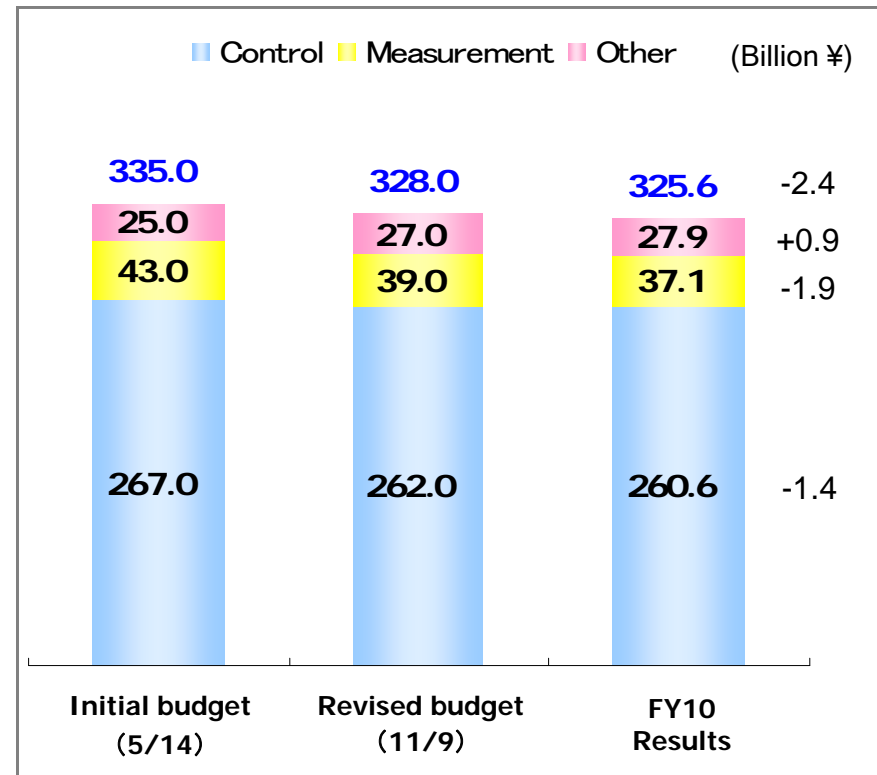
- ¥11.1 billion in extraordinary losses were recorded in FY10. Although the impairment loss declined (FY09: ¥6.2 billion -> FY10: ¥0.7 billion), there was an increase in the business structure improvement expense (FY09: ¥1.1 billion -> FY10: ¥6.8 billion).

FY10 Budget and Results Comparison for Orders and sales by Segment

Order



Sales

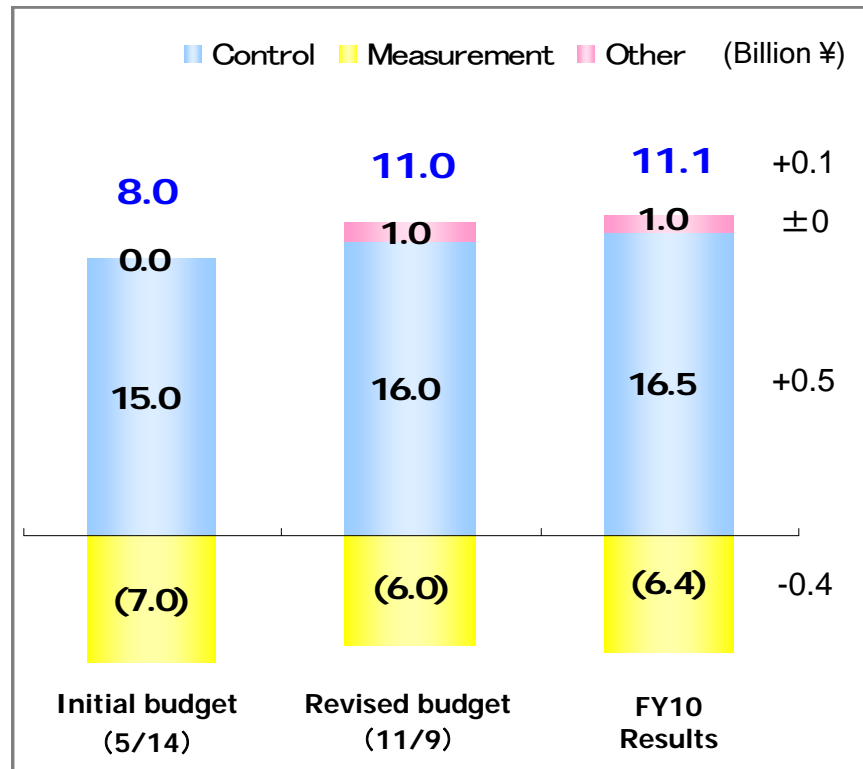


- Control: Both orders and sales missed the 11/9 budget because of delays until FY11 in recording certain orders following the Great East Japan Earthquake and due to constraints in capital investment resulting from heightening uncertainty in FY10 2H about the Japan market.

- Measurement: Both orders and sales missed the 11/9 budget because of cancellations in photonics orders (¥1.2 billion) after the decision to withdraw from this business and uncertainty about the Japan market in FY10 2H.

FY10 Budget and Results Comparison for Operating Income by Segment

Operating income

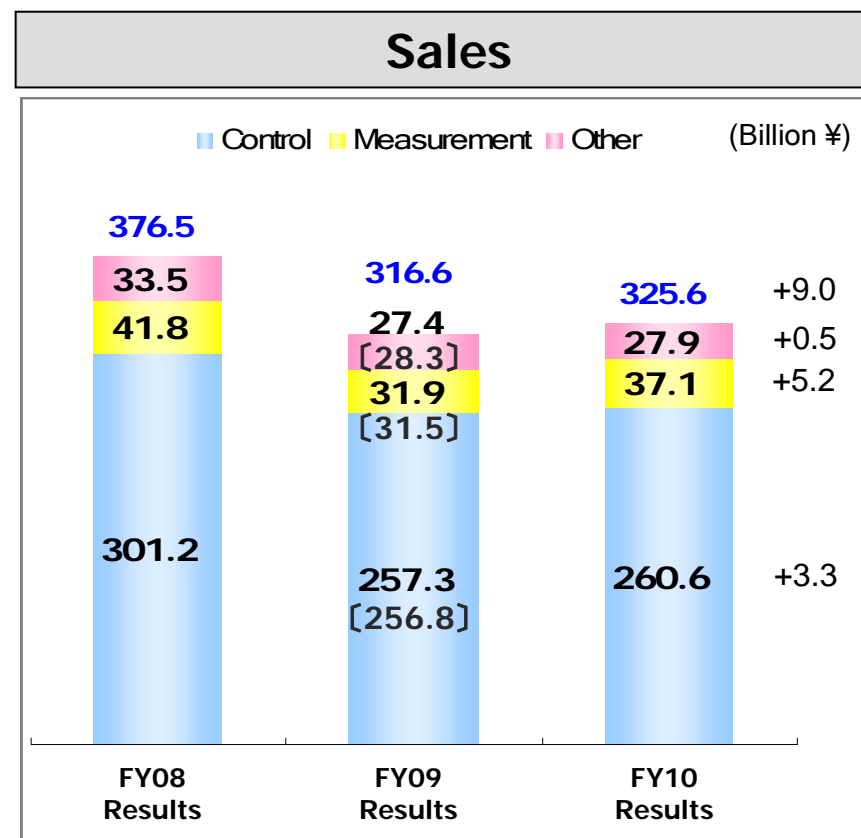
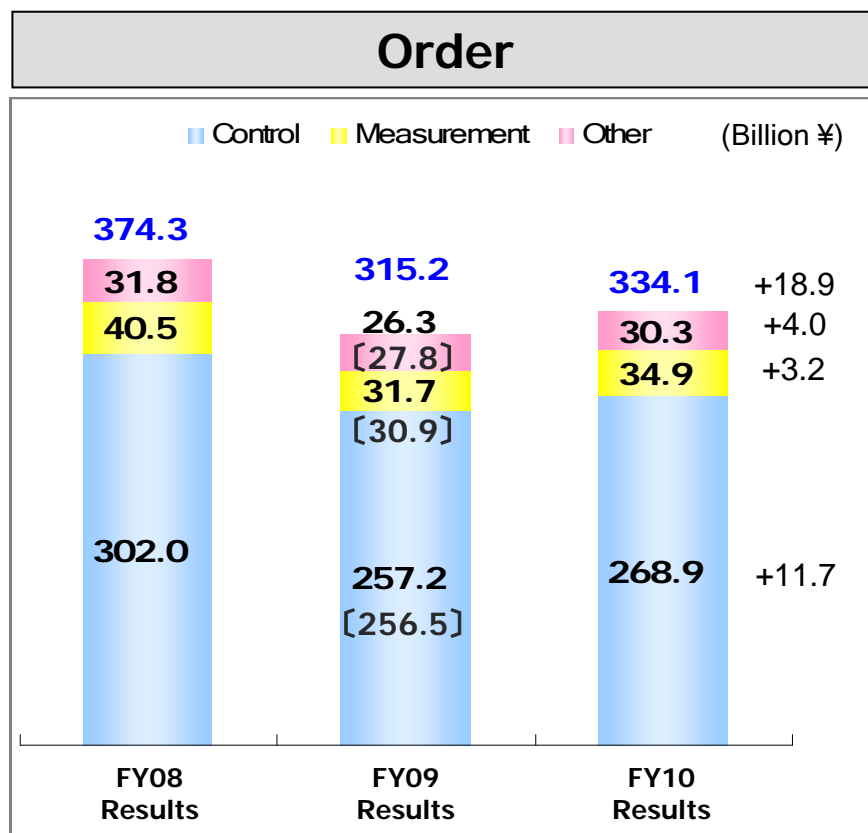


(Billion ¥)

	FY10 budget (11/9)	FY10 results	Difference
Control	16.0	16.5	0.5
Measurement	(6.0)	(6.4)	(0.4)
Other	1.0	1.0	0.0
Total	11.0	11.1	0.1

- Control: Operating income exceeded the budget due to the improved gross margin and because R&D expenses were under budget.
- Measurement: The operating loss was higher than the budget chiefly because the sales target was missed.

FY09/FY10 Comparison for Orders and Sales by Segment



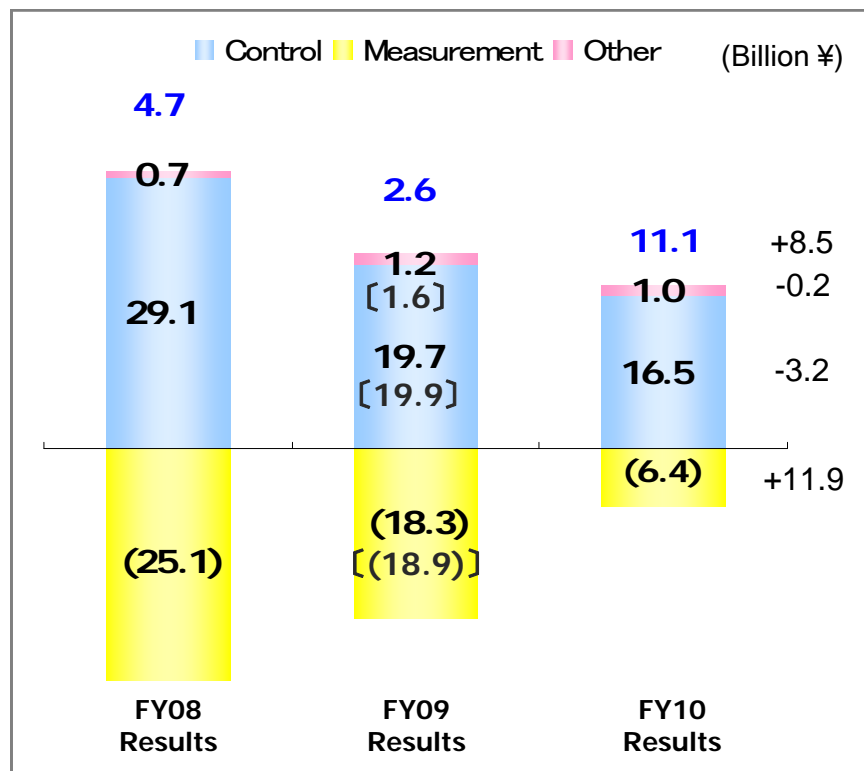
Note: The method for aggregating segment data changed in FY10 as a result of the application of a new accounting standard. The FY08 data and the FY09 data in brackets were calculated based on the previous aggregation method.

- Control: Despite the strong yen (impact of foreign exchange rate: ¥11.8 billion decrease in orders, ¥11.2 billion decrease in sales), orders and sales rose because demand continued to pick up for construction of power and energy plants mainly in emerging and resource-rich countries.

- Measurement: Orders and sales rose by ¥4.3 billion and ¥4 billion, respectively. This can be chiefly attributed to strong demand for measuring instruments.

FY09/FY10 Comparison for Operating Income by Segment

Operating income



(Billion ¥)

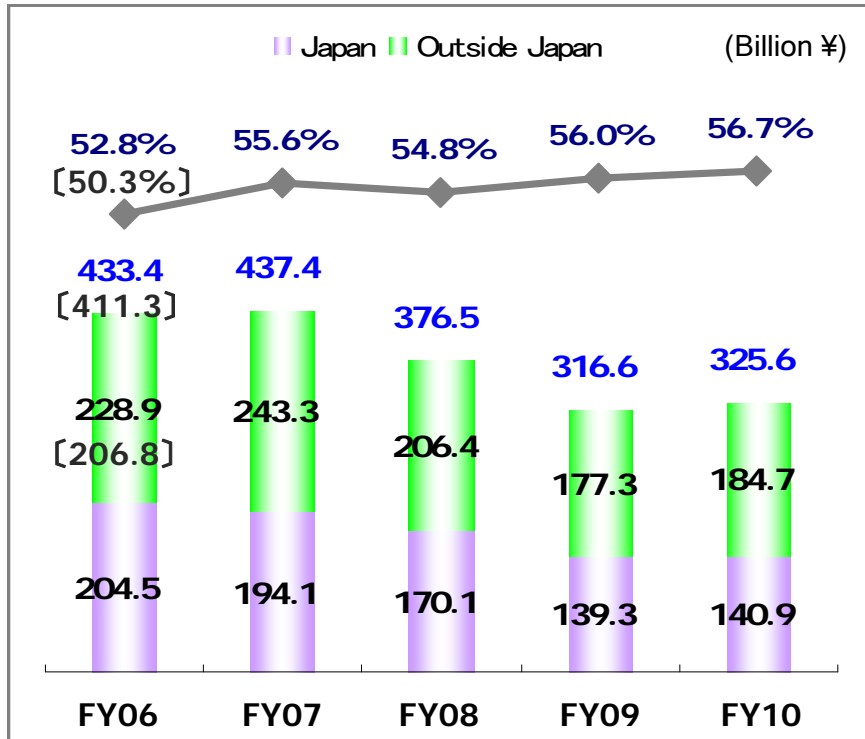
	FY09 results	FY10 results	Difference
Control	19.7	16.5	(3.2)
Measurement	(18.3)	(6.4)	11.9
Other	1.2	1.0	(0.2)
Total	2.6	11.1	8.5

Note: The method for aggregating segment data changed in FY10 as a result of the application of a new accounting standard. The FY08 data and FY09 data in brackets were calculated based on the previous aggregation method.

- Control: Operating income declined because of an increase in R&D expenses and the strong yen.
- Measurement: The operating loss was much lower due to higher sales, lower fixed costs and R&D expenses, and a decline in inventory-related losses.

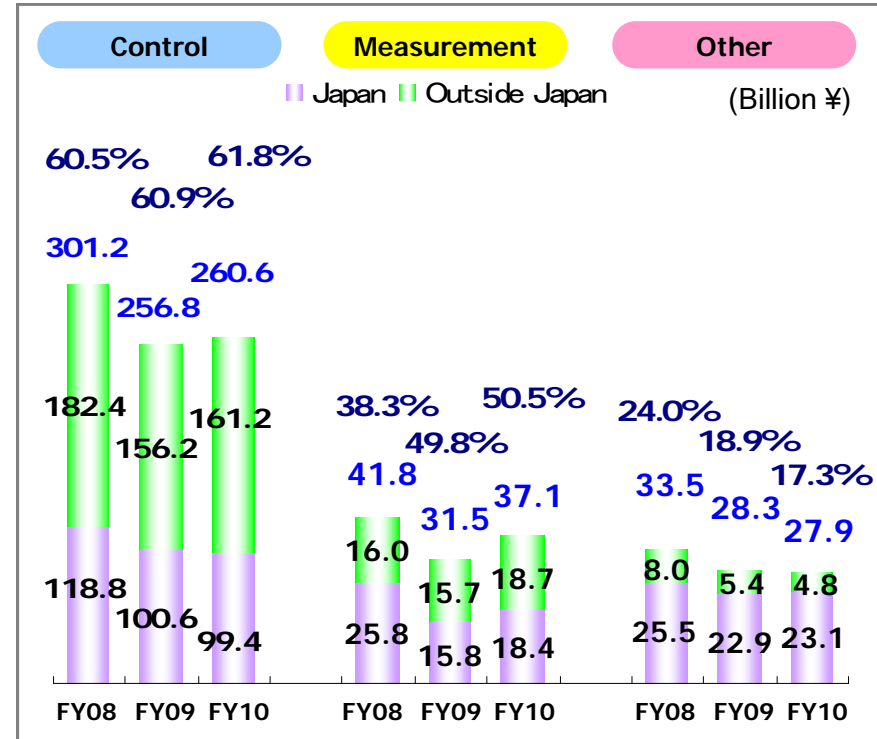
Trend of Global Sales

Total



Note: The figures in brackets were calculated without factoring in the changes in the accounting period for consolidated subsidiaries outside Japan.

By segment

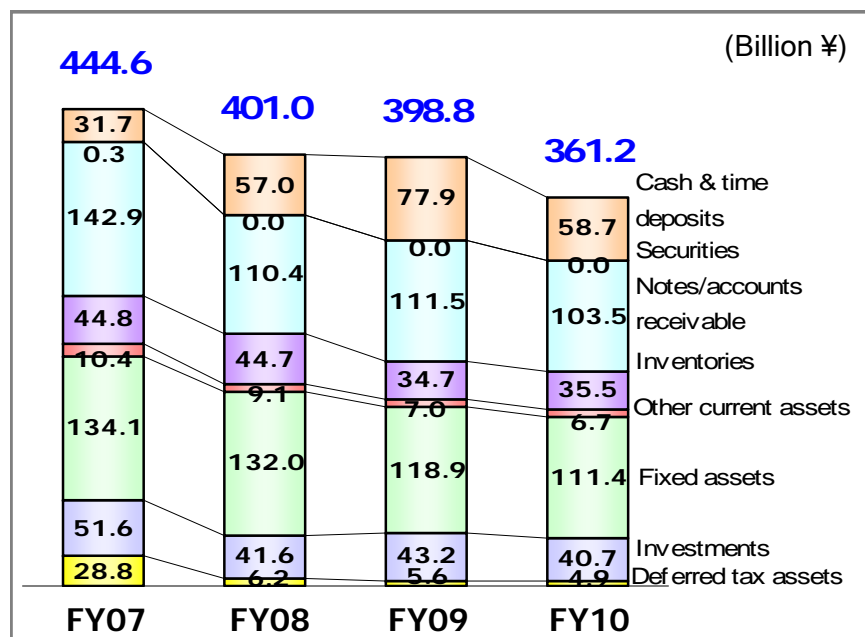


Note: The FY08 and FY09 data are based on the previous segment aggregation method.

- The percentage of sales generated outside Japan in FY10 is up from a year ago due mainly to higher sales for the control segment outside Japan.

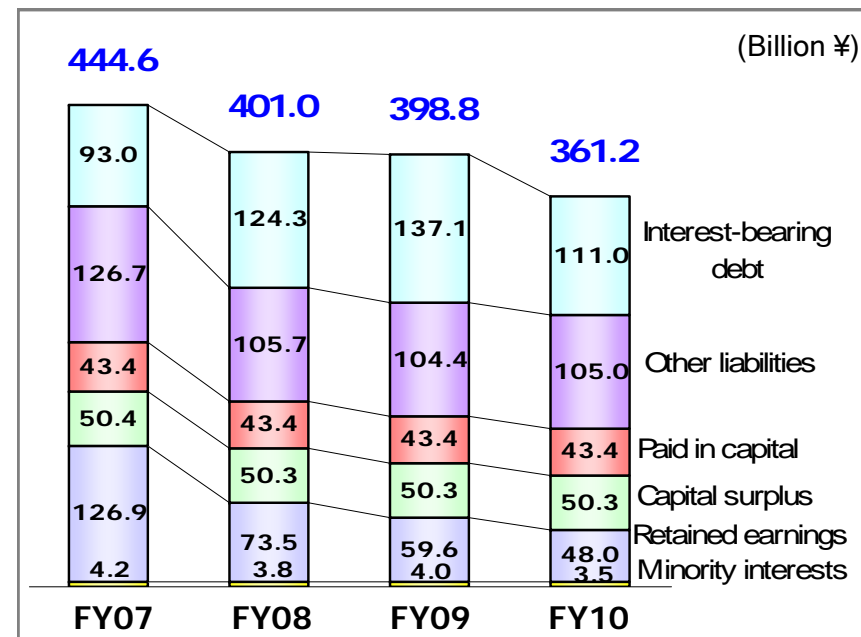
Trend of Balance Sheet

Assets



	FY07	FY08	FY09	FY10
Total asset turnover	0.99	0.89	0.79	0.86
Shareholders' equity ratio	49.6%	41.7%	38.5%	39.2%

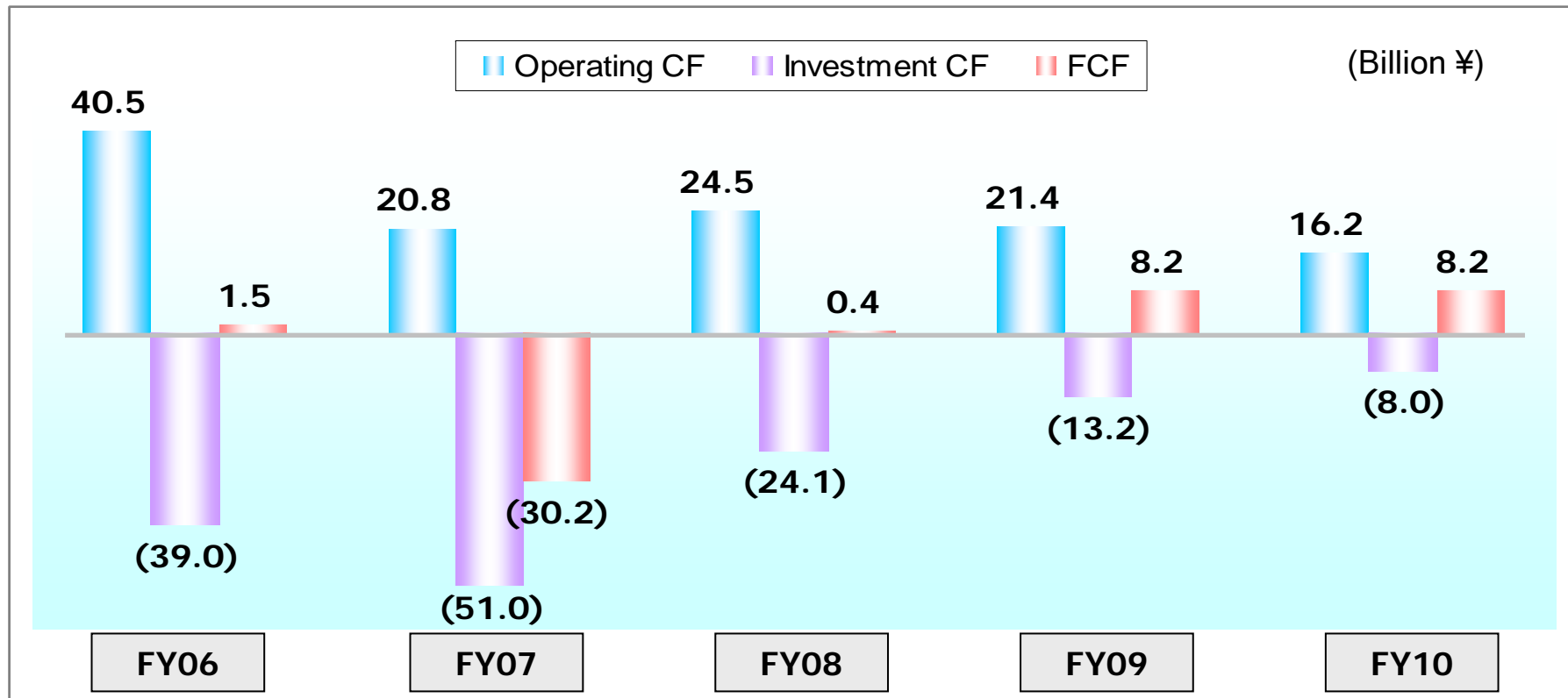
Liabilities and equity



	FY07	FY08	FY09	FY10
Debt/equity ratio	42.1%	74.3%	89.4%	78.3%
Interest-bearing debt ratio	20.9%	31.0%	34.4%	30.7%

- Cash & time deposits fell ¥19.2 billion from FY09 due chiefly to the repayment of a syndicated loan.
- Interest-bearing debt fell ¥26.1 billion due mainly to the repayment of a ¥20 billion syndicated loan.

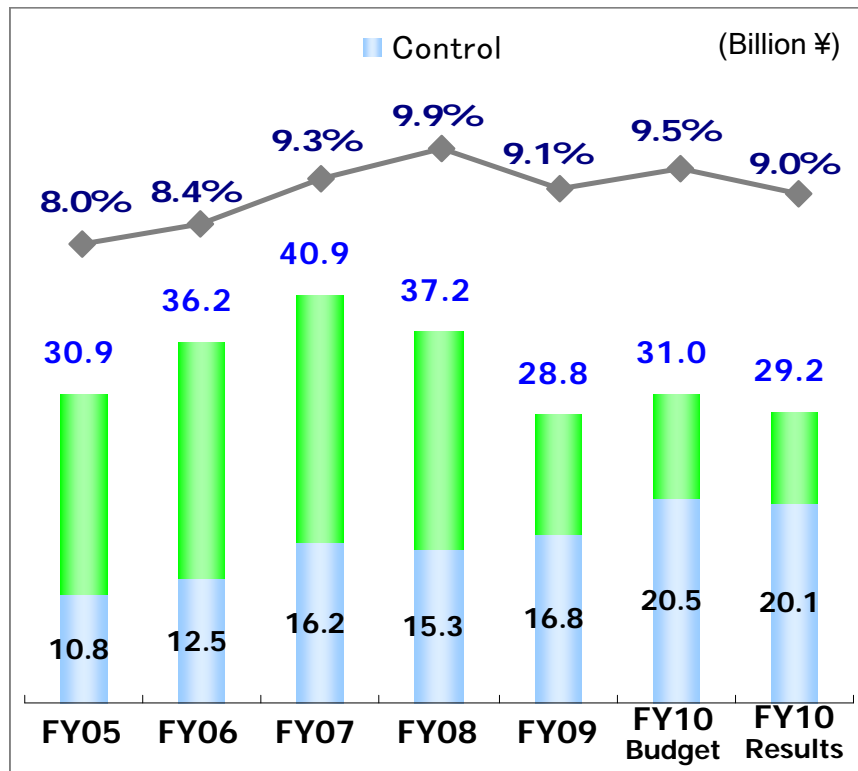
Trend of Cash Flow



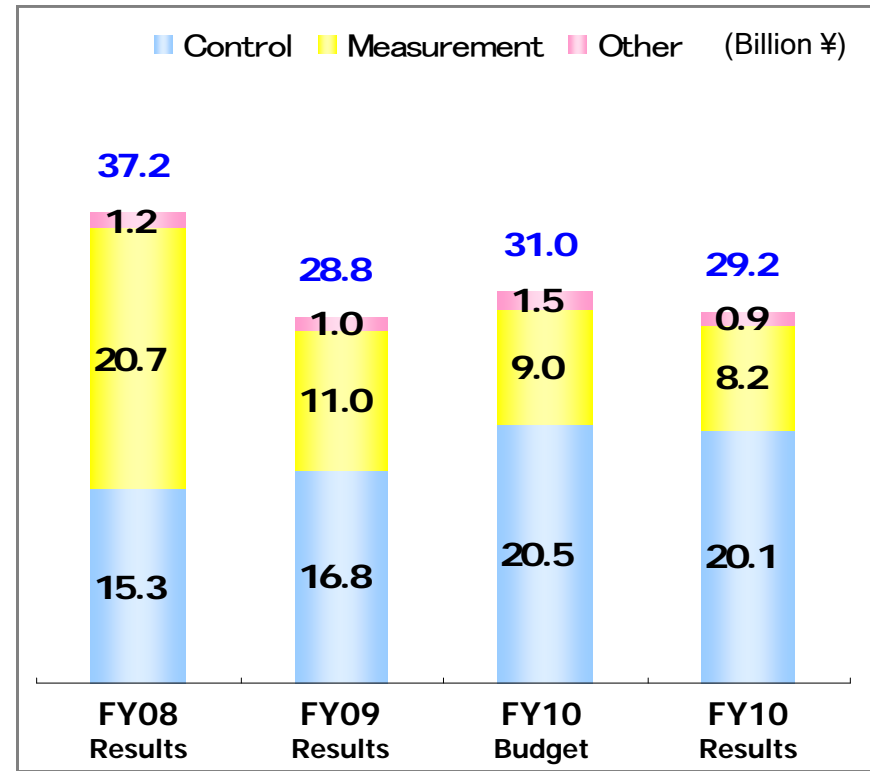
- The inflow from operating activities fell in FY10 because of an increase in interest payments and the payment of extra retirement benefits related to the expanded second-life support program.
- The outflow from investment activities decreased due to the reduced purchase of intangible assets.

Trend of R&D Expenses

Total

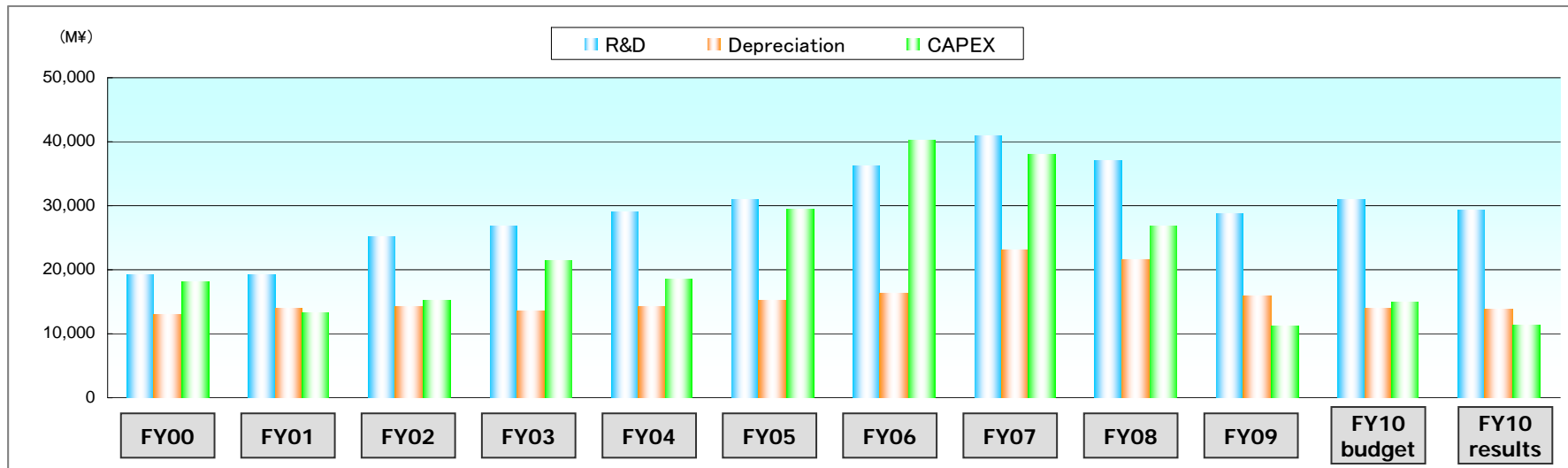


By Segment



- R&D expenses for the control segment increased ¥3.3 billion as a result of the concentration of resources on this segment.

R&D Expenses, Depreciation, and CAPEX



(Million ¥)

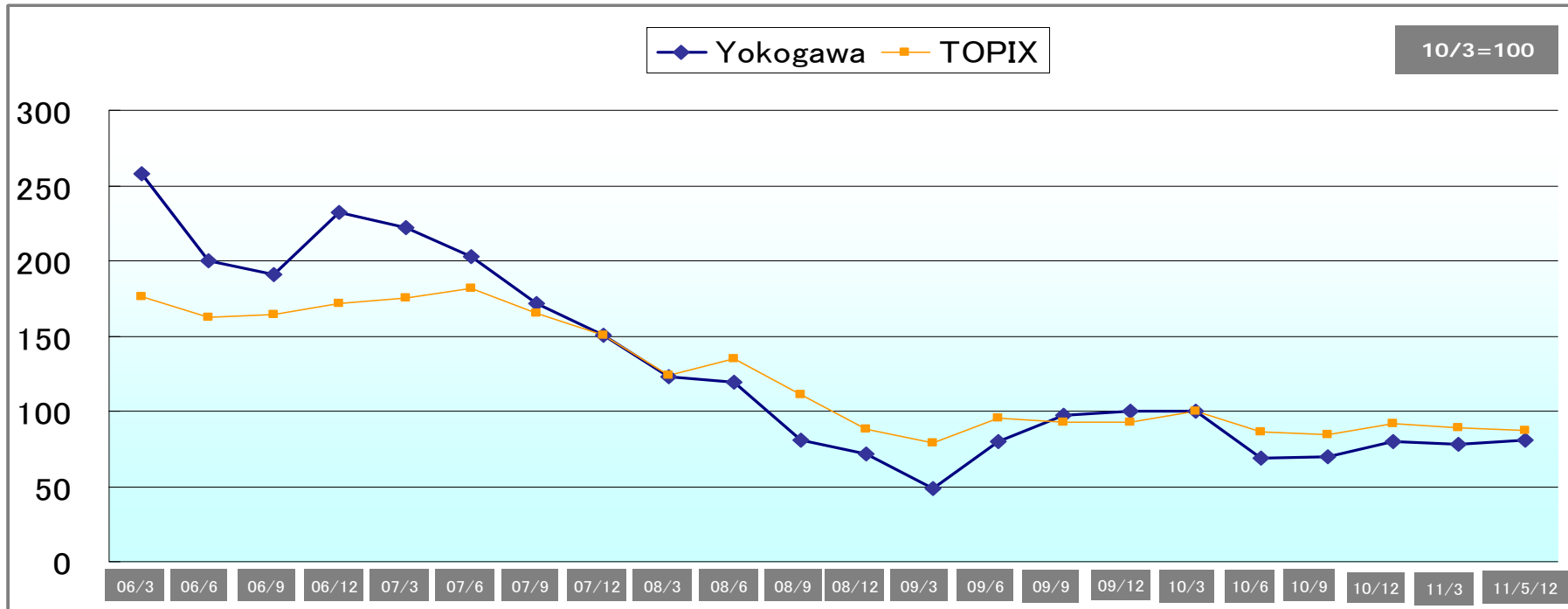
	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10 budget (11/9)	FY10 results
R&D expenses	19,181	19,236	25,233	26,991	28,998	30,917	36,223	40,875	37,229	28,786	31,000	29,179
(% of sales)	5.4%	6.2%	7.7%	7.3%	7.5%	8.0%	8.4%	9.3%	9.9%	9.1%	9.5%	9.0%
Depreciation	13,190	13,964	14,298	13,455	14,331	15,124	16,483	23,129	21,615	16,033	14,000	13,836
(% of sales)	3.7%	4.5%	4.3%	3.6%	3.7%	3.9%	3.8%	5.3%	5.7%	5.1%	4.3%	4.2%
CAPEX	18,173	13,347	15,264	21,355	18,652	29,540	40,284	37,990	26,813	11,125	15,000	11,337
(% of sales)	5.2%	4.3%	4.6%	5.7%	4.8%	7.6%	9.3%	8.7%	7.1%	3.5%	4.6%	3.5%

- FY10 CAPEX was ¥3.7 billion under the 11/9 budget.

We have decided not to announce an official forecast of the consolidated business results for FY11 as not enough information is available for a rational assessment of the anticipated business results following the impact of the Great East Japan Earthquake.

As soon as the situation becomes clearer, we will publically announce our forecast.

Trend of Stock Price



	06/3	06/6	06/9	06/12	07/3	07/6	07/9	07/12	08/3	08/6	08/9	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/5/12
Yokogawa	2,095	1,631	1,552	1,887	1,806	1,654	1,398	1,228	998	971	659	582	394	650	795	812	814	557	568	646	634	657
TOPIX	1,728	1,587	1,611	1,681	1,714	1,775	1,617	1,476	1,213	1,320	1,087	859	774	930	910	908	979	841	830	899	869	849

	06/3	06/6	06/9	06/12	07/3	07/6	07/9	07/12	08/3	08/6	08/9	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/5/12
Yokogawa	257	200	191	232	222	203	172	151	123	119	81	71	48	80	98	100	100	68	70	79	78	81
TOPIX	177	162	165	172	175	181	165	151	124	135	111	88	79	95	93	93	100	86	85	92	89	87

The information pertaining to our business plans and forecasts that has been provided in this presentation and at analyst meetings contains forward-looking statements that are based on our management's current knowledge and require the making of assumptions about future events. As such, it cannot be guaranteed that these statements will not differ materially from actual results.