

Name of Listed Company: Yokogawa Electric Corporation
(URL: <http://www.yokogawa.com>) (Stock code: 6841, listed on TSE 1st section)
Name and Position of the Representative:
Takashi Nishijima, President and Chief Executive Officer
Name and Position of the Person in Charge:
Sadamu Kawanaka, General Manager of Corporate Communications Department
Telephone Number: 81-422-52-5530

July 2, 2015

Notice on Offering of Treasury Shares through International Offering

Yokogawa Electric Corporation (the “Company”) hereby announces that the Company determined and resolved, at a meeting of its Board of Directors on July 2, 2015 to offer its treasury shares through an international offering (the “International Offering”).

NOTE

1. Background and Purpose of the International Offering

The Company engages in three categories of businesses: (1) the “Industrial Automation and Control Business” which involves the manufacturing and sale of production control systems, (2) the “Test and Measurement Business” which involves the manufacture and sale of measuring instruments, and (3) “Aviation and Other Businesses” which include the manufacturing and sale of aviation and marine navigation instruments.

In 2011, the Company implemented a mid-term business plan “Evolution 2015” to improve profitability and financial base, pursuant to which the Company reviewed its business portfolio and worked on the growth in the Industrial Automation and Control Business segment. Building on the results of Evolution 2015, the Company implemented a new mid-term business plan “Transformation 2017” in May 2015 to further enhance its profitability, among other things.

<p>NOTE: This press release does not constitute an offer of any securities for sale. This press release has been prepared for the sole purpose of publicly announcing that the Company has resolved matters relating to the offering of treasury shares, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This press release is not an offer of securities for sale in the United States. The securities referred to above have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. If any public offering of securities is made in the United States, it will be by means of a prospectus that may be obtained from the Company that will contain detailed information about the Company and its management, as well as financial statements of the Company. The securities referred to above will not be publicly offered or sold in the United States</p>

The Company aims to improve financing flexibility and profitability by reducing interest payments through the repayment of all of its 25.0 billion yen subordinated loan which it borrowed in February 2010 (the “Subordinated Loan”). The Company borrowed the Subordinated Loan with the aim of strengthening its financial base at that time but the Company believes that it is no longer necessary to retain the Subordinated Loan.

The terms of the Subordinated Loan require that any funds for repayment be procured through either (i) an offering of common stock, or (ii) an issuance of any other replacement instrument having equity credit equal to or greater than the Subordinated Loan. The Company has obtained the consent from all the lenders of the Subordinated Loan as to the required equity credit treatment and intends to repay a half of the total outstanding amount of the Subordinated Loan by raising approximately 12.5 billion yen, which equals to the equity credit portion of the Subordinated Loan, through an offering of treasury shares of the Company. The Company has chosen an international offering of treasury shares with accelerated book building to mitigate price fluctuations. The Company will repay the remaining balance from cash on hand to mitigate dilution of shares of its common stock to the extent possible. The Company believes that this offering is a step in the direction of furthering the objectives set forth in its new mid-term business plan.

2. Offering of Treasury Shares through the International Offering

- (1) Type and number of shares to be offered 9,200,000 shares of the Company’s common stock
- (2) Amount by which stated capital and capital reserve are to be increased Not applicable
- (3) Method of Offering The shares will be offered in the international markets (excluding the United States and Canada), mainly in Europe and Asia.

3. Changes in Total Number of Treasury Shares as a Result of the Offering of Treasury Shares by the International Offering

Current number of treasury shares as of June 30, 2015	11,089,385 shares
Number of treasury shares to be offered through the International Offering	9,200,000 shares
Number of treasury shares after the International Offering	1,889,385 shares

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