

Name of Listed Company: Yokogawa Electric Corporation

(URL: <http://www.yokogawa.com>) (Stock code: 6841, listed in TSE 1st section)

Name and Position of the Representative:

Shuzo Kaihori, President and Chief Executive Officer

Name and Position of the Person in Charge:

Yuusuke Ichinose, General Manager of Public Relations and Investor Relations

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January 27, 2009

### Revision of Financial Forecast and Reversal of Deferred Tax Assets

Yokogawa Electric Corporation (the "Company") is notifying you of a revision to the financial forecast that was announced on October 28, 2008.

#### 1. Revision to forecast of consolidated results for FY08 (April 1, 2008 to March 31, 2009)

Unit: million yen

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share(¥)
Previous forecast announced on October 28, 2008 (A)	424,000	18,000	16,000	5,000	19.41
Revised forecast announced on January 27, 2009 (B)	380,000	1,000	(4,000)	(40,000)	-
Difference (B)-(A)	(44,000)	(17,000)	(20,000)	(45,000)	-
Difference (%)	-10.4%	-94.4%	-	-	-
Financial results for fiscal year 2007	437,448	27,412	16,453	11,667	44.76

Note: The consolidated business forecast assumes an exchange rate of US\$1 = 85 yen, 1 euro = 115 yen.

#### 2. Reasons for the revision

The Company's business environment has further deteriorated as the result of the freezing and postponement of customers' capital investments in response to the slowdown in the economy and the credit crunch associated with the financial crisis.

In the market for the industrial automation and control business, a decrease in production and the postponement of investments in new plant construction have accelerated due to shrinking worldwide demand for oil and petrochemical products and the sharp plunge in the crude oil price. In the market for the measurement business, capital investment in semiconductor testers and measuring instruments has further declined. In addition to these facts, the greater than anticipated appreciation of the Japanese yen has negatively impacted our sales from outside Japan as these figures must be converted into yen. The strong yen has also led to an increase in our foreign currency exchange losses. Accordingly, the Company has revised downward its forecasts for net sales, operating income, and ordinary income.

### 3. Reversal of deferred tax assets

Due to the difficulty of forecasting future taxable income in the current harsh business environment, the Company has decided to reverse 30.5 billion yen of deferred tax assets for the second quarter of FY08 and record this in the statement of income for the third quarter of FY08. As a result, the forecast for net income will be revised downward.

### 4. Reduction of remuneration for directors, officers, and managers

The Company reduced the remuneration of its directors, officers, and managers in October 2008. In view of the current business environment, the Company will further reduce their remuneration in February 2009 as follows:

	February 2009
Directors and officers	20%–40%
Managers	10%

#### Note:

The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors.

Reference

1. Order forecast by business segment

Unit: billion yen

Business Segment	Full Year		
	Previous forecast*	Revised forecast	Difference
Control	355.0	302.0	(53.0)
Measurement	45.0	35.0	(10.0)
New and others	47.0	46.0	(1.0)
Total	447.0	383.0	(64.0)

2. Sales forecast by business segment

Unit: billion yen

Business Segment	Full Year		
	Previous forecast*	Revised forecast	Difference
Control	335.0	303.0	(32.0)
Measurement	45.0	36.0	(9.0)
New and others	44.0	41.0	(3.0)
Total	424.0	380.0	(44.0)

3. Operating income forecast by business segment

Unit: billion yen

Business Segment	Full Year		
	Previous forecast*	Revised forecast	Difference
Control	39.0	27.0	(12.0)
Measurement	(11.5)	(16.0)	(4.5)
New and others	(9.5)	(10.0)	(0.5)
Total	18.0	1.0	(17.0)

\* The previous forecasts for the business segments were included in the financial statements disclosed on TD-Net on October 28, 2008.