

Tokyo, Japan – February 2, 2010

Formation of Yokogawa Medical Solutions Corporation

Yokogawa Electric Corporation announces that on April 1, 2010 it will spin off its medical information systems business to form Yokogawa Medical Solutions Corporation. At the same time, Yokogawa Field Engineering Service Corporation will transfer its medical information systems services unit to the new company. Through the integration of this business unit, Yokogawa Medical Solutions Corporation will acquire the ability to perform a comprehensive range of functions including development, production, sales, and maintenance. Its aim will be to expand the Group's medical information systems business by specializing in this field.

Reasons for the Formation

Yokogawa entered the medical information systems field in 1993 in the belief that it would be able to capitalize on its measurement, control, and information technologies in this new business. This initiative coincided with a trend in the healthcare industry toward the introduction of advanced medical information systems. Yokogawa succeeded in gaining a large market share by promptly launching filmless medical imaging information systems for use by hospital radiology departments. This business has been growing steadily and is expected to generate 5 billion yen in sales in fiscal year 2009.

With the advances in computerization and rapid market growth in recent years, however, many new competitors have emerged in this field, changing the competitive landscape. To set Yokogawa apart from the competition, it is essential to quickly develop customer centric solutions and be ready to provide comprehensive services, from development to after-sales support. Accordingly, to assure continued growth, Yokogawa decided to spin off this business and transfer to it the services unit. In so doing, it is establishing an organization that can respond more agilely based on quick decision making while retaining and making full use of the meticulous customer response and superior SI capabilities that are our strengths.

Overview of the New Company

Company name: Yokogawa Medical Solutions Corporation

Headquarters: 2-9-32 Nakacho, Musashino-shi, Tokyo 180-8750, Japan (within the Yokogawa Electric premises)

Representative: Masahiro Ishikawa

Paid-in capital: 90 million yen (owned 100% by Yokogawa Electric)

Businesses: Development, production, sales, and after-sales services of medical imaging systems, hospital information systems, and electronic medical records systems

Number of employees: Approximately 110 (from Yokogawa Electric and Yokogawa Field Engineering Service on a secondment basis)

Sales target: 5 billion yen in fiscal year 2010

Impact on Fiscal Year 2009 Consolidated Financial Results

This formation will have a negligible impact on the our consolidated financial results for the fiscal year ending March 31, 2010.