

Consolidated Financial Results for the First Two Quarters of the Fiscal Year Ending March 31, 2010

November 10, 2009

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Stock Code: 6841 (URL: <http://www.yokogawa.com/>)
 Name and Position of the Representative: Shuzo Kaihori, President and Chief Executive Officer
 Name and Position of Person in Charge: Yuusuke Ichinose, General Manager of Public Relations & Investor Relations Dept.
 Telephone Number: +81-422-52-5530
 Planned Quarterly Report Filing Date: November 11, 2009
 Planned Dividend Payment Starting Date: —

(Any amount less than one million yen is disregarded.)

1. Consolidated business results for the first two quarters of the year ending March 31, 2010 (April 1-September 30, 2009)

(1) Results of operations on a consolidated basis (accumulated)

(Percentages show the change from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For first two quarters of year ending March 31, 2010	150,655	-23.4	(2,380)	—	(4,102)	—	(14,535)	—
For first two quarters of year ended March 31, 2009	196,790	—	4,979	—	4,403	—	3,789	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
For first two quarters of year ending March 31, 2010	(56.43)	—
For first two quarters of year ended March 31, 2009	14.71	—

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of September 30, 2009	370,485	155,494	40.9	588.87
As of March 31, 2009	400,959	171,008	41.7	649.20

(Note) Shareholders’ equity: As of September 30, 2009: 151.682 billion yen As of March 31, 2009: 167.224 billion yen

2. Dividend status

	Dividends per Share				
	June 30	September 30	December 31	End of Term	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March 31, 2009	—	8.00	—	8.00	16.00
For the year ending March 31, 2010	—	0.00	—	—	—
For the year ending March 31, 2010 (Forecast)	—	—	—	—	—

(Note) 1. Adjustment on dividend forecast in this quarter: Yes
 2. The plan for a yearly dividend for the year ending March 31, 2010 has not been finalized yet.

3. Business forecast for the year ending March 31, 2010 (April 1, 2009-March 31, 2010)

(Percentages show the change from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	321,000	-14.7	(2,500)	—	(6,500)	—	(20,000)	—	(77.64)

(Note) Adjustment on consolidated business forecast in this quarter: Yes

4. Other

(1) Changes to important subsidiaries during the period (changes to specific subsidiaries accompanying changes to consolidated subsidiaries) No

(2) Introduction of simplified accounting method and other accounting methods specific to creation of quarterly consolidated financial statements Yes

(Note) For the details, on page 5 see item 4 (“Other”) of the section titled “Qualitative Information and Financial Conditions.”

(3) Changes to the principles/procedures for accounting or the method of display, etc., related to the creation of consolidated financial statements (Items listed in changes to important items that serve as the foundation for the creation of consolidated financial statements)

a. Changes accompanying revision of accounting standards Yes

b. Changes other than (a) above No

(Note) For the details, on page 5 see item 4 (“Other”) of the section titled “Qualitative Information and Financial Conditions.”

(4) Number of shares issued (common stock)

a. Number of shares outstanding at the end of the period (including treasury stock)

For the 2nd quarter of the year ending March 31, 2010 268,624,510 shares

For the year ended March 31, 2009 268,624,510 shares

b. Treasury stock at the end of the period

For the 2nd quarter of the year ending March 31, 2010 11,040,388 shares

For the year ended March 31, 2009 11,037,684 shares

c. Average number of shares in the period (quarterly consolidated accumulated period)

For the 2nd quarter of the year ending March 31, 2010 257,584,999 shares

For the 2nd quarter of the year ended March 31, 2009 257,579,821 shares

* Notes concerning appropriate use of business forecasts, etc.

1. In this document we have revised the full-year forecasts that were announced on August 11.

2. 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

Consolidated business results for the 2nd quarter of the year ending March 31, 2010 (July 1- September 30, 2009)

(1) Results of operations on a consolidated basis (three months)

(Percentages show the change from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of year ending March 31, 2010	86,126	-24.0	3,250	-65.0	1,937	-75.6	(7,753)	—
Second quarter of year ended March 31, 2009	113,251	-6.2	9,290	1.1	7,934	37.0	5,585	84.1

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Second quarter of year ending March 31, 2010	(30.10)	—
Second quarter of year ended March 31, 2009	21.69	—

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Business Results

In the first two quarters of the current fiscal year (April 1, 2009 to September 30, 2009), owing to massive economic stimulus packages and financial stabilization measures implemented by governments around the world, the global economy began to show signs of having bottomed out, although the situation is not the same in every region. Business confidence is even on the rise in certain countries. Capital investment in Japan and other developed nations in Europe and North America remained sluggish due to drastic curbs on investment, while resource-rich countries in the Middle East and Africa began to resume work on projects due to the recovery of energy prices. In this business environment, the Yokogawa Group focused on measures that would strengthen its business by, for example, enhancing business efficiency and reducing fixed costs to bring down the break-even point. As a result the Group was able to outperform the forecasts for sales and operating loss, yet it should be noted that sales were down and operating loss was up from the same period of the previous year.

In the first two quarters of the current fiscal year, the Group's consolidated sales were 150.655 billion yen (down 46.134 billion yen from the same period of the previous fiscal year). Although fixed costs dropped more than initially planned, an operating loss of 2.38 billion yen was incurred due to the decline in sales and appreciation of the yen. In comparison, the Group had operating income of 4.979 billion yen in the same period of the previous fiscal year. Ordinary loss was 4.12 billion yen, versus ordinary income of 4.43 billion yen in the same period of the previous fiscal year. Quarterly net loss was 14.535 billion yen due to extraordinary losses such as a 1.462 billion yen loss on the revaluation of investment securities whose market value had markedly dropped and a 5.345 billion yen impairment loss. This latter item relates to a decision based on the Group's business selection and concentration policy to reconsider the direction of the photonics business and subsequently write down the photonics business's fixed assets based on an appraisal of their impaired value. In comparison, quarterly net income was 3.789 billion yen in the same period of the previous fiscal year.

In the second quarter of the current fiscal year (July 1, 2009 to September 30, 2009), the Group's consolidated business results were as follows: sales of 86.126 billion yen (down 27.125 billion yen from the same period of the previous year), operating income of 3.25 billion yen (down 6.04 billion yen), ordinary income of 1.937 billion yen (down 5.996 billion yen), and quarterly net loss of 7.753 billion yen (versus quarterly net income of 5.585 billion yen in the same period of the previous year).

Results by individual business segment are outlined below.

The Group's business segmentation was revised in the first quarter of the current fiscal year. For further information, see the segment information in item 5, "Consolidated Quarterly Financial Statements." The comparative figures for the same period of the previous year are provided based on the new segmentation.

Industrial Automation and Control Business

In the industrial automation and control business, there were signs of recovery outside Japan, with the launch of previously deferred oil and natural gas related plant construction projects in regions/countries such as the Middle East, Africa, and Australia thanks to rising energy prices. However, conditions remained sluggish in Japan, with sharp curbs on capital investment as the result of deteriorating corporate performance and stagnation of the country's materials and energy markets.

Due to these factors, for the first two quarters of the current fiscal year the industrial automation and control business reported sales of 124.52 billion yen (down 31.567 billion yen from the same period of the previous year), and operating income was 8.361 billion yen (down 8.137 billion yen).

In the second quarter of the current fiscal year, the sales of the control business were 70.651 billion yen (down 19.64 billion yen from the same period of the previous year) and operating income was 8.17 billion yen (down 6.429 billion yen from the same period of the previous year).

Test and Measurement Business

The semiconductor test system market showed signs of improvement with the recovery of memory prices and increased production of semiconductors for LCD drivers, but semiconductor manufacturers continued to make drastic cutbacks in capital investment. The measuring instrument market shrank sharply due to curbs on capital investment by our major customers in the electronics and auto industries. In the photonics market, orders from communications equipment manufacturers were down due to cutbacks in capital investment by telecommunications carriers based outside Japan.

As a result, in the first two quarters of the current fiscal year, the test and measurement business recorded sales of 13.343 billion yen (down 10.855 billion yen from the same period of the previous year) and an operating loss of 11.095 billion yen (down 149 million yen).

In the second quarter of the current fiscal year, the test and measurement business had sales of 7.61 billion yen (down 5.061 billion yen from the same period of the previous year) and an operating loss of 5.455 billion yen (up 136 million yen).

Other Businesses

In the first two quarters of the current fiscal year, the other businesses segment recorded 12.792 billion yen in sales (down 3.712 billion yen from the same period of the previous year) and 354 million yen in operating income (up 629 million yen).

In the second quarter of the current fiscal year, sales for the other businesses segment were 7.865 billion yen (down 2.423 billion yen from the same period of the previous year) and operating income was 535 million yen (up 525 million yen).

2. Qualitative Information on Consolidated Financial Conditions

(1) Conditions of assets, liabilities, and net assets

Assets, liabilities, and net assets at the end of the second quarter of the current fiscal year were as follows. These figures are provided in comparison with the end of the previous fiscal year.

Total assets at the end of the second quarter were 370.485 billion yen, down 30.473 billion yen. This is a result of a decrease of 2.729 billion yen in cash and deposits, a decrease of 12.87 billion yen in notes and accounts receivable-trade, a decrease of 3.727 billion yen in inventories, and a decrease of 9.383 billion yen in property, plant and equipment.

Total liabilities were 214.991 billion yen, down 14.959 billion yen. The main reasons for this were a 4.673 billion yen decrease in notes and accounts payable-trade, a 3.138 billion yen decrease in accounts payable-other, and a 7.244 billion yen decrease in other current liabilities.

Net assets were 155.494 billion yen, down 15.514 billion yen. The main factor was a 16.457 billion yen decrease in retained earnings.

(2) Cash flow status

The balance of cash and cash equivalents at the end of the second quarter was 53.957 billion yen, down 2.876 billion yen from the end of the previous fiscal year and down 1.211 billion yen from the end of the first quarter of the current fiscal year.

Cash flow from operating activities during the first two quarters of the current fiscal year was 15.231 billion yen, a decrease of 5.574 billion yen compared to the same period of the previous year, from a net loss before income taxes and minority interests of 12.572 billion yen after adjusting for items such as a 8.367 billion yen decrease in depreciation and amortization, a 15.457 billion yen decrease in notes and account receivable-trade, and a 3.583 billion yen decrease in inventories.

Cash flow from investment activities during the first two quarters of the current fiscal year saw expenditure of 7.214 billion yen, down 6.707 billion yen from the same period of the previous year, as a result of cutbacks in capital investment.

Cash flow from financing activities during the first two quarters of the current fiscal year saw expenditure of 10.217 billion yen as a result of the repayment of 10 billion yen of commercial paper.

3. Qualitative Information on Consolidated Business Forecast

The full year consolidated business forecast for the year ending March 31, 2010 that was announced on August 11, 2009 was revised as follows:

Although test and measurement sales are expected to decrease mainly due to a change in the policy for the photonics business, industrial automation and control sales are expected to increase as a result of an upward momentum in markets outside Japan. Accordingly, the Company has raised its sales forecast by 6 billion yen.

Fixed costs are expected to decrease across all business segments and gross margin is expected to increase owing to the rising sales of the industrial automation and control business. Accordingly, the Company has revised downward its operating loss and ordinary loss forecasts by 6.5 billion yen, respectively.

A 1.462 billion yen loss on the valuation of investment securities and a 5.345 billion yen impairment loss relating to the fixed assets of the photonics business are included in the extraordinary loss for the second quarter of the current fiscal year. Accordingly, the Company has revised upward its quarterly net loss forecast by 2 billion yen.

Revision to forecast of consolidated results for FY2009 (April 1, 2009-March 31, 2010)

Unit: million yen

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast announced on August 11, 2009 (A)	315,000	(9,000)	(13,000)	(18,000)	(69.88)
Revised forecast announced on November 10, 2009 (B)	321,000	(2,500)	(6,500)	(20,000)	(77.64)
Difference (B)-(A)	6,000	6,500	6,500	(2,000)	—
Difference (%)	1.9%	—	—	—	—
[Reference] Financial results for FY2008	376,534	4,707	274	(38,446)	(149.26)

Note: As the full-year consolidated business forecast for the third and fourth quarters of FY09, the Company assumes exchange rates of 1\$ = 90 yen and 1€ = 130 yen.

[Reference]

1. Order forecast by business segment Unit: billion yen

Business segment	Full Year		
	Previous forecast	Revised forecast	Difference
Control	258.0	265.0	7.0
Measurement	38.0	31.5	(6.5)
Others	29.0	28.5	(0.5)
Total	325.0	325.0	0.0

2. Sales forecast by business segment Unit: billion yen

Business segment	Full Year		
	Previous forecast	Revised forecast	Difference
Control	248.0	260.0	12.0
Measurement	37.0	31.5	(5.5)
Others	30.0	29.5	(0.5)
Total	315.0	321.0	6.0

3. Operating income forecast by business segment Unit: billion yen

Business segment	Full Year		
	Previous forecast	Revised forecast	Difference
Control	8.0	14.5	6.5
Measurement	(18.0)	(18.5)	(0.5)
Others	1.0	1.5	0.5
Total	(9.0)	(2.5)	6.5

4. Other

(1) Changes to important subsidiaries during the period (changes to specific subsidiaries accompanying changes to consolidated subsidiaries) Not applicable

(2) Introduction of simplified accounting method and other accounting methods specific to creation of quarterly consolidated financial statements

a. Introduction of simplified accounting method

Method for calculating corporate tax and deferred tax assets/liabilities

For calculating the amount of items such as the corporate tax, we considered only significant addition/subtraction items and tax credit items.

For judging the collectibility of deferred tax assets, we will continue to use the same performance prediction and tax planning method used at the end of the previous consolidated fiscal year as long as there are no significant changes in the business environment or other temporary differences.

b. Introduction of other accounting methods specific to creation of quarterly consolidated financial statements

Not applicable

(3) Changes to the principles/procedures for accounting or the method of display, etc., related to the creation of quarterly consolidated financial statements

Changes to reporting criteria for total contract revenue and total contract costs

Regarding the reporting criteria for earnings on construction contracts, the completed-contract method was used; however, beginning with the consolidated accounting period under review, we use *ASBJ Statement No.15 Accounting Standard for Construction Contracts* (December 27, 2007) and *ASBJ Guidance No.18 Guidance on Accounting Standard for Construction Contracts* (December 27, 2007). For contracts started in the first quarter of the current fiscal year, the percentage-of-completion method has been applied for recognizing sales from construction projects and the cost ratio method is used for calculating construction costs; otherwise, the completed-contract method has been applied.

Its influence on the sales, profit and loss, and segmental information is negligible.

5. Consolidated Quarterly Financial Statements
 (1) Consolidated quarterly balance sheets

Millions of yen

	End of FY2009 2nd quarter (September 30, 2009)	(Reference) End of FY2008 (March 31, 2009)
Assets		
Current assets		
Cash and deposits	54,257	56,987
Notes and accounts receivable-trade	97,516	110,387
Short-term investment securities	411	—
Merchandise and finished goods	18,224	20,842
Work in process	11,485	11,583
Raw materials and supplies	11,269	12,281
Other	12,722	15,280
Allowance for doubtful accounts	(2,952)	(2,931)
Total current assets	202,935	224,431
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	54,005	57,405
Other, net	38,326	44,310
Total property, plant and equipment	92,332	101,715
Intangible assets	29,894	29,713
Investments and other assets		
Investment securities	33,075	31,111
Other	12,894	14,568
Allowance for doubtful accounts	(645)	(580)
Total investments and other assets	45,324	45,099
Total noncurrent assets	167,550	176,528
Total assets	370,485	400,959
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,212	28,886
Short-term loans payable	35,634	12,686
Income taxes payable	1,506	1,892
Provision for bonuses	7,601	8,841
Accounts payable-other	11,518	14,657
Other	38,918	46,163
Total current liabilities	119,392	113,126
Noncurrent liabilities		
Long-term loans payable	80,107	101,597
Provision for retirement benefits	3,114	3,192
Long-term accounts payable-other	8,888	9,427
Other	3,489	2,606
Total noncurrent liabilities	95,599	116,824
Total liabilities	214,991	229,950

Millions of yen

	End of FY2009 2nd quarter (September 30, 2009)	(Reference) End of FY2008 (March 31, 2009)
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,344	50,345
Retained earnings	80,677	97,134
Treasury stock	(10,979)	(10,978)
Total shareholders' equity	163,443	179,902
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,481	17
Pension liability adjustment	(360)	(384)
Foreign currency translation adjustment	(13,882)	(12,311)
Total valuation and translation adjustments	(11,761)	(12,678)
Minority interests	3,811	3,783
Total net assets	155,494	171,008
Total liabilities, net assets	370,485	400,959

(2) Consolidated quarterly statements of income
For the first two quarters of FY2009

Millions of yen

	(Reference) First two quarters of FY2008 (April 1-September 30, 2008)	First two quarters of FY2009 (April 1-September 30, 2009)
Net sales	196,790	150,655
Cost of sales	129,263	103,471
Gross profit	67,527	47,184
Selling, general and administrative expenses	62,547	49,564
Operating income (loss)	4,979	(2,380)
Non-operating income		
Interest income	90	112
Dividend income	459	351
Equity in earnings of affiliates	406	308
Other	368	377
Total non-operating income	1,325	1,149
Non-operating expenses		
Interest expenses	743	1,022
Foreign exchange losses	93	406
Other	1,064	1,443
Total non-operating expenses	1,902	2,872
Ordinary income (loss)	4,403	(4,102)
Extraordinary income		
Gain on sale of noncurrent assets	21	17
Gain on sale of investment securities	1,335	—
Gain on prior period adjustment	—	226
Other	25	80
Total extraordinary income	1,382	323
Extraordinary losses		
Loss on sale of noncurrent assets	14	0
Loss on retirement of noncurrent assets	265	421
Impairment loss	460	5,410
Loss on valuation of investment securities	1,667	1,462
Restructuring loss	—	176
Business structure improvement expense	—	621
Impairment loss on software for sale	—	562
Other	1,075	136
Total extraordinary losses	3,482	8,793
Income (loss) before income taxes and minority interests	2,303	(12,572)
Income taxes-current	2,159	1,420
Income taxes-deferred	(4,117)	334
Total income taxes	(1,958)	1,755
Minority interests in income	472	208
Net income (loss)	3,789	(14,535)

For the second quarter of FY2009

Millions of yen

	(Reference) Second quarter of FY2008 (July 1-September 30, 2008)	Second quarter of FY2009 (July 1-September 30, 2009)
Net sales	113,251	86,126
Cost of sales	73,158	57,962
Gross profit	40,093	28,163
Selling, general and administrative expenses	30,802	24,913
Operating income	9,290	3,250
Non-operating income		
Interest income	37	23
Dividend income	110	27
Equity in earnings of affiliates	219	113
Other	207	165
Total non-operating income	575	329
Non-operating expenses		
Interest expenses	370	544
Foreign exchange losses	993	357
Other	567	740
Total non-operating expenses	1,931	1,642
Ordinary income	7,934	1,937
Extraordinary income		
Gain on sale of noncurrent assets	11	10
Gain on sale of investment securities	1,325	—
Gain on prior period adjustment	—	7
State subsidy	—	42
Other	19	12
Total extraordinary income	1,356	73
Extraordinary losses		
Loss on sale of noncurrent assets	7	0
Loss on retirement of noncurrent assets	137	373
Impairment loss	460	5,372
Loss on valuation of investment securities	1,477	1,462
Restructuring loss	—	35
Business structure improvement expense	—	344
Impairment loss on software for sale	—	562
Other	418	38
Total extraordinary losses	2,501	8,188
Income (loss) before income taxes and minority interests	6,789	(6,176)
Income taxes-current	1,163	674
Income taxes-deferred	(195)	754
Total income taxes	968	1,429
Minority interests in income	234	147
Net income (loss)	5,585	(7,753)

(3) Consolidated quarterly statements of cash flows

Millions of yen

	(Reference) Second quarter of FY2008 (April 1-September 30, 2008)	Second quarter of FY2009 (April 1-September 30, 2009)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	2,303	(12,572)
Depreciation and amortization	10,310	8,367
Increase (decrease) in allowance for doubtful accounts	(262)	145
Increase (decrease) in provision for bonuses	(4,441)	(1,226)
Loss (gain) on sales of investment securities	(1,335)	—
Loss (gain) on valuation of investment securities	1,667	1,462
Impairment loss	—	5,410
Decrease (increase) in notes and accounts receivable-trade	25,337	15,457
Decrease (increase) in inventories	(6,086)	3,583
Increase (decrease) in notes and accounts payable-trade	(5,289)	(4,090)
Increase (decrease) in payment liability	(2,102)	(1,141)
Other, net	2,416	1,204
Subtotal	22,517	16,600
Interest and dividend income received	1,642	1,430
Interest expenses paid	(722)	(969)
Income taxes (paid) refund	(2,632)	(1,830)
Net cash provided by (used in) operating activities	20,805	15,231
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,106)	(1,603)
Proceeds from withdrawal of time deposits	2,507	1,072
Purchase of property, plant and equipment	(7,986)	(2,700)
Proceeds from sale of property, plant and equipment	70	53
Purchase of intangible assets	(6,984)	(5,095)
Purchase of investment securities	(2,470)	(12)
Proceeds from sales and redemption of investment securities	2,307	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(775)	—
Proceeds from transfer of business	1,011	—
Other, net	503	1,070
Net cash provided by (used in) investment activities	(13,922)	(7,214)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	913	(551)
Increase (decrease) in commercial paper	(6,000)	(10,000)
Proceeds from long-term loans payable	—	2,603
Cash dividends paid	(2,057)	(2,059)
Other, net	(602)	(210)
Net cash provided by (used in) financing activities	(7,747)	(10,217)
Effect of exchange rate change on cash and cash equivalents	(173)	(807)
Net increase (decrease) in cash and cash equivalents	(1,036)	(3,008)
Cash and cash equivalents at beginning of period	30,209	56,833
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	131
Cash and cash equivalents at end of period	29,172	53,957

(4) Notes for going concern
Not applicable

(5) Segment information

a. Segment information by business type

Millions of yen

Business		Term	(Reference) Second quarter of FY2008 (July 1-September 30, 2008)		Second quarter of FY2009 (July 1-September 30, 2009)		Change
			Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Industrial Automation and Control Business	Net sales	90,296		70,651		(19,645)	
	Net sales to unaffiliated customers	90,291	79.7	70,651	82.0	(19,640)	
	Net intersegment sales	5		0		(5)	
	Operating expenses	75,696		62,480		(13,216)	
	Operating income	14,599	157.1	8,170	251.4	(6,429)	
Test and Measurement Business	Net sales	12,671		7,610		(5,061)	
	Net sales to unaffiliated customers	12,671	11.2	7,610	8.9	(5,061)	
	Net intersegment sales	—		—		—	
	Operating expenses	17,990		13,065		(4,925)	
	Operating loss	(5,319)	-57.2	(5,455)	-167.8	(136)	
Other Businesses	Net sales	10,288		7,865		(2,423)	
	Net sales to unaffiliated customers	10,288	9.1	7,865	9.1	(2,423)	
	Net intersegment sales	—		—		—	
	Operating expenses	10,279		7,330		(2,948)	
	Operating income	10	0.1	535	16.4	525	
Inter-segment Elimination	Net sales	(5)		(0)			
	Net sales to unaffiliated customers	—		—			
	Net intersegment sales	(5)		(0)			
	Operating expenses	(5)		(0)			
	Operating income (loss)	—		—			
Consolidated	Net sales	113,251		86,126		(27,125)	
	Net sales to unaffiliated customers	113,251	100.0	86,126	100.0	(27,125)	
	Net intersegment sales	—		—		—	
	Operating expenses	103,960		82,875		(21,085)	
	Operating income	9,290	100.0	3,250	100.0	(6,040)	

Millions of yen

Business		Term	(Reference) First two quarters of FY2008 (April 1-September 30, 2008)		First two quarters of FY2009 (April 1-September 30, 2009)		Change Amount
			Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	
Industrial Automation and Control Business	Net sales		156,103		124,520		(31,583)
	Net sales to unaffiliated customers		156,087	79.3	124,520	82.6	(31,567)
	Net intersegment sales		16		0		(16)
	Operating expenses		139,604		116,159		(23,445)
	Operating income		16,498	331.3	8,361	—	(8,137)
Test and Measurement Business	Net sales		24,198		13,343		(10,855)
	Net sales to unaffiliated customers		24,198	12.3	13,343	8.9	(10,855)
	Net intersegment sales		—		—		—
	Operating expenses		35,442		24,438		(11,004)
	Operating loss		(11,244)	-225.8	(11,095)	—	149
Other Businesses	Net sales		16,504		12,792		(3,712)
	Net sales to unaffiliated customers		16,504	8.4	12,792	8.5	(3,712)
	Net intersegment sales		—		—		—
	Operating expenses		16,780		12,439		(4,341)
	Operating income (loss)		(275)	-5.5	354	—	629
Inter-segment Elimination	Net sales		(16)		(0)		
	Net sales to unaffiliated customers		—		—		
	Net intersegment sales		(16)		(0)		
	Operating expenses		(16)		(0)		
	Operating income (loss)		—		—		
Consolidated	Net sales		196,790		150,655		(46,134)
	Net sales to unaffiliated customers		196,790	100.0	150,655	100.0	(46,134)
	Net intersegment sales		—		—		—
	Operating expenses		191,810		153,036		(38,774)
	Operating income (loss)		4,979	100.0	(2,380)	—	(7,359)

(Note) 1. Method of categorizing business

Businesses have been grouped according to similarities in product line and market, as well as the profit and loss summary of the Yokogawa Group.

2. The major products belonging to these business categories are as follows:

Business Segment	Major Products
Industrial Automation and Control Business	Production control systems, flowmeters, differential pressure/pressure transmitters, process analyzers, programmable controllers
Test and Measurement Business	Semiconductor test systems, waveform measuring instruments, optical communication devices, waveform generators, power/temperature/pressure measurement devices, optical communication modules and sub-systems, confocal scanners
Other Businesses	Aircraft navigation-related devices, marine equipment, meteorological/hydrological measurement devices

3. The Yokogawa Group restructured its organization on April 1, 2009 and brought together the Advanced Stage Business Headquarters, Life Science Business Headquarters, and Photonics Business Headquarters under the Communications and Measurement Business Headquarters. Formerly part of the New and Other Businesses segment, the advanced stage, life science, and photonics businesses are now in the Test and Measurement Business segment. The aforementioned New and Other Businesses segment is now the Other Businesses segment. The data on the previous consolidated accounting period used in the above segment information has been revised in accordance with this new business segmentation.

b. Segment information by geographical location

Millions of yen

Region		Term	(Reference) Second quarter of FY2008 (July 1-September 30, 2008)		Second quarter of FY2009 (July 1-September 30, 2009)		Change
			Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Japan	Net sales	74,996		55,274		(19,721)	
	Net sales to unaffiliated customers	57,575	50.8	44,435	51.6	(13,140)	
	Net intersegment sales	17,420		10,839		(6,581)	
	Operating expenses	70,251		55,789		(14,461)	
	Operating income (loss)	4,744	51.2	(515)	-15.8	(5,259)	
Asia	Net sales	31,021		22,298		(8,723)	
	Net sales to unaffiliated customers	23,075	20.4	17,457	20.3	(5,617)	
	Net intersegment sales	7,946		4,840		(3,105)	
	Operating expenses	28,627		20,377		(8,249)	
	Operating income	2,394	25.8	1,920	59.1	(474)	
Europe	Net sales	13,627		11,476		(2,151)	
	Net sales to unaffiliated customers	11,726	10.3	9,861	11.4	(1,865)	
	Net intersegment sales	1,901		1,615		(285)	
	Operating expenses	12,916		10,919		(1,997)	
	Operating income	711	7.7	557	17.1	(153)	
North America	Net sales	8,861		5,863		(2,998)	
	Net sales to unaffiliated customers	8,581	7.6	5,507	6.4	(3,074)	
	Net intersegment sales	279		355		76	
	Operating expenses	8,635		5,897		(2,738)	
	Operating income (loss)	225	2.5	(34)	-1.0	(259)	
Middle East	Net sales	4,994		3,853		(1,140)	
	Net sales to unaffiliated customers	4,831	4.3	3,666	4.3	(1,165)	
	Net intersegment sales	163		187		24	
	Operating expenses	4,166		3,147		(1,018)	
	Operating income	827	8.9	705	21.7	(122)	
Other	Net sales	7,489		5,218		(2,271)	
	Net sales to unaffiliated customers	7,461	6.6	5,198	6.0	(2,262)	
	Net intersegment sales	28		19		(8)	
	Operating expenses	7,130		4,963		(2,167)	
	Operating income	358	3.9	254	7.8	(104)	
Inter-segment Elimination	Net sales	(27,739)		(17,857)			
	Net sales to unaffiliated customers	—		—			
	Net intersegment sales	(27,739)		(17,857)			
	Operating expenses	(27,767)		(18,219)			
	Operating income	28	0.0	361	11.1		
Consolidated	Net sales	113,251		86,126		(27,125)	
	Net sales to unaffiliated customers	113,251	100.0	86,126	100.0	(27,125)	
	Net intersegment sales	—		—		—	
	Operating expenses	103,960		82,875		(21,085)	
	Operating income	9,290	100.0	3,250	100.0	(6,040)	

Millions of yen

Region		Term	(Reference)		First two quarters of FY2009 (April 1-September 30, 2009)		Change		
			First two quarters of FY2008 (April 1-September 30, 2008)		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
			Amount	Composition Ratio (%)					
Japan	Net sales	122,926		90,936		(31,990)			
	Net sales to unaffiliated customers	93,244	47.4	70,283	46.6	(22,961)			
	Net intersegment sales	29,681		20,652		(9,028)			
	Operating expenses	125,873		99,009		(26,863)			
	Operating loss	(2,946)	-59.1	(8,073)	—	(5,126)			
Asia	Net sales	55,668		42,083		(13,584)			
	Net sales to unaffiliated customers	41,792	21.2	33,113	22.0	(8,679)			
	Net intersegment sales	13,875		8,970		(4,905)			
	Operating expenses	51,700		38,774		(12,925)			
	Operating income	3,968	79.7	3,309	—	(658)			
Europe	Net sales	27,117		22,438		(4,678)			
	Net sales to unaffiliated customers	23,858	12.1	19,590	13.0	(4,267)			
	Net intersegment sales	3,259		2,847		(411)			
	Operating expenses	25,754		21,662		(4,092)			
	Operating income	1,362	27.4	776	—	(586)			
North America	Net sales	16,662		10,904		(5,758)			
	Net sales to unaffiliated customers	16,070	8.2	10,326	6.9	(5,744)			
	Net intersegment sales	591		577		(14)			
	Operating expenses	16,317		11,441		(4,875)			
	Operating income (loss)	345	6.9	(537)	—	(882)			
Middle East	Net sales	9,252		7,943		(1,309)			
	Net sales to unaffiliated customers	8,856	4.5	7,577	5.0	(1,278)			
	Net intersegment sales	396		365		(30)			
	Operating expenses	7,788		6,641		(1,147)			
	Operating income	1,463	29.4	1,301	—	(162)			
Other	Net sales	13,060		9,828		(3,232)			
	Net sales to unaffiliated customers	12,968	6.6	9,763	6.5	(3,204)			
	Net intersegment sales	92		64		(28)			
	Operating expenses	12,400		9,392		(3,008)			
	Operating income	659	13.2	435	—	(224)			
Inter-segment Elimination	Net sales	(47,897)		(33,478)					
	Net sales to unaffiliated customers	—		—					
	Net intersegment sales	(47,897)		(33,478)					
	Operating expenses	(48,023)		(33,886)					
	Operating income	126	2.5	407	—				
Consolidated	Net sales	196,790		150,655		(46,134)			
	Net sales to unaffiliated customers	196,790	100.0	150,655	100.0	(46,134)			
	Net intersegment sales	—		—		—			
	Operating expenses	191,810		153,036		(38,774)			
	Operating income (loss)	4,979	100.0	(2,380)	—	(7,359)			

(Note) 1. Countries and regions are grouped according to geographical proximity.

2. The breakdown of countries and regions belonging to groups other than Japan is as follows.

- (1) Asia China, Singapore, South Korea, India, etc.
- (2) Europe The Netherlands, France, the United Kingdom, Germany, etc.
- (3) North America The United States, Canada
- (4) Middle East Bahrain, Saudi Arabia, etc.
- (5) Other Russia, Brazil, Australia, etc.

3. As the Middle East now accounts for a significant portion of consolidated sales, a separate category has been used in this table for the Middle East figures since the first quarter of the current fiscal year. Previously, they were included in the Other category. The above segment information including that for FY08 is based on this new segmentation.

c. Non-Japan net sales

Millions of yen

Region \ Term	(Reference) Second quarter of FY2008 (July 1-September 30, 2008)		Second quarter of FY2009 (July 1-September 30, 2009)		Change
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Asia	23,454	20.7	19,254	22.4	(4,200)
Europe	10,951	9.7	8,830	10.3	(2,120)
North America	8,597	7.6	5,616	6.5	(2,980)
Middle East	7,848	6.9	5,360	6.2	(2,487)
Other	9,368	8.3	7,181	8.3	(2,187)
Non-Japan net sales	60,219	53.2	46,242	53.7	(13,977)
Consolidated net sales	113,251	—	86,126	—	(27,125)

Millions of yen

Region \ Term	(Reference) First two quarters of FY2008 (April 1-September 30, 2008)		First two quarters of FY2009 (April 1-September 30, 2009)		Change
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Asia	45,972	23.4	35,431	23.5	(10,540)
Europe	20,429	10.4	16,846	11.2	(3,582)
North America	15,653	7.9	9,936	6.6	(5,716)
Middle East	14,867	7.6	12,502	8.3	(2,364)
Other	16,933	8.6	13,335	8.9	(3,598)
Non-Japan net sales	113,856	57.9	88,053	58.5	(25,803)
Consolidated net sales	196,790	—	150,655	—	(46,134)

(Note) 1. Countries and regions are grouped according to geographical proximity.

2. The breakdown of countries and regions belonging to groups is as follows.

- (1) Asia China, Singapore, South Korea, India, etc.
- (2) Europe The Netherlands, France, the United Kingdom, Germany, etc.
- (3) North America The United States, Canada
- (4) Middle East Bahrain, Saudi Arabia, etc.
- (5) Other Russia, Brazil, Australia, etc.

3. Non-Japan net sales are net sales of the Company and consolidated subsidiaries in countries or regions outside Japan.

4. As the Middle East now accounts for a significant portion of consolidated sales, a separate category has been used in this table for the Middle East figures since the first quarter of the current fiscal year. Previously, they were included in the Other category. The above segment information including that for FY08 is based on this new segmentation.

(6) Notes if there is a remarkable change in the amount of shareholders' equity
Not applicable

[Reference]

November 10, 2009
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Two Quarters of FY2009

Millions of yen

	First two quarters of FY2008		First two quarters of FY2009		Change	
	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales
Net Sales	196,790	—	150,655	—	(46,134)	—
Operating Income	4,979	2.5%	(2,380)	-1.6%	(7,359)	-4.1%
Ordinary Income	4,403	2.2%	(4,102)	-2.7%	(8,505)	-4.9%
Net Income	3,789	1.9%	(14,535)	-9.6%	(18,325)	-11.5%
Total Assets	430,276		370,485		(59,790)	
Shareholders' Equity	225,395		155,494		(69,901)	
Net Income to Shareholders' Equity Ratio	1.7%		-9.1%		-10.8%	
Net Income per Share	14.71 yen		(56.43) yen		(71.14) yen	
Shareholders' Equity per Share	857.99 yen		588.87 yen		(269.12) yen	
Capital Investment	15,218		6,036		(9,181)	
Depreciation	10,310		8,367		(1,942)	
Research and Development Expenses	19,295		14,860		(4,434)	
Average Exchange Rate during the Term						
USD	106.23 yen		94.78 yen		(11.45) yen	
EUR	162.12 yen		133.21 yen		(28.91) yen	

The Group's business segmentation was revised in the first quarter of the current fiscal year and the following tables are based on the new segmentation.

Consolidated orders by segment

Millions of yen

	First two quarters of FY2008	First two quarters of FY2009	FY2009 (Forecast)
Industrial Automation and Control Business	174,679	131,332	265,000
Measurement Business	25,320	12,732	31,500
Other Businesses	15,664	10,673	28,500
Total	215,663	154,737	325,000

Consolidated sales by segment

Millions of yen

	First two quarters of FY2008	First two quarters of FY2009	FY2009 (Forecast)
Industrial Automation and Control Business	156,087	124,520	260,000
Measurement Business	24,198	13,343	31,500
Other Businesses	16,504	12,792	29,500
Total	196,790	150,655	321,000

Consolidated operating income by segment

Millions of yen

	First two quarters of FY2008	First two quarters of FY2009	FY2009 (Forecast)
Industrial Automation and Control Business	16,498	8,361	14,500
Measurement Business	(11,244)	(11,095)	(18,500)
Other Businesses	(275)	354	1,500
Total	4,979	(2,380)	(2,500)

For reference purposes, the following tables provide the same data based on the previous business segmentation.

(Reference)

Consolidated orders by segment

Millions of yen

	First two quarters of FY2008	First two quarters of FY2009
Industrial Automation and Control Business	174,679	131,332
Test and Measurement Business	20,675	11,575
New and Other Businesses	20,309	11,830
Total	215,663	154,737

Consolidated sales by segment

Millions of yen

	First two quarters of FY2008	First two quarters of FY2009
Industrial Automation and Control Business	156,087	124,520
Test and Measurement Business	21,027	11,846
New and Other Businesses	19,676	14,289
Total	196,790	150,655

Consolidated operating income by segment

Millions of yen

	First two quarters of FY2008	First two quarters of FY2009
Industrial Automation and Control Business	16,498	8,361
Test and Measurement Business	(5,549)	(6,254)
New and Other Businesses	(5,970)	(4,487)
Total	4,979	(2,380)