

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

February 9, 2010

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: February 10, 2010
 Planned Dividend Payment Starting Date: -

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

1. Consolidated business results for the first three quarters of the year ending March 31, 2010 (April 1-December 31, 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 three quarters of year ending March 31, 2010	219,168	-19.7	(2,749)	—	(5,182)	—	(18,203)	—
For first three quarters of year ended March 31, 2009	272,933	—	(766)	—	(5,902)	—	(37,171)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
For first three quarters of year ending March 31, 2010	(70.67)	—
For first three quarters of year ended March 31, 2009	(144.31)	—

(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 December 31, 2009	364,416	153,529	41.1	581.05
As of March 31, 2009	400,959	171,008	41.7	649.20

(Note) Shareholders’ equity: As of December 31, 2009: 149.662 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 year ended March 31, 2009	—	8.00	—	8.00	16.00
For year ending March 31, 2010	—	0.00	—	Not finalized	Not finalized
For year ending March 31, 2010 (forecast)	—	—	—	Not finalized	Not finalized

(Note) 1. Adjustment on dividend forecast in this quarter: No
 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
For year ending March 31, 2010	316,000	-16.1	0	—	(4,000)	—	(18,500)	—	(71.82)

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

4. Other

(1) Changes to important subsidiaries during the period (changes to consolidated subsidiaries accompanying changes to specific 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 Statements.”

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

(4) Number of shares issued (common stock)

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

For the 3rd 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 3rd quarter of the year ending March 31, 2010 11,050,333 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 3rd quarter of the year ending March 31, 2010 257,583,534 shares

For the 3rd quarter of the year ended March 31, 2009 257,480,296 shares

* Notes concerning appropriate use of business forecasts, etc.

1. In this document we have revised the full-year forecasts that were announced on November 10, 2009.

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 3rd quarter of the year ending March 31, 2010 (October 1- December 31, 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	%
Third quarter of year ending March 31, 2010	68,512	-10.0	(368)	—	(1,079)	—	(3,668)	—
Third quarter of year ended March 31, 2009	76,143	-13.6	(5,745)	—	(10,305)	—	(40,960)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Third quarter of year ending March 31, 2010	(14.24)	—
Third quarter of year ended March 31, 2009	(159.02)	—

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Business Results

In the first three quarters of the current fiscal year (April 1, 2009 to December 31, 2009), the global economy finally emerged from the depths and showed signs of recovery. This trend varies by region and is strongest in emerging countries. Although capital investment remained sluggish worldwide, especially in Japan and other developed nations in Europe and North America, resource-rich countries in the Middle East and Africa are starting to resume energy plant projects.

In this business environment, the Yokogawa Group focused on measures that would strengthen its business by bringing down the break-even point, and is doing this by enhancing efficiency and reducing fixed costs. As a result, the Group was able to outperform the forecast for operating loss, but both sales and income were lower than in the same period of the previous year.

In the first three quarters of the current fiscal year, the Group's consolidated sales were 219.168 billion yen, down 53.765 billion yen from the same period of the previous fiscal year. Although fixed costs dropped more than initially planned, declining sales and appreciation of the yen resulted in a 2.749 billion yen operating loss, an increase of 1.982 billion yen from the same period of the previous year. With non-operating expenses such as 1.521 billion yen in interest payments and 506 million yen in foreign exchange losses, ordinary loss came to 5.182 billion yen, a 720 million yen improvement from the same period of the previous year. As a result of extraordinary losses such as a 1.929 billion yen revaluation of investment securities and an impairment loss of 5.728 billion yen, the quarterly net loss came to 18.203 billion yen which is down 18.967 billion yen from the same period of the previous year.

In the third quarter of the current fiscal year (October 1, 2009 to December 31, 2009), the Group recorded sales of 68.512 billion yen (down 7.631 billion yen from the same period of the previous year), an operating loss of 368 million yen (down 5.376 billion yen), an ordinary loss of 1.079 billion yen (down 9.226 billion yen), and a quarterly net loss of 3.668 billion yen (down 37.292 billion yen).

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." 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 in the Middle East, Africa, and Australia with the launch of construction projects for new energy, power, and desalination plants. However, demand was poor in developed countries in Europe, North America, and other regions. The Japan market showed some signs of economic recovery with the improvement of capacity utilization, but companies continued to hold back on making capital investments because business prospects were unclear.

Due to these factors, in the first three quarters of the current fiscal year the industrial automation and control business reported sales of 179.817 billion yen (down 38.233 billion yen from the same period of the previous year) and operating income of 11.406 billion yen (down 6.19 billion yen). In the third quarter of the current fiscal year, this segment had sales of 55.296 billion yen (down 6.667 billion yen from the same period of the previous year) and operating income of 3.044 billion yen (up 1.945 billion yen).

Test and Measurement Business

In the semiconductor test system market, although memory manufacturers resumed investing in semiconductor production facilities, the demand for test systems remained sluggish. The measuring instruments market saw signs of recovery with increased energy-saving-related investment in and outside Japan, but companies continued to take a guarded stance on capital investment, resulting in low demand.

As a result, in the first three quarters of the current fiscal year the test and measurement business recorded sales of 19.364 billion yen (down 12.923 billion yen from the same period of the previous year) and an operating loss of 15.085 billion yen (down 2.833 billion yen). In the third quarter of the current fiscal year this segment had sales of 6.021 billion yen (down 2.068 billion yen from the same period of the previous year) and an operating loss of 3.989 billion yen (down 2.685 billion yen).

Other Businesses

In the first three quarters of the current fiscal year, the other businesses segment recorded 19.987 billion yen in sales (down 2.609 billion yen from the same period of the previous year) and 930 million yen in operating income (versus an operating loss of 444 million yen in the same period of the previous year). In the third quarter of the current fiscal year, this segment had 7.195 billion yen in sales (up 1.104 billion yen from the same period of the previous year) and an operating income of 577 million yen (versus an operating loss of 169 million yen in the same period of the previous year).

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 third 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 third quarter were 364.416 billion yen, down 36.543 billion yen. This is a result of a decrease of 4.75 billion yen in cash and deposits, a decrease of 17.947 billion yen in notes and accounts receivable-trade, a decrease of 3.048 billion yen in current assets (other), and a decrease of 11.199 billion yen in property, plant and equipment.

Total liabilities were 210.886 billion yen, down 19.064 billion yen. The main reasons for this include a 4.64 billion yen decrease in notes and accounts payable-trade, a 5.12 billion yen decrease in the provision for bonuses, a 5.402 billion yen decrease in accounts payable-other, and a 4.483 billion yen decrease in long-term accounts payable-other.

Net assets were 153.529 billion yen, down 17.478 billion yen. The main factor was a 20.136 billion yen decrease in retained earnings.

(2) Cash flow status

The balance of cash and cash equivalents at the end of the third quarter was 52.035 billion yen, down 4.798 billion yen from the end of the previous fiscal year and down 1.922 billion yen from the end of the second quarter of the current fiscal year.

Cash flow from operating activities during the first three quarters of the current fiscal year was 16.059 billion yen, a decrease of 1.395 billion yen compared to the same period of the previous year. This came from a 15.448 billion yen net loss before income taxes and minority interests after adjusting for positive factors including 12.016 billion yen in depreciation and amortization, a 5.728 billion yen impairment loss, and a 24.541 billion yen decrease in trade receivables, and negative factors such as a 5.16 billion yen decrease in the provision for bonuses and a 5.167 billion yen decrease in notes and accounts payable-trade.

Cash flow from investment activities during the first three quarters of the current fiscal year saw expenditure of 9.547 billion yen, down 10.438 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 three quarters of the current fiscal year saw expenditure of 11.592 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 November 10, 2009 has been revised as follows:

Although the control market continues to show upward momentum, orders have been lower than expected because of the slow economic recovery in developed nations, and an increased percentage of these orders will be recorded as sales in the next fiscal year or thereafter. For these reasons, the sales forecast has been revised downwards by 5 billion yen.

Despite the downward revision in the sales forecast, operating loss and ordinary loss have each been revised upwards by 2.5 billion yen due to an improvement in the gross margin rate and better-than-planned results in decreasing expenditures. Accordingly, the net loss forecast has been revised upwards by 1.5 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 November 10, 2009 (A)	321,000	(2,500)	(6,500)	(20,000)	(77.64)
Revised forecast announced on February 9, 2010 (B)	316,000	0	(4,000)	(18,500)	(71.82)
Difference (B)-(A)	(5,000)	2,500	2,500	1,500	5.82
Difference (%)	-1.6%	—	—	—	—
[Reference] Financial results for FY2008	376,534	4,707	274	(38,446)	(149.26)

Note: The consolidated business forecast assumes an exchange rate 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	265.0	260.0	(5.0)
Measurement	31.5	31.5	—
Others	28.5	28.5	—
Total	325.0	320.0	(5.0)

2. Sales forecast by business segment Unit: billion yen

Business segment	Full Year		
	Previous forecast	Revised forecast	Difference
Control	260.0	255.0	(5.0)
Measurement	31.5	31.5	—
Others	29.5	29.5	—
Total	321.0	316.0	(5.0)

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

Business segment	Full Year		
	Previous forecast	Revised forecast	Difference
Control	14.5	17.0	2.5
Measurement	(18.5)	(18.5)	—
Others	1.5	1.5	—
Total	(2.5)	0.0	2.5

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 the *ASBJ Statement No.15 Accounting Standard for Construction Contracts* (December 27, 2007) and the *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.

As a result, the Group's consolidated sales for the first three quarters of the current fiscal year have been adjusted upward by 1.231 billion yen, and the operating loss, ordinary loss, and net loss have each been decreased by 466 million yen. The segment information has also been adjusted accordingly and is given on pages 12 and 14.

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

Millions of yen

	End of FY2009 3rd quarter (December 31, 2009)	(Reference) End of FY2008 (March 31, 2009)
Assets		
Current assets		
Cash and deposits	52,236	56,987
Notes and accounts receivable-trade	92,440	110,387
Short-term investment securities	611	—
Merchandise and finished goods	19,803	20,842
Work in process	13,171	11,583
Raw materials and supplies	11,616	12,281
Other	12,232	15,280
Allowance for doubtful accounts	(3,005)	(2,931)
Total current assets	199,106	224,431
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	53,458	57,405
Other, net	37,057	44,310
Total property, plant and equipment	90,515	101,715
Intangible assets	29,673	29,713
Investments and other assets		
Investment securities	32,713	31,111
Other	13,070	14,568
Allowance for doubtful accounts	(664)	(580)
Total investments and other assets	45,120	45,099
Total noncurrent assets	165,309	176,528
Total assets	364,416	400,959
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,245	28,886
Short-term loans payable	34,706	12,686
Income taxes payable	1,466	1,892
Provision for bonuses	3,720	8,841
Accounts payable-other	9,254	14,657
Other	45,716	46,163
Total current liabilities	119,111	113,126
Noncurrent liabilities		
Long-term loans payable	80,096	101,597
Provision for retirement benefits	3,210	3,192
Long-term accounts payable-other	4,944	9,427
Other	3,522	2,606
Total noncurrent liabilities	91,775	116,824
Total liabilities	210,886	229,950

Millions of yen

	End of FY2009 3rd quarter (December 31, 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	76,998	97,134
Treasury stock	(10,987)	(10,978)
Total shareholders' equity	159,756	179,902
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,467	17
Pension liability adjustment	(372)	(384)
Foreign currency translation adjustment	(12,189)	(12,311)
Total valuation and translation adjustments	(10,094)	(12,678)
Minority interests	3,867	3,783
Total net assets	153,529	171,008
Total liabilities, net assets	364,416	400,959

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

Millions of yen

	(Reference) First three quarters of FY2008 (April 1-December 31, 2008)	First three quarters of FY2009 (April 1-December 31, 2009)
Net sales	272,933	219,168
Cost of sales	182,268	148,043
Gross profit	90,665	71,124
Selling, general and administrative expenses	91,431	73,873
Operating loss	(766)	(2,749)
Non-operating income		
Interest income	146	164
Dividend income	559	427
Equity in earnings of affiliates	526	399
Other	461	529
Total non-operating income	1,694	1,520
Non-operating expenses		
Interest expenses	1,127	1,521
Foreign exchange losses	3,809	506
Other	1,892	1,925
Total non-operating expenses	6,830	3,953
Ordinary loss	(5,902)	(5,182)
Extraordinary income		
Gain on sale of noncurrent assets	58	180
Gain on sale of investment securities	1,335	2
Gain on prior period adjustment	—	239
Other	198	150
Total extraordinary income	1,592	573
Extraordinary losses		
Loss on sale of noncurrent assets	16	29
Loss on retirement of noncurrent assets	412	558
Impairment loss	485	5,728
Loss on valuation of investment securities	3,992	1,929
Restructuring loss	—	498
Business structure improvement expense	—	815
Impairment loss on software for sale	—	562
Other	1,273	716
Total extraordinary losses	6,180	10,839
Loss before income taxes and minority interests	(10,490)	(15,448)
Income taxes-current	2,045	2,187
Income taxes-deferred	24,203	349
Total income taxes	26,248	2,536
Minority interests in income	431	218
Net loss	(37,171)	(18,203)

For the third quarter of FY2009

Millions of yen

	(Reference) Third quarter of FY2008 (October 1-December 31, 2008)	Third quarter of FY2009 (October 1-December 31, 2009)
Net sales	76,143	68,512
Cost of sales	53,004	44,571
Gross profit	23,138	23,940
Selling, general and administrative expenses	28,884	24,309
Operating loss	(5,745)	(368)
Non-operating income		
Interest income	55	51
Dividend income	100	76
Equity in earnings of affiliates	119	90
Other	93	152
Total non-operating income	368	370
Non-operating expenses		
Interest expenses	383	499
Foreign exchange losses	3,716	100
Other	828	481
Total non-operating expenses	4,928	1,081
Ordinary loss	(10,305)	(1,079)
Extraordinary income		
Gain on sale of noncurrent assets	36	163
Gain on sale of investment securities	—	2
Gain on prior period adjustment	135	12
Other	37	70
Total extraordinary income	209	249
Extraordinary losses		
Loss on sale of noncurrent assets	2	28
Loss on retirement of noncurrent assets	147	136
Impairment loss	25	318
Loss on valuation of investment securities	2,324	467
Restructuring loss	—	321
Business structure improvement expense	—	193
Loss on prior period adjustment	—	462
Other	198	117
Total extraordinary losses	2,698	2,046
Loss before income taxes and minority interests	(12,793)	(2,876)
Income taxes-current	(114)	766
Income taxes-deferred	28,320	14
Total income taxes	28,206	781
Minority interests in income (loss)	(40)	10
Net loss	(40,960)	(3,668)

(3) Consolidated quarterly statements of cash flows

Millions of yen

	(Reference) First Three quarters of FY2008 (April 1-December 31, 2008)	First Three quarters of FY2009 (April 1-December 31, 2009)
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(10,490)	(15,448)
Depreciation and amortization	15,773	12,016
Increase (decrease) in allowance for doubtful accounts	(404)	133
Increase (decrease) in provision for bonuses	(10,252)	(5,160)
Loss (gain) on sales of investment securities	(1,335)	(2)
Loss (gain) on valuation of investment securities	3,992	1,929
Impairment loss	—	5,728
Decrease (increase) in notes and accounts receivable-trade	42,023	24,541
Decrease (increase) in inventories	(15,829)	392
Increase (decrease) in notes and accounts payable-trade	(4,383)	(5,167)
Other, net	965	(328)
Subtotal	20,059	18,633
Interest and dividend income received	1,788	1,558
Interest expenses paid	(846)	(1,291)
Income taxes (paid) refund	(3,546)	(2,840)
Net cash provided by (used in) operating activities	17,455	16,059
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,724)	(2,373)
Proceeds from withdrawal of time deposits	3,450	1,763
Purchase of property, plant and equipment	(11,762)	(3,958)
Proceeds from sale of property, plant and equipment	111	305
Purchase of intangible assets	(9,786)	(6,198)
Purchase of investment securities	(2,477)	(16)
Proceeds from sales and redemption of investment securities	2,327	9
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(775)	—
Proceeds from transfer of business	1,011	32
Other, net	638	888
Net cash provided by (used in) investment activities	(19,986)	(9,547)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,678	(1,828)
Increase (decrease) in commercial paper	(18,000)	(10,000)
Proceeds from long-term loans payable	26,000	2,603
Cash dividends paid	(4,102)	(2,063)
Other, net	(684)	(304)
Net cash provided by (used in) financing activities	5,890	(11,592)
Effect of exchange rate change on cash and cash equivalents	(2,870)	150
Net increase (decrease) in cash and cash equivalents	488	(4,930)
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	30,698	52,035

(4) Notes for going concern
Not applicable

(5) Segment information

a. Segment information by business type

Millions of yen

Business		Term	(Reference)		Third quarter of FY2009		Change
			Third quarter of FY2008 (October 1-December 31, 2008)		Third quarter of FY2009 (October 1-December 31, 2009)		
			Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Industrial Automation and Control Business	Net sales		61,964		55,299		(6,665)
	Net sales to unaffiliated customers		61,963	81.4	55,296	80.7	(6,667)
	Net intersegment sales		0		2		2
	Operating expenses		62,867		52,255		(8,612)
	Operating income		1,098	—	3,044	—	1,945
Test and Measurement Business	Net sales		8,089		6,021		(2,068)
	Net sales to unaffiliated customers		8,089	10.6	6,021	8.8	(2,068)
	Net intersegment sales		—		—		—
	Operating expenses		14,764		10,011		(4,753)
	Operating loss		(6,674)	—	(3,989)	—	2,685
Other Businesses	Net sales		6,091		7,195		1,104
	Net sales to unaffiliated customers		6,091	8.0	7,195	10.5	1,104
	Net intersegment sales		—		—		—
	Operating expenses		6,259		6,618		359
	Operating income (loss)		(169)	—	577	—	746
Inter-segment Elimination	Net sales		(0)		(2)		
	Net sales to unaffiliated customers		—		—		
	Net intersegment sales		(0)		(2)		
	Operating expenses		(0)		(2)		
	Operating income		—		—		
Consolidated	Net sales		76,143		68,512		(7,631)
	Net sales to unaffiliated customers		76,143	100.0	68,512	100.0	(7,631)
	Net intersegment sales		—		—		—
	Operating expenses		81,889		68,881		(13,008)
	Operating loss		(5,745)	—	(368)	—	5,376

Millions of yen

Business		Term		First three quarters of FY2009 (April 1-December 31, 2009)		Change	
		(Reference) First three quarters of FY2008 (April 1-December 31, 2008)		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)
		Amount	Composition Ratio (%)				
Industrial Automation and Control Business	Net sales	218,067		179,820		(38,247)	
	Net sales to unaffiliated customers	218,050	79.9	179,817	82.0	(38,233)	
	Net intersegment sales	16		2		(14)	
	Operating expenses	200,471		168,414		(32,057)	
	Operating income	17,596	—	11,406	—	(6,190)	
Test and Measurement Business	Net sales	32,287		19,364		(12,923)	
	Net sales to unaffiliated customers	32,387	11.8	19,364	8.9	(12,923)	
	Net intersegment sales	—		—		—	
	Operating expenses	50,206		34,449		(15,757)	
	Operating loss	(17,918)	—	(15,085)	—	2,833	
Other Businesses	Net sales	22,596		19,987		(2,609)	
	Net sales to unaffiliated customers	22,596	8.3	19,987	9.1	(2,609)	
	Net intersegment sales	—		—		—	
	Operating expenses	23,040		19,057		(3,983)	
	Operating income (loss)	(444)	—	930	—	1,374	
Inter-segment Elimination	Net sales	(16)		(2)			
	Net sales to unaffiliated customers	—		—			
	Net intersegment sales	(16)		(2)			
	Operating expenses	(16)		(2)			
	Operating income	—		—			
Consolidated	Net sales	272,933		219,168		(53,765)	
	Net sales to unaffiliated customers	272,933	100.0	219,168	100.0	(53,765)	
	Net intersegment sales	—		—		—	
	Operating expenses	273,700		221,917		(51,783)	
	Operating loss	(766)	—	(2,749)	—	(1,983)	

(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.

4. Since the beginning of the current fiscal year, we use the *ASBJ Statement No.15 Accounting Standard for Construction Contracts* (December 27, 2007) and the *ASBJ Guidance No.18 Guidance on Accounting Standard for Construction Contracts* (December 27, 2007). As a result, in the industrial automation and control business, the Group's consolidated sales for the first three quarters of the current fiscal year have been adjusted upward by 1.231 billion yen, and the operating income has been adjusted upward by 466 million yen.

b. Segment information by geographical location

Millions of yen

Region \ Term		(Reference) Third quarter of FY2008 (October 1-December 31, 2008)		Third quarter of FY2009 (October 1-December 31, 2009)		Change
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Japan	Net sales	44,292		39,382		(4,909)
	Net sales to unaffiliated customers	32,186	42.3	29,769	43.4	(2,416)
	Net intersegment sales	12,106		9,613		(2,492)
	Operating expenses	52,272		43,541		(8,731)
	Operating loss	(7,980)	—	(4,158)	—	3,821
Asia	Net sales	22,359		19,733		(2,626)
	Net sales to unaffiliated customers	17,201	22.6	15,254	22.3	(1,947)
	Net intersegment sales	5,158		4,479		(678)
	Operating expenses	21,134		17,767		(3,367)
	Operating income	1,225	—	1,966	—	740
Europe	Net sales	12,049		10,618		(1,430)
	Net sales to unaffiliated customers	11,220	14.7	9,451	13.8	(1,769)
	Net intersegment sales	828		1,167		338
	Operating expenses	12,241		10,095		(2,145)
	Operating income (loss)	(191)	—	523	—	715
North America	Net sales	6,762		5,740		(1,022)
	Net sales to unaffiliated customers	6,611	8.7	5,390	7.9	(1,220)
	Net intersegment sales	151		349		197
	Operating expenses	6,680		5,653		(1,026)
	Operating income	81	—	86	—	4
Middle East	Net sales	3,768		3,880		112
	Net sales to unaffiliated customers	3,669	4.8	3,711	5.4	42
	Net intersegment sales	99		168		69
	Operating expenses	3,368		3,202		(166)
	Operating income	399	—	678	—	278
Other	Net sales	5,314		4,980		(334)
	Net sales to unaffiliated customers	5,254	6.9	4,934	7.2	(320)
	Net intersegment sales	60		46		(13)
	Operating expenses	5,094		4,696		(398)
	Operating income	220	—	284	—	64
Inter-segment Elimination	Net sales	(18,403)		(15,824)		
	Net sales to unaffiliated customers	—		—		
	Net intersegment sales	(18,403)		(15,824)		
	Operating expenses	(18,902)		(16,074)		
	Operating income	498	—	250	—	
Consolidated	Net sales	76,143		68,512		(7,631)
	Net sales to unaffiliated customers	76,143	100.0	68,512	100.0	(7,631)
	Net intersegment sales	—		—		—
	Operating expenses	81,889		68,881		(13,008)
	Operating loss	(5,745)	—	(368)	—	5,376

Millions of yen

Region		Term		First three quarters of FY2009 (April 1-December 31, 2009)		Change	
		(Reference) First three quarters of FY2008 (April 1-December 31, 2008)		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)
		Amount	Composition Ratio (%)				
Japan	Net sales	167,218		130,319		(36,899)	
	Net sales to unaffiliated customers	125,430	46.0	100,052	45.7	(25,378)	
	Net intersegment sales	41,787		30,266		(11,521)	
	Operating expenses	178,145		142,551		(35,594)	
	Operating loss	(10,927)	—	(12,231)	—	(1,304)	
Asia	Net sales	78,028		61,817		(16,210)	
	Net sales to unaffiliated customers	58,994	21.6	48,367	22.1	(10,626)	
	Net intersegment sales	19,033		13,449		(5,584)	
	Operating expenses	72,834		56,541		(16,292)	
	Operating income	5,193	—	5,275	—	82	
Europe	Net sales	39,167		33,057		(6,109)	
	Net sales to unaffiliated customers	35,078	12.8	29,042	13.2	(6,036)	
	Net intersegment sales	4,088		4,015		(72)	
	Operating expenses	37,995		31,757		(6,238)	
	Operating income	1,171	—	1,300	—	128	
North America	Net sales	23,425		16,644		(6,780)	
	Net sales to unaffiliated customers	22,681	8.3	15,717	7.2	(6,964)	
	Net intersegment sales	743		926		183	
	Operating expenses	22,997		17,095		(5,902)	
	Operating income (loss)	427	—	(451)	—	(878)	
Middle East	Net sales	13,020		11,823		(1,197)	
	Net sales to unaffiliated customers	12,525	4.6	11,289	5.1	(1,235)	
	Net intersegment sales	495		533		38	
	Operating expenses	11,156		9,843		(1,313)	
	Operating income	1,863	—	1,979	—	116	
Other	Net sales	18,375		14,808		(3,567)	
	Net sales to unaffiliated customers	18,222	6.7	14,698	6.7	(3,524)	
	Net intersegment sales	153		110		(42)	
	Operating expenses	17,495		14,088		(3,406)	
	Operating income	880	—	720	—	(160)	
Inter-segment Elimination	Net sales	(66,301)		(49,303)			
	Net sales to unaffiliated customers	—		—			
	Net intersegment sales	(66,301)		(49,303)			
	Operating expenses	(66,926)		(49,960)			
	Operating income	624	—	657	—		
Consolidated	Net sales	272,933		219,168		(53,765)	
	Net sales to unaffiliated customers	272,933	100.0	219,168	100.0	(53,765)	
	Net intersegment sales	—		—		—	
	Operating expenses	273,700		221,917		(51,783)	
	Operating loss	(766)	—	(2,749)	—	(1,982)	

(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.

4. Since the beginning of the current fiscal year, we use the *ASBJ Statement No.15 Accounting Standard for Construction Contracts* (December 27, 2007) and the *ASBJ Guidance No.18 Guidance on Accounting Standard for Construction Contracts* (December 27, 2007). As a result, the Group's consolidated sales in the Japan region for the first three quarters of the current fiscal year have been adjusted upward by 1.231 billion yen, and the operating loss has been decreased by 466 million yen.

c. Non-Japan net sales

Millions of yen

Region \ Term	(Reference) Third quarter of FY2008 (October 1-December 31, 2008)		Third quarter of FY2009 (October 1-December 31, 2009)		Change
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Asia	17,987	23.6	16,255	23.7	(1,731)
Europe	8,001	10.5	8,080	11.8	79
North America	6,645	8.7	5,268	7.7	(1,377)
Middle East	7,798	10.3	5,297	7.7	(2,501)
Other	6,975	9.2	6,367	9.3	(608)
Non-Japan net sales	47,408	62.3	41,269	60.2	(6,139)
Consolidated net sales	76,143	—	68,512	—	(7,631)

Millions of yen

Region \ Term	(Reference) First three quarters of FY2008 (April 1-December 31, 2008)		First three quarters of FY2009 (April 1-December 31, 2009)		Change
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Asia	63,959	23.4	51,687	23.6	(12,272)
Europe	28,430	10.4	24,927	11.4	(3,503)
North America	22,299	8.2	15,204	6.9	(7,094)
Middle East	22,666	8.3	17,800	8.1	(4,865)
Other	23,909	8.8	19,702	9.0	(4,206)
Non-Japan net sales	161,264	59.1	129,322	59.0	(31,942)
Consolidated net sales	272,933	—	219,168	—	(53,765)

(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.

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

[Reference]

February 9, 2010
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Three Quarters of FY2009

Millions of yen

	First three quarters of FY2008		First three quarters of FY2009		Change	
	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales
Net Sales	272,933	—	219,168	—	(53,765)	—
Operating Income	(766)	-0.3%	(2,749)	-1.3%	(1,982)	-1.0%
Ordinary Income	(5,902)	-2.2%	(5,182)	-2.4%	720	-0.2%
Net Income	(37,171)	-13.6%	(18,203)	-8.3%	18,967	5.3%
Total Assets		378,042		364,416		(13,626)
Shareholders' Equity		171,812		153,529		(18,282)
Net Income to Shareholders' Equity Ratio		-19.1%		-11.5%		7.6%
Net Income per Share		(144.31) yen		(70.67) yen		73.64 yen
Shareholders' Equity per Share		651.52 yen		581.05 yen		(70.47) yen
Capital Investment		21,188		7,836		(13,352)
Depreciation		15,773		12,016		(3,757)
Research and Development Expenses		28,884		21,995		(6,889)
Average Exchange Rate during the Term						
USD		102.48 yen		93.23 yen		(9.25) yen
EUR		149.98 yen		133.01 yen		(16.97) 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 three quarters of FY2008	First three quarters of FY2009	FY2009 (Forecast)
Industrial Automation and Control Business	240,129	189,860	260,000
Measurement Business	35,495	20,891	31,500
Other Businesses	22,537	16,600	28,500
Total	298,161	227,351	320,000

Consolidated sales by segment

Millions of yen

	First three quarters of FY2008	First three quarters of FY2009	FY2009 (Forecast)
Industrial Automation and Control Business	218,050	179,817	255,000
Measurement Business	32,287	19,364	31,500
Other Businesses	22,596	19,987	29,500
Total	272,933	219,168	316,000

Consolidated operating income by segment

Millions of yen

	First three quarters of FY2008	First three quarters of FY2009	FY2009 (Forecast)
Industrial Automation and Control Business	17,596	11,406	17,000
Measurement Business	(17,918)	(15,085)	(18,500)
Other Businesses	(444)	930	1,500
Total	(766)	(2,749)	0

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 three quarters of FY2008	First three quarters of FY2009
Industrial Automation and Control Business	240,129	189,860
Test and Measurement Business	27,210	18,125
New and Other Businesses	30,822	19,366
Total	298,161	227,351

Consolidated sales by segment

Millions of yen

	First three quarters of FY2008	First three quarters of FY2009
Industrial Automation and Control Business	218,050	179,817
Test and Measurement Business	27,499	16,943
New and Other Businesses	27,384	22,408
Total	272,933	219,168

Consolidated operating income by segment

Millions of yen

	First three quarters of FY2008	First three quarters of FY2009
Industrial Automation and Control Business	17,596	11,406
Test and Measurement Business	(9,391)	(8,691)
New and Other Businesses	(8,971)	(5,464)
Total	(766)	(2,749)