

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:
Sadamu Kawanaka, General Manager of Corporate Communications Dept.
Telephone Number: 81-422-52-5530

July 24, 2012

Reorganization of Sales and Services for Japan IA and Control Business
– Short-form reorganization through absorption-type split and absorption-type merger –

Yokogawa Electric Corporation (“the Company”) is notifying you of a decision at today’s meeting of the Board of Directors to reorganize sales and services for the IA and control business in Japan. This will be done by splitting the Japan IA and control business’ sales, engineering, and services functions from the Company and integrating them with two other Group companies in or around April 2013.

Yokogawa Field Engineering Service Corporation, the Company’s wholly owned subsidiary that is engaged in the maintenance and electrical instrumentation businesses for the Yokogawa Group, will be the succeeding company in the absorption-type split and merger. As such, it will absorb the Company’s Industrial Solutions Service Business Headquarters and merge with Yokogawa Solutions Corporation, a wholly owned subsidiary of the Company that handles information technology engineering on the Group’s behalf. In line with this reorganization, Yokogawa Field Engineering Service Corporation plans to change its name to Yokogawa Solution Service Corporation. More details on this absorption-type split and merger will be announced after these matters are resolved at the Company’s Board of Directors meeting scheduled for January 22, 2013.

As this is a short-form reorganization that the Company will implement with its wholly owned subsidiaries, the disclosure of certain information has been omitted.

1. Purpose of the Reorganization

The Company’s core IA and control business is shifting outside Japan to markets that include resource-rich, emerging, and developing nations. Together, these account for 60% or more of the Group’s consolidated sales. Japan remains the Group’s single largest national market, but it is expected that the amount of new plant construction projects will decline there, and that the IA and control business in that market will shift to the replacement of existing systems and the provision of services that make plant operations more efficient and extend the service life of facilities and equipment.

Under these circumstances, the Yokogawa Group, which has a large installed base in Japan, will be required to propose comprehensive solutions that go beyond the provision of products and add more

value by means such as improving the efficiency of plant operations and optimizing the utilization of assets throughout the plant lifecycle.

For this reason, the Company will integrate its sales, engineering, and services functions for the Japan IA and control business and establish a setup that allows it to collectively provide customers with optimum solutions and services, thereby achieving a transformation into a solutions and service company. The integration of these functions will also allow the elimination of overlapping roles, achieve an optimum cost structure, and speed up decision making.

In Japan, the Yokogawa Group has already built a robust distributor network, and it will continue to strengthen its sales and services in cooperation with these distributors in order to better serve our customers.

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2. Overview of the Reorganization

(1) Absorption-type split and merger schedule

July 24, 2012: Policy to be resolved at Board of Directors meeting

January 22, 2013 (planned): Split and merger to be officially resolved at Board of Directors meeting

January 22, 2013 (planned): Split and merger contract to be signed

April 1, 2013 (planned): Split and merger to be implemented and the new company to be founded (effective date)

Note that this absorption-type split satisfies the requirements stipulated in Article 784(3) of the Companies Act and thus will be implemented as a short-form split without obtaining approval at the Company's annual shareholders' meeting.

(2) Reorganization process

- The absorption-type split will be implemented between Yokogawa Field Engineering Service Corporation (the succeeding company) and the Company (the splitting company).

- The absorption-type merger will be implemented between Yokogawa Field Engineering Service Corporation (the remaining company) and Yokogawa Solutions Corporation (the absorbed company).

- In line with the split and merger, Yokogawa Field Engineering Service Corporation will be renamed Yokogawa Solution Service Corporation.

(3) Share allotment for this reorganization

The succeeding company plans to allot to the Company all new shares that it will issue for this absorption-type split.

(4) Other items

The Company expects to announce its plan for a share option and corporate bonds with a share option, an increase/decrease in paid-in capital, and the assumption of rights/obligations and debts by the succeeding company, all of which will accompany this split, after they have been resolved at the Company's Board of Directors meeting scheduled for January 22, 2013

3. Overview of the reorganized companies

	Splitting company	Succeeding / remaining company*	Absorbed company
Name	Yokogawa Electric Corporation	Yokogawa Field Engineering Service Corporation	Yokogawa Solutions Corporation
Business	Manufacture, sales, engineering, maintenance, etc. of control, measurement, aviation, and marine equipment, etc.	Maintenance and electrical instrumentation construction for measurement and control equipment, IT equipment, and semiconductor manufacturing equipment	Provision of information and control related total solutions and engineering
Founded	December 1, 1920	December 24, 1999	April 1, 2003
Head office	Nakacho, Musashino-shi, Tokyo	Nakacho, Musashino-shi, Tokyo	Nakacho, Musashino-shi, Tokyo
Representative's name and title	Shuzo Kaihori, President and CEO	Yoji Arai, President	Hitoshi Kibata, President
Paid-in capital	43,401,050 thousand yen	300 million yen	100 million yen
Number of shares of common stock issued	268,624,510	2,003,000	13,950
Net asset	149,574 million yen	2,430 million yen	2,589 million yen
Accounting period	March 31	March 31	March 31
Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (trust account), 8.2%; The Dai-Ichi Life Insurance Company, Limited, 5.8%; Japan Trustee Services Bank, Ltd. (trust account), 5.5%	Yokogawa Electric Corporation, 100%	Yokogawa Electric Corporation, 100%

*: Plans to assume new name on April 1, 2013.

4. Overview of Functions to Be Split from the Company

(1) Business

Sales, engineering, maintenance, etc. of control and measurement equipment, etc. to Japan customers

(2) Business results

Fiscal year 2011 sales: 85.9 billion yen

(3) Asset / debt items and amounts

To be announced after they have been resolved at the Company's Board of Directors meeting scheduled for January 22, 2013

5. Overview of the new company

Name	Yokogawa Solution Service Corporation
Head office	Nakacho, Musashino-shi, Tokyo
Representative's name and title	Hitoshi Nara, President
Business	Sales, maintenance, electrical instrumentation construction, total solution provision, and engineering for control and measurement equipment, etc.
Paid-in capital	3 billion yen (planned)
Accounting period	March 31

More details about the succeeding company will be announced after the Company's Board of Directors meeting that has been scheduled for January 22, 2013.

6. Impact of This Reorganization on the Group's Consolidated Business Results

This reorganization will have a negligible impact on our financial results for the fiscal year ending March 31, 2013.