

# Annual Report 2004

For the year ended March 31, 2004

# Our Products for Optimum Solutions

## Industrial Automation and Control Business



### Production Control Systems

Ever since Yokogawa developed the world's first distributed control system (DCS), it has led the way in the global production control systems industry. To date, Yokogawa's control systems have been delivered to some 16,000 projects in more than 75 countries around the world.

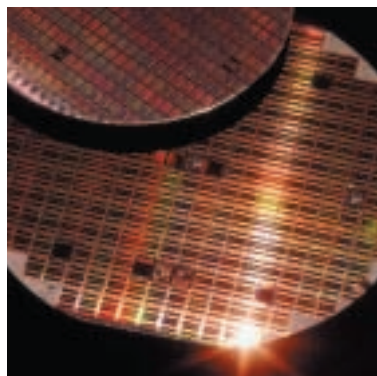


**CENTUM CS 3000 R3**  
Integrated Production Control System



**STARDOM**  
Network-Based Control System

## Test and Measurement Business



### Semiconductor Testers

In step with the technological progress that is being made in the LSI field, Yokogawa has expanded its product line-up by adding memory and logic testers as well as mixed-signal device test systems. Yokogawa provides comprehensive solutions that reduce customers' development and testing costs.



**AL6050**  
Memory Test System

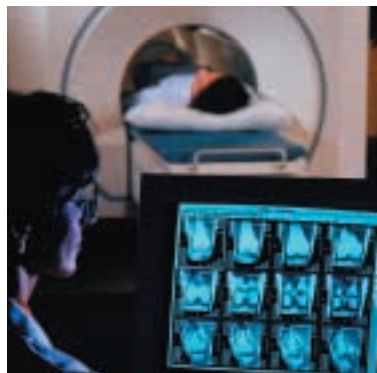


**TS6000H+**  
VLSI Test System



**HS2000**  
Horizontal IC Handler

## Information Systems Business



### Medical Information Systems

At medical institutions, the traditional means of interpreting images captured by CT scanners and MRI systems has involved printing on film. Nowadays, medical imaging and information systems make possible centralized management of image data in an electronic format. Among the first to offer medical imaging and information systems, Yokogawa now enjoys a large share of this market in Japan.



Medical imaging and information system

## Aviation and Industry Support Business



Copyright Airbus France, 2003

### Aviation and Marine Equipment

Yokogawa supplies engine and fuel monitoring devices and sensors for aircraft. Airbus Industries uses our color LCD flat panel displays in the cockpits of their latest aircraft. We also provide equipment such as gyrocompasses and autopilots for maritime use.



Flat panel displays for  
aviation use



Autopilot for marine use



## Company Overview

Yokogawa Electric Corporation (the Company) has long contributed to the development of industries through its activities in the fields of test and measurement, industrial automation and control, and information systems. As a provider of solutions that helps businesses operate more efficiently, Yokogawa is offering its customers around the world optimal management solutions that are backed by the latest technologies. The Company is now implementing a top to bottom restructuring in response to sweeping changes in industries brought about by globalization and the spread of information technology. To realize healthy and profitable operation Group-wide in the 21st century, Yokogawa announced its VISION-21 and ACTION-21 corporate strategy in January 2000. While achieving a steady stream of results through business reform and revitalization of Group management, the Company is engaged in an all-out effort to attain new levels of growth and accomplish its financial targets.

Yokogawa works with customers to create  
added value and improve business efficiency

## Contents

Message from the President	2
Business Results and Strategies	3
Review of Operations	6
Industrial Automation and Control Business	6
Test and Measurement Business	8
Information Systems Business	10
Aviation and Industry Support Business	11
Global Operations	12
Global Environmental Protection Activities	14
Consolidated Financial Review	16
Global Network	20
Affiliated Companies in Japan	22
Directors, Corporate Auditors, and Officers	23
Corporate Information	24

### Cautionary Statements Regarding Forward-Looking Statements

Statements made in this annual report regarding Yokogawa's plans, estimates, strategies, beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Yokogawa. These statements are based on management's assumptions and beliefs in the light of the information currently available to it and therefore readers should not place undue reliance on them. Yokogawa cautions that a number of important factors, such as general economic conditions and exchange rates, could cause actual results to differ materially from those discussed in the forward-looking statements.

### Field Instruments

Field instruments are used in manufacturing to measure and transmit data on parameters such as pressure, temperature, and flow rate as well as to analyze liquids and gases. In addition to transmitters, flowmeters, and other sensors, Yokogawa supplies analytical instruments such as pH meters, conductivity meters, and near-infrared analyzers.



**InfraSpec NR800**  
Transform Near-Infrared Analyzer



**DPharp EJX**  
Differential Pressure Transmitter



**ADMAG AXF**  
Magnetic Flowmeter

### FOUNDATION™ Fieldbus

Yokogawa has been vigorously working to establish FOUNDATION fieldbus as an international standard. Use of FOUNDATION fieldbus creates an open environment, enabling networking of field instruments from different suppliers.

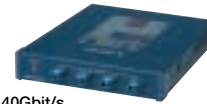
### Production Support Solutions

Yokogawa offers a variety of solution-based software packages that optimize production, most notably the Exaquantum plant information management system that organically integrates manufacturing control and operation information with information from the management domain. We also provide equipment diagnosis systems, facilities maintenance and management systems, and other solutions that support safe plant operation, thus helping to reduce the total cost of ownership (TCO).

### Communications Measuring Instruments

With its long background in the measuring instruments field, Yokogawa offers comprehensive communications measurement solutions that leverage a broad spectrum of measurement technologies for applications ranging from direct current to ultra-high frequency. Yokogawa ranks among the global market share leaders for digital oscilloscopes, power meters, and optical communications measuring instruments.

Our confocal laser microscope scanners are accelerating the pace of progress in the biotechnology field. Their ability to perform real-time observation of live cells makes them highly useful in new drug development and other medical applications.



**40Gbit/s**  
Optical Packet Switch



**AQ7750**  
Optical Sampling Oscilloscope



**Gap Filler Signal Processor**



**DL7480**  
Digital Oscilloscope



**CSU22**  
Confocal Scanner

### IP Network Solutions

In the network security field, Yokogawa supplies intrusion sensors and systems that trace back unauthorized access. Through our involvement in a national research project, we are supporting development of the IPv6 next-generation Internet protocol and have released devices that are based on this protocol.



**IS750**  
Network Intrusion Sensor



**TTB3010**  
IPv6/IPv4 Translator



**AW700**  
Web Application Firewall Appliance

### Magnetoencephalographs


Magnetoencephalographs (MEGs) are devices that use a non-invasive, non-contact method to detect the faint magnetic field generated by the human brain. These devices, used for investigating the physiological function of the brain, are expected to come into widespread use in Japan and other markets as public and private insurers change their regulations to cover MEG use for diagnostic purposes.



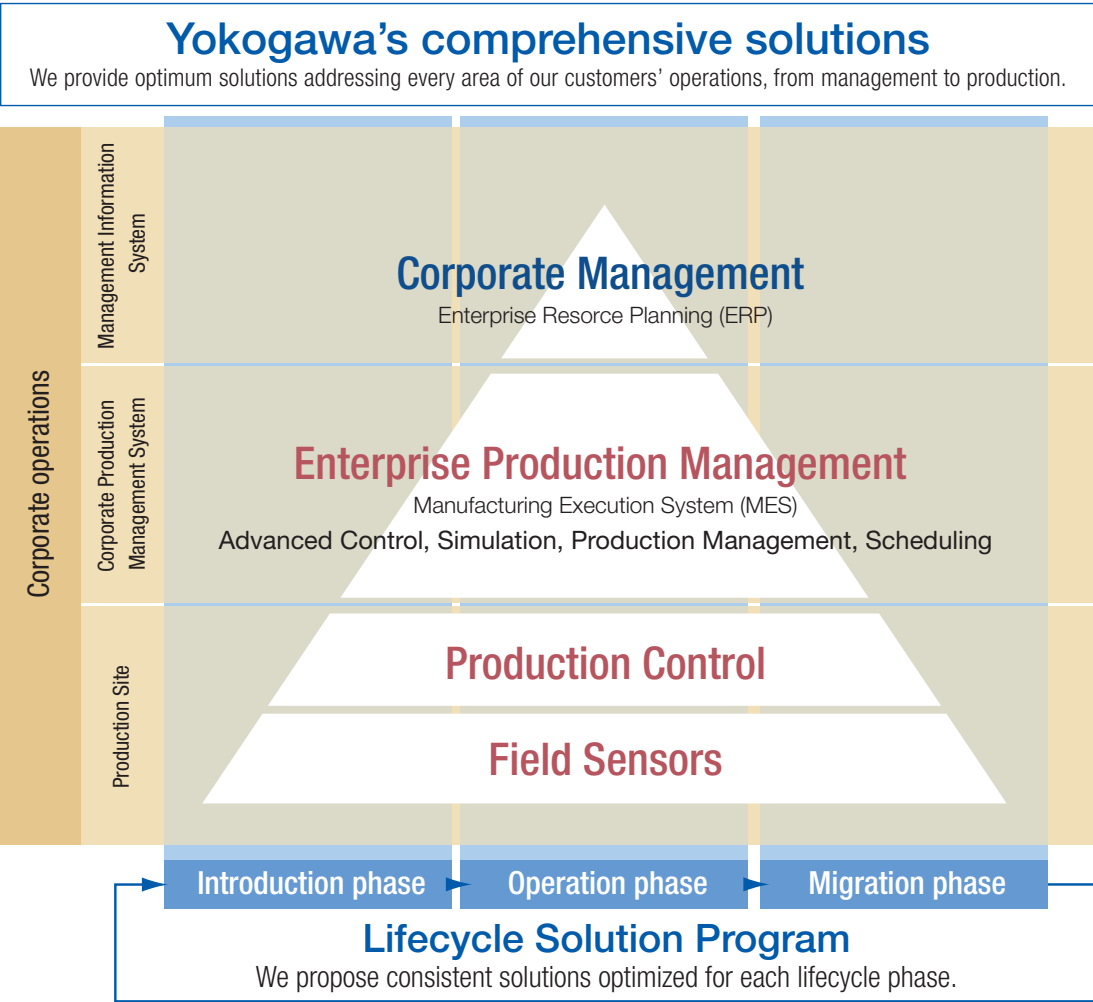
**PQ1160C (MEGvision)**  
Brain Mapping System



Our Enterprise Technology Solutions (ETS) business concept generates maximum value for each customer's operation while minimizing their lifecycle cost of ownership. We are a Service Company providing optimum solutions that use the latest technologies to help enterprise improve their managerial efficiency.

	<p><b>■ Enterprise</b> This emphasizes Yokogawa's focus on the customer's enterprise as a means of providing optimum support.</p> <p><b>■ Technology</b> Customers can benefit from Yokogawa's latest and most sophisticated technological services.</p> <p><b>■ Solutions</b> Yokogawa offers the solutions that best meet customers' expectations and needs.</p>
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The Service Company That Provides Optimum Solutions



## Message from the President



In January 2000 the Yokogawa Group announced VISION-21 and ACTION-21, our corporate strategy for achieving healthy and profitable operation and increasing shareholder value. The quantitative targets for fiscal year 2005, the first milestone, call for a consolidated operating income of 50 billion yen and consolidated net sales of 500 billion yen. We have been working to reform the business and revitalize the Group's management so as to maximize its profitability. In the fiscal year that ended March 31, 2004, the Yokogawa Group recorded its highest ever operating income as a result of the restructuring carried out in accordance with the corporate strategy and thanks to the increases in orders received and revenues. Now that the Yokogawa Group is in a good position to attain its financial goals for fiscal year 2005, we are concentrating on thoroughly implementing each of our measures.

A handwritten signature in black ink that reads "Isao Uchida".

**Isao Uchida**  
President and Chief Executive Officer



# Business Results and Strategies

## ■ Business Performance in Fiscal Year 2003

The Group's mainstay industrial automation and control business performed well thanks to the active international markets for oil, petrochemicals, and liquefied natural gas, coupled with a recovery in capital spending in Japan following a prolonged slump. Business is also looking up for semiconductor testers, a core product line in our test and measurement business, as the result of rising capital investment and other positive economic factors.

In this operating environment, we have worked to increase orders by implementing an aggressive sales expansion strategy with a twin focus on generating more business from existing customers and cultivating new customers. At the same time, we have achieved good progress in initiatives to reform our cost structure, notably the construction of a global production system. As a result of these efforts, consolidated net sales for the fiscal year under review increased 13.1% year on year to 371.9 billion yen. Profits were also up significantly over the previous year, with Yokogawa posting a record operating income of 18.3 billion yen, an increase of 16.7 billion yen, and a net income of 24.3 billion yen, a 50.5 billion yen increase.

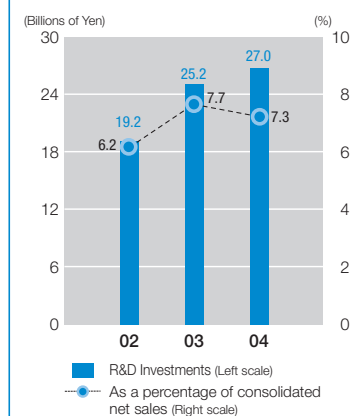
## ■ Principal Policies and Results

During the year under review the Group restructured its production operations to achieve a global reduction in costs. In line with a consolidation that reduced our number of plants in Japan from nineteen to four, production lines for certain products were transferred to factories outside the country.

We pressed ahead with the consolidation and realignment of Group affiliates in Japan through a program that had reduced the number of affiliates from 67 to 37. Good progress was made in restructuring Ando Electric Co., Ltd., which became a consolidated subsidiary in October 2002, with Ando returning to profitability. We reduced headcount to about one fourth the level of January 2002 and rigorously reduced the headquarters' operating costs. These policies made it possible to sharply increase profitability for the Group as a whole.

Meanwhile, in recognition of the fact that the development of new technologies, products, and businesses is key to Yokogawa's continued prosperity, we maintained research and development investment at a high level. To illustrate our

### R&D Investments



## Consolidated Financial Highlights

Yokogawa Electric Corporation and Subsidiaries  
For the years ended March 31, 2003 and 2004

	Billions of Yen		Millions of U.S. dollars	Percent Change
	2003	2004	2004	2004/2003
Orders received	¥360.8	<b>¥390.5</b>	<b>\$3,695</b>	8.2%
Net sales	328.8	<b>371.9</b>	<b>3,519</b>	13.1%
Operating income	1.6	<b>18.3</b>	<b>173</b>	1,069%
Net (loss) income	(26.2)	<b>24.3</b>	<b>230</b>	—
Net (loss) income per share — basic (yen)	(108.39)	<b>99.84</b>	<b>0.94</b>	—
Net (loss) income per share — diluted (yen)	—	<b>96.66</b>	<b>0.91</b>	—
Return on assets (%)	(7.3)	<b>6.4</b>	—	—
Return on shareholders' equity (%)	(17.4)	<b>16.6</b>	—	—

Note: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥105.69 = US\$1, the rate of exchange prevailing on March 31, 2004.

advances in this area, we have achieved tangible results in nurturing new businesses through our *MATOI* Projects\*. And in a breakthrough achievement for our optical communications device business, we have succeeded in developing a 40 Gbit/s optical packet switch, the world's fastest.

### ■ Realignment of Operations

A key priority of Yokogawa is increasing our ability to respond to customer's business management needs by proposing solutions based on our core measurement, control, and information technologies. To further reinforce and firmly establish activities that will achieve this objective and make us an exemplary solutions provider and a high value-added, high-growth enterprise, in April 2004 we began the realignment of our business operations in Japan.

Firstly, we have put in place a structure for our test and measurement, industrial automation and control, and information systems businesses that will provide a fully integrated and comprehensive solution throughout the product life cycle. This has involved integrating the service operations of Yokogawa

Engineering Service Corporation into the Company and unifying its marketing, operations, development, and engineering functions with services. As a result, we have boosted our ability to propose solutions and increased profitability throughout the product life cycle.

Secondly, to increase product development efficiency in the communications measuring instrument business and reinforce our ability to satisfy market needs, the operations of Ando Electric Co., Ltd. were integrated with those of Yokogawa. As a result of this consolidation, dispersed development resources at Yokogawa's headquarters in Musashino City, Tokyo, the Kofu Plant, and Ando have been brought together at Musashino and the operations and development units have been integrated, putting in place a structure that can rapidly reflect market needs in product development. In the communications measuring instruments business, we intend to strengthen development and focus on waveform measuring instruments and optical/digital measuring instruments. Our aim is to be ranked among the top three in the world.

Thirdly, to enhance our capabilities to propose optimum solutions, we established a marketing team within Industrial Solutions Business Headquarters that identifies issues in close cooperation with customers. As well as combining systems and product operations, we have integrated the control operations of Yokogawa M&C Corporation into the Company to bolster development capabilities by efficiently allocating product development resources for the industrial automation and control business as a whole.

#### \* *MATOI* Projects:

These are new business development projects undertaken for the purpose of achieving the numerical targets called for in our corporate strategy. Currently 32 *MATOI* projects are under way. These projects generated sales of 61.1 billion yen and an operating income of 5.5 billion yen during the year under review.

#### *MATOI* Projects (Results and Targets)

	Billions of Yen		
	2004 (Result)	2005 (Target)	2006 (Target)
Sales	61.1	85.7	126.3
Operating income	5.5	15.0	28.5

## Management Targets of the VISION-21 and ACTION-21 Corporate Strategy

Yokogawa is implementing VISION-21 and ACTION-21, the Group's mid-term business strategy that was announced in January 2000 with the objective of achieving a healthy and profitable operation, and thereby expanding net sales and enhancing profitability on a consolidated basis.

VISION-21 and ACTION-21 set the following quantitative targets for fiscal year 2005, which serves as the first milestone for gauging our progress: an operating income of 50 billion yen, net sales of 500 billion yen, ROA of 5%, and ROE of 10% on a consolidated basis. To achieve these targets, we have been implementing a variety of strategic measures centering on reforming how we conduct business and revitalizing group management.



### ■ Reinforcement of Operations in China

Regarding our operations outside Japan, we will in addition to North America, the Middle East, and Europe cultivate markets in East Asian countries such as Korea, Taiwan and China. China is rapidly embracing a market economy and the demand there for test and measurement instruments and industrial automation and control systems —the basis for industrial development— is growing fast. This market is currently worth around 120 billion yen and is forecast to reach 400 billion yen by 2010. Our market share in China is currently 10% and we aim to increase this to 30% by 2010. Yokogawa Electric China Co., Ltd. in Suzhou, established in October 2002, is our strategic regional base in this high-growth market.



Yokogawa Electric China Co., Ltd.

### ■ Corporate Governance

Yokogawa is well aware that corporate management's fundamental mission is to maximize benefits to shareholders. Having positioned corporate governance as the mechanism for fulfilling this mission, we are working to strengthen its functions. On behalf of the shareholders, the Board of Directors determines corporate strategy and supervises its execution, and is monitored by the Board of Corporate Auditors. One of our basic policies is to strengthen corporate governance by achieving greater transparency, objectivity, and quality of management through the reinforcement of these two functions. Based on this policy, one outside director and three outside corporate auditors have been appointed. They provide objective and wide-ranging advice.

In the area of compliance, we have established the Standards of Business Conduct for the Yokogawa Group in the interest of cultivating a corporate culture that encourages each and every employee of the Yokogawa Group to act in accordance with a strong sense of business ethics. To ensure that these standards of conduct are put into practice, we are focusing on raising the awareness of employees. Moreover, we have set up the Audit and Compliance Headquarters to monitor compliance with the standards of conduct and with laws and regulations.

### ■ Completion of Structural Reforms

The Yokogawa Group is working to complete structural reforms in every area of management. With respect to human resource systems in Japan, we abolished the conventional seniority and skill based wage system and expanded application of a remuneration system based on value-added contribution, which has been used for management personnel, to the Company's rank-and-file employees in October 2003. In the future we will extend application of this new remuneration system to Group companies in Japan, as a vital means of linking employees' efforts and the Company's earnings with employees' compensation. We also implemented reform of the retirement benefits system, switching the corporate pension plan from the previous defined benefit plan to a defined contribution plan in April 2004. This change has minimized pension fund management risk while strengthening the Company's financial position, and we plan to implement it throughout the Group companies in Japan.

In initiatives to strengthen the corporate structure, we brought the full strength of Yokogawa to bear in implementing measures to improve profitability and reinforce the Company's financial position; we focused on increasing profitability by lowering costs and on reinforcing the financial position by decreasing trade receivables and inventories. A special emphasis will be given to reducing the cost of our products by adopting a Design to Cost approach. In this approach, cost goals are predetermined based on the market prices of products, and both design and production are performed with the aim of meeting these predetermined cost goals.

The Company places a high priority on the research and development of new technologies. To succeed in this critical task we will put in place a structure by which top management will directly follow up on the selection of development themes, resource allocation, and overall management of development schedules to ensure the development of technologies that will become the engine for future growth.

In fiscal year 2004 we will continue efforts to increase sales by strengthening existing businesses and opening up new markets. At the same time, with the aim of realizing healthy and profitable operation, we will press ahead with measures to expand businesses. We are endeavoring to attain the quantitative targets set by VISION-21 and ACTION-21 for fiscal year 2005, and these targets are an operating income of 50 billion yen, net sales of 500 billion yen, ROA of 5%, and ROE of 10% on a consolidated basis.



# INDUSTRIAL AUTOMATION AND CONTROL BUSINESS

## Strategic Initiatives

- Reinforce the framework for selling control systems in international markets where the construction of oil, petrochemical, liquefied natural gas, and other plants is planned.
- In the Japan market, agilely respond to new business opportunities that arise as customers advance into overseas markets; also pursue opportunities for replacement business.
- Reduce costs by enhancing efficiency of engineering systems to take full advantage of the transfer of production outside of Japan and the availability of overseas resources.
- Introduce highly reliable products and optimal solutions that are the product of our continuous technology development efforts while putting in place a customer service structure that is capable of meticulously responding to customer needs.



**STARDOM**  
Network-Based Control System



**Network Solution Controller Xancia™**



**ADMAG AXF**  
Magnetic Flowmeter



**DPharp EJX**  
Differential Pressure Transmitter

### Overview of Business Results

Investment in major international plant construction projects remains brisk, particularly in the oil, petrochemical, and liquefied natural gas sectors. During the year under review, Yokogawa made the most of this opportunity to generate new business by aggressively marketing its products and services. For example, we entered into agreements with major oil companies and leading manufacturers around the world to become preferred suppliers of instrumentation systems. Also, we launched the Global Engineering Center to boost the engineering capabilities and reinforce our ability to propose total solutions.

In addition, we have introduced new and strategically important field instruments targeting the global marketplace, including the DPharp EJX and ADMAG AXF series. The EJX is a differential pressure and pressure transmitter that is capable of simultaneously measuring differential pressure and static pressure, and the AXF is a magnetic flowmeter that provides highly accurate measurements of liquid flow rates.

These aggressive business initiatives proved effective and we have received a number of orders for ultra-large-scale projects. Two notable examples are installation of the instrumentation at a Shell Chemicals plant in Louisiana and installation of the instrumentation for the Sakhalin-2 crude oil and liquefied natural gas development project.

Furthermore, as our customers in Japan undertake initiatives to enhance efficiency and start up overseas operations, we are seeing an upturn in demand and are aggressively striving to increase orders by pursuing new and replacement business opportunities.

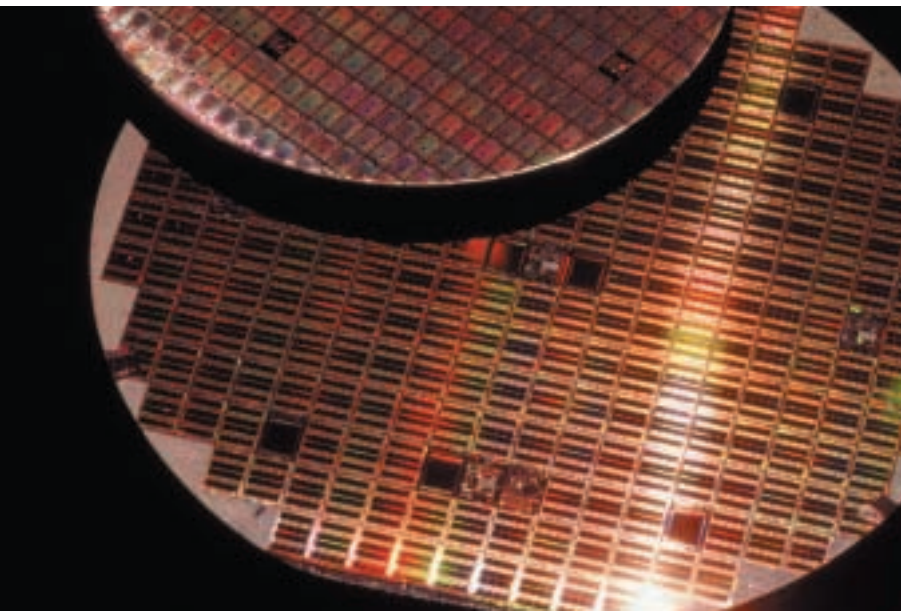
### Outlook

Demand associated with large projects that are being undertaken outside Japan is expected to continue to grow, and Yokogawa will move forward with a focused investment of resources and efforts to win more orders. We will place particular emphasis on securing a leading position in China, a critically important market, with the goal of increasing our share of that market from the current 10% to 30% by 2010 through the enhancement of our sales and marketing systems.



### Response Center

Permanently staffed by experts in systems and equipment, the Response Center provides 24 x 365 customer support.



TS6000H+  
VLSI Test System

# TEST AND MEASUREMENT BUSINESS

## Strategic Initiatives

- Agilely respond to changes in the market through the optimum allocation of resources to the semiconductor tester and communications measuring instrument businesses.
- In the semiconductor tester business, strengthen the logic, memory, and mixed-signal IC product line-ups. Also, take steps to accelerate the development of next-generation testing technology, cultivate new customers in the memory tester market, and establish a solid presence in the LCD driver tester markets.
- In the communications measuring instrument business, augment the line of high-frequency waveform measuring instruments for use in developing next-generation communication network devices and information appliances. Also, utilize leading-edge device technologies to strengthen development of the optical measuring instruments that underpin the broadband era.





40 Gbit/s Optical Packet Switch



Gap Filler Signal Processor



DL7480  
Digital Oscilloscope



CSU22  
Confocal Scanner

Photograph of epithelial cells captured by a confocal laser scanning microscope



### Overview of Business Results

Although the market for optical communication trunk systems linking cities has been in a prolonged slump, business has been strong for FTTH (Fiber to the Home), LAN (Local Area Network), and other Internet-access-related technologies. For this reason, Yokogawa has during the year under review expanded and enhanced its product range by introducing optical power meters and other on-site measuring instruments.

The broadband communications market is rapidly expanding and there is a need to strengthen the infrastructure for next-generation communications networks. Yokogawa is taking the lead in this with initiatives such as the development of measurement technologies for 40 Gbit/s ultra-high-speed communications, and has also played a pioneering role in developing measurement technologies for 160 Gbit/s optical waveform communications.

Conditions are very favorable for the semiconductor tester business thanks to robust capital spending by semiconductor suppliers, which is driven in particular by demand for consumer products such as information appliances and camera-equipped mobile telephones. The Company continues to secure large orders for memory test systems, a product line that was transferred to Yokogawa as part of the integration of its business with Ando Electric Co., Ltd. Moreover, orders of liquid crystal display driver test systems and IC handlers have exceeded our initial estimates.

In addition to the growth of these existing businesses, business was favorable in new areas. The Company was able to establish a firm footing for a future business expansion in the optical communications equipment, broadcast infrastructure, and life science fields. Our products in these areas include the

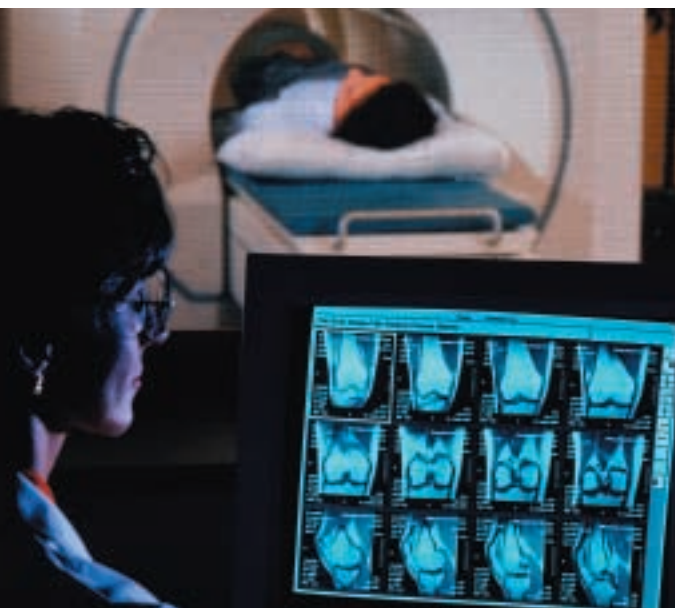


Clean room

world's fastest 40 Gbit/s optical packet switch that switches the paths of optical signals, a gap filler signal processor which will play a critical role in a digital satellite broadcasting service for mobile terminals (mobile broadcasting) that is scheduled this year to enter commercial use in Japan, and a confocal scanner that enables the real-time examination of living cells.

### Outlook

Yokogawa has ambitious plans for the future. In the semiconductor tester business, which is expected to continue to grow, we will accelerate development of next-generation testing technologies and focus effort on increasing our competitive advantage and cultivating new customers, with the aim of exceeding a 50% share in each targeted market. In the communications measuring instrument business, we will expand and enhance our line of waveform measuring instruments and optical and digital measuring instruments as well as other high value-added products with the objective of taking our place among the world's three leading manufacturers in fiscal year 2008.



# INFORMATION SYSTEMS BUSINESS

## Strategic Initiatives

- Concentrate resources in those fields where the Yokogawa Group can bring its strengths into full play.
- Develop the medical image information systems business to further boost Yokogawa's high market share.
- Provide competitive solutions for manufacturers seeking to increase efficiency through the introduction of computer-based technologies.
- Step up activities in the IP network solutions business that are critical to the construction of public infrastructure and corporate networks.

## Overview of Business Results

Yokogawa pursues a strategy of concentration and specialization in the highly diverse information systems market, directing resources to specific fields where it can bring its strengths to bear. Specifically, we have focused our efforts on the medical imaging and information systems business. This involves the integrated management and storage in a database of images captured by CT scanners, MRI systems, and other medical imaging devices.

In the manufacturing solutions business, we expanded the line-up of products in the enterprise production management (EPM) field, capitalizing on our expertise in field instruments and production control systems, with the aim of helping our customers achieve new levels of efficiency through such means as the computerization of their production processes.

## Outlook

We intend to further strengthen the medical imaging and information systems business and the manufacturing solutions business with the aim of providing highly competitive solutions.

At the same time, in the nascent IP network solutions business we will vigorously participate in national projects in the security and IPv6 fields to contribute to public infrastructure development and corporate network construction.



Medical imaging and information system





Copyright Airbus France, 2003



PQ1160C (MEGvision)  
Brain Mapping System



Flat panel displays  
for aviation use

# AVIATION AND INDUSTRY SUPPORT BUSINESS

## Strategic Initiatives

- In the aircraft instruments business, sharpen our focus on the private sector.
- Expand the magnetoencephalograph (MEG) and other new bioinstrumentation businesses.

### Overview of Business Results

Yokogawa worked to expand its business in the private-sector aviation market, focusing on flat panel displays used in the cockpit instrument panels of aircraft manufactured by Airbus Industries. Another area of emphasis was MEGs, devices that perform non-invasive, non-contact examination of brain functions and can help reveal the causes of various types of senile dementia, including Alzheimer's.

### Outlook

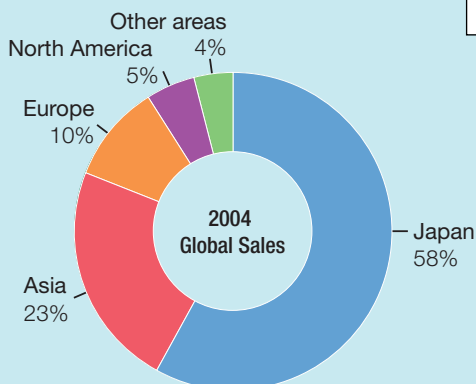
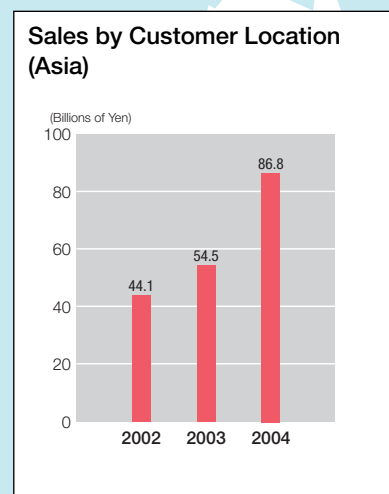
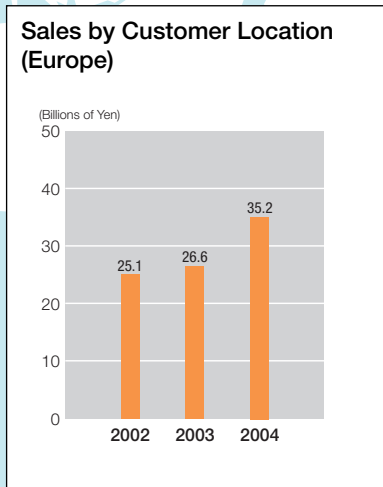
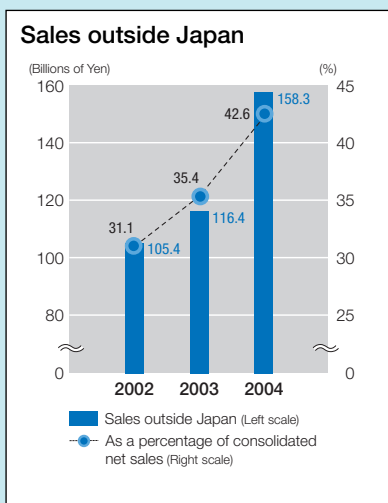
We will continue to work to expand sales of aviation instruments to the private sector while at the same time developing the MEG business. Although the use of MEGs has until now been mostly confined to research institutions, these devices are expected to enter wider clinical use as insurers change regulations to allow their use for diagnostic purposes.

# GLOBAL OPERATIONS

## Augmenting Service and Engineering Systems, Strengthening Operations in China

Yokogawa operates 91 Group companies in 28 countries around the world. In fiscal year 2003 (the year ended March 31, 2004), sales outside Japan accounted for 42.6% of consolidated net sales, a significant increase from the 35.4% of the previous fiscal year. Performance of the industrial automation and control business was robust in Europe, Asia, and the Middle East. In the test and measurement business, semiconductor tester sales rose in South Korea and Taiwan. In the communications measuring instruments business, sales also grew thanks to the introduction of highly competitive products for automobiles and information appliances.

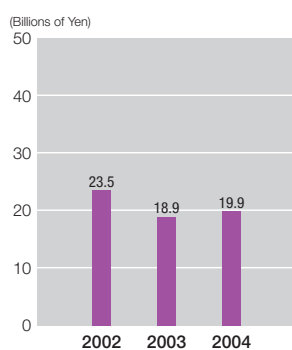
The Company has accelerated the shift of production to China, Singapore, and other locations outside Japan to increase efficiency and expand the business, and it also strengthened the engineering and services support structure.



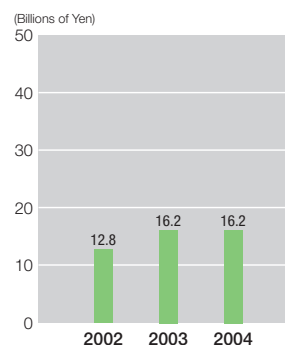
We have established the Global Engineering Center to spearhead planning of a global engineering structure. As part of this initiative, we have optimized the allocation of engineering sources around the world so as to be better able to provide optimum solutions to our customers.

For customer service, we have established Response Centers in Japan and in Australia, Singapore, Bahrain, the Netherlands, and the United States to provide around-the-clock customer support 365 days a year. We also offer remote monitoring (data gathering and analysis) and remote maintenance services.

**Sales by Customer Location  
(North America)**



**Sales by Customer Location  
(Other areas)**



# BUILDING A SUSTAINABLE SOCIETY



Solar energy generation system on the roof of the corporate headquarters building

### Building a sustainable society

While carrying out their normal business activities, all employees of the Yokogawa Group are also actively involved in initiatives that aim to protect the global environment. This is an ongoing effort, and it seeks to build a sustainable society that is grounded in sound environmental management practices through the provision to our customers of environmentally friendly products and solutions. In so doing, we are playing a role in making the world a better place.

### Making Reduction of Carbon Dioxide Emissions the Top Priority

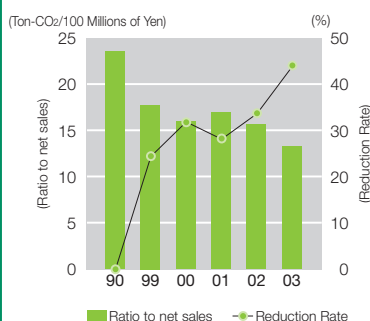
The Yokogawa Group has assigned a high priority to the efficient, waste-free use of the resources, materials, and energy required for production activities. Equally high in priority is the minimization of CO<sub>2</sub> emissions, which are one of the causes of global warming. One technology that is helping achieve these goals is the Econo-Pilot system, which reduces energy consumption by optimizing the operation of water pumps. Econo-Pilot has been introduced at the headquarters plant and at the Kofu plant of Yokogawa Electronics Manufacturing Corporation (YMF), and is now being offered by Yokogawa for commercial use. In fiscal year 2003, CO<sub>2</sub> emissions from the Group's 46 sites amounted to 13.2 tons for each 100 million yen in sales (Ratio to net sales) a 44% reduction from fiscal year 1990 levels. All Group companies will continue with efforts to achieve the reduction target agreed to in the Kyoto Protocol.

Yokogawa Electric China Co., Ltd., the Yokogawa Group's newest production base outside Japan, aims to contribute as a "green enterprise" to the local community and is playing an important part in implementing the City of Suzhou's environmental conservation policy. This subsidiary's facilities incorporated the following environmental protection technologies that were developed in Japan and which are achieving substantial reductions in energy consumption:

- (1) The use of low-environmental-impact natural gas as an energy source instead of crude oil
- (2) The introduction of an environmental monitoring system that makes possible environmental management and energy savings
- (3) The introduction of an inverter system to optimize intake and exhaust
- (4) The introduction of loop piping and a system to control the number of compressors
- (5) The introduction of measures to prevent soil pollution and the establishment of state-of-the-art wastewater treatment facilities

### Reduction in the Ratio of CO<sub>2</sub> Emission to Net Sales

(Total 46 sites)



### Prevention of Toxic Substance Emissions

Yokogawa deploys technologies and guidelines developed in-house to protect the environment from chemical substances that cause air and water pollution. For instance, when we began mass production of the DPharp EJX line of differential pressure and pressure transmitters at the YMF Kofu Plant we adopted the friction charging method of powder coating, a process that does not involve emission of air polluting volatile organic compounds (VOC) and that yields excellent coating quality. The friction charging method forms a coating of uniform thickness on the intricately shaped Dpharp EJX transmitters, yielding a high quality, robust coating that offers superb durability and chemical resistance. Adoption of this coating method has resulted in great reductions in both atmospheric emissions of VOC and in waste emissions, as well as in the volume of toluene and xylene used at the plant.

To minimize the impact of toxic liquid waste on the environment, Yokogawa is installing at principal production sites in Japan membrane filter equipment that does not require coagulants or slaked lime and that generates little sludge. In fiscal year 2003 we established Toxic Waste and Wastewater Facilities Installation Guidelines that are being applied to facilities installed by Group companies in Japan; among the guidelines are a prohibition against structures buried directly in the soil or structures that cannot be visually inspected and a prohibition against attaching drainage pipes to plating tanks.

### Aiming for Zero Emissions

Yokogawa is committed to achieving an operation that is based on the principle of resource recycling, and is carrying out activities with the goal of achieving zero emissions. These activities are based on efficient use of natural resources and energy, minimization of external emissions, and appropriate treatment of waste. The Yokogawa Group defines zero emissions as the recycling of 99% or more of the volume of waste generated. The Group is actively engaged in resource conservation and recycling activities. In fiscal year 2003, we achieved zero emissions at headquarters, at the YMF Komine and Matsukawa plants, and at Kokusai Chart Corporation.

For fiscal year 2003, waste emissions were reduced 85.6% from 1995 levels, exceeding the original target of 77.8%. The recycling rate was 91.9%. Specific measures implemented to reduce emissions include the conversion of waste for use as fuel and compost, and the conversion of waste plastics (normally sent to a landfill) to solid fuel for thermal recycling.



Powder coating facility that utilizes friction charging

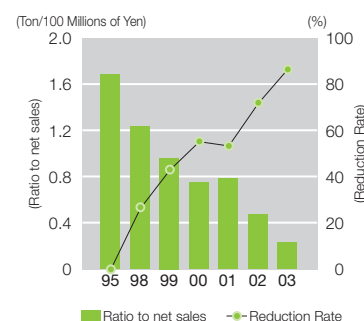


Wastewater facilities installed in a plant



### Reduction in the Ratio of Waste Emission to Net Sales

(Total 46 sites)



# Consolidated Financial Review

## Overview

In the Company's mainstay industrial automation and control business, the combination of brisk markets outside Japan and a recovery in capital spending in Japan following a prolonged slump brought about favorable business conditions overall. Also in the semiconductor market, a key area for the test and measurement business, active investment in development and facilities and other positive economic factors resulted in generally advantageous business conditions for the Company. In this favorable operating environment, the Company implemented an aggressive sales expansion strategy to increase orders from existing customers and cultivate new customers. The Company executed drastic restructuring from a global perspective; its plants in Japan were transformed into internationally competitive, state-of-the-art production facilities, and at the same time transfer of production outside Japan was promoted to cut production costs.

As a result, consolidated net sales for the fiscal year under review increased 13.1% year on year to 371.9 billion yen (US\$3,519 million). Profits surged: consolidated operating income rose 1,069% to 18.3 billion yen (US\$173 million) and consolidated net income was 24.3 billion yen (US\$230 million), an improvement of 50.5 billion yen (US\$478 million) from the previous year.

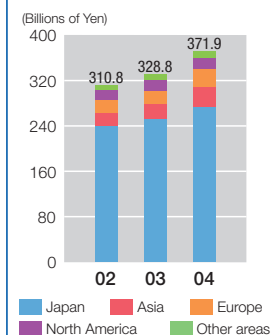
In Europe sales rose 24.5% year on year to 29.6 billion yen (US\$280 million) and operating income jumped 114.5% to 2.3 billion yen (US\$22 million). In Asia, despite a 35.3% increase in sales to 36.7 billion yen (US\$347 million), operating income decreased 12.3% to 1.9 billion yen (US\$18 million). In North America sales increased 8.4% to 19.2 billion yen (US\$182 million) and the Company reported operating income of 0.2 billion yen (US\$2 million), an improvement of 0.6 billion yen (US\$6 million) from the previous year. In other regions including the Middle East, although sales rose 22.8% to 12.5 billion yen (US\$118 million), operating income declined 41.6% to 0.4 billion yen (US\$ 4 million). In Japan sales increased 9.6% to 273.9 billion yen (US\$2,591 million) and operating income of 13.8 billion yen (US\$131 million) was reported, an improvement of 16.1 billion yen (US\$15.3 million) from the previous year.

## Sales by Geographic Area\*

	Billions of Yen			Millions of U.S. dollars
	2002	2003	2004	2004
Japan	238.9	249.9	273.9	2,591
Asia	23.3	27.1	36.7	347
Europe	20.9	23.8	29.6	280
North America	18.2	17.8	19.2	182
Other areas	9.5	10.2	12.5	118
Net Sales	310.8	328.8	371.9	3,519

\* "Sales by Geographic Area" states the aggregate external sales for the consolidated subsidiaries in each region.

## Sales by Geographic Area

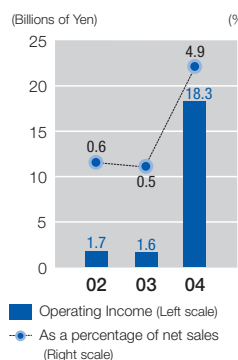


## Consolidated Statements of Income

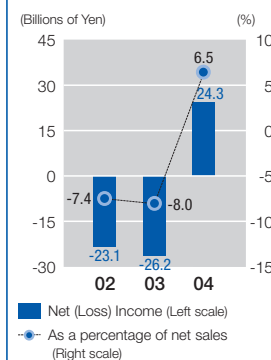
Operating income increased from 1.6 billion yen (US\$15 million), the previous year to 18.3 billion yen (US\$173 million), reflecting the increase in sales and improvements in both the ratio of cost of sales to net sales and that of selling, general and administrative expenses to net sales. The cost of sales to net sales decreased 1.7 percentage points from the 66.6% of the previous year to 64.9% as the result of the increase in sales that led to an improved capacity utilization rate, coupled with progress in reforming the cost structure through initiatives such as restructuring production facilities in Japan and shifting production outside the country. The ratio of selling, general and administrative expenses to net sales decreased 2.7 percentage points from 32.9% in the previous year to 30.2% owing to the downsizing of the workforce at the Group's headquarters and reduction of operating costs.

The company incurred the following extraordinary expenses: 5.3 billion yen (US\$51 million) for the realignment of Japan production facilities (a 12.6 billion yen [US\$119 million] decrease from the previous year, 5.3 billion yen (US\$50 million) for the change in the Company's corporate pension plan from the previous defined benefit plan to a defined contribution plan, and 2.1 billion yen (US\$20 million) for the payment to employees of compensation following a change in the Company's remuneration system

## Operating Income



## Net (Loss) Income





to one that is based on the value-added contributions of personnel.

Income before income taxes and minority interests amounted to 4.5 billion yen (US\$42 million), an increase of 24 billion yen (US\$228 million) compared to the previous year. Due to the recording of 23.5 billion yen (US\$222 million) in deferred income taxes based on the forecast that Yokogawa's earnings would improve, net income improved by 50.5 billion yen (US\$478 million) from the previous year to 24.3 billion yen (US\$230 million). Net income per share was 99.84 yen (US\$0.94), an improvement of 208.23 yen (US\$1.97) from the previous year.

## Operating Results

	Billions of Yen [Percentage of Net Sales]			Millions of U.S. dollars
	2002	2003	2004	2004
Net sales	310.8 [100.0]	328.8 [100.0]	<b>371.9 [100.0]</b>	<b>3,519</b>
Cost of sales	209.8 [67.5]	219.0 [66.6]	<b>241.4 [64.9]</b>	<b>2,284</b>
Selling, general and administrative expenses	99.3 [31.9]	108.2 [32.9]	<b>112.3 [30.2]</b>	<b>1,062</b>
Operating income	(1.7) [(0.6)]	1.6 [0.5]	<b>18.3 [4.9]</b>	<b>173</b>
(Loss) income before income taxes and minority interests	20.8 [6.7]	19.6 [6.0]	<b>4.5 [1.2]</b>	<b>42</b>
Income taxes	1.8 [0.6]	6.2 [1.9]	<b>(20.6) [(5.5)]</b>	<b>(195)</b>
Minority interest in earnings of Consolidated Subsidiaries	(0.5) [0.1]	(0.4) [0.1]	<b>(0.7) [0.2]</b>	<b>(7.0)</b>
Net (loss) income	(23.1) [(7.4)]	(26.2) [(8.0)]	<b>24.3 [6.5]</b>	<b>230</b>

## Per Share Amounts

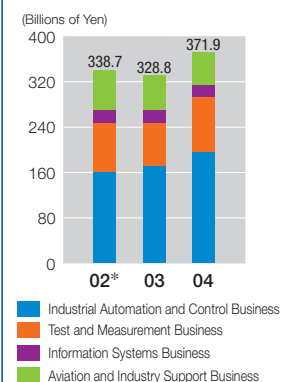
	Yen			U.S. dollars
	2002	2003	2004	2004
Net (loss) income — basic	(94.57)	(108.39)	<b>99.84</b>	<b>0.94</b>
Net income — diluted	—	—	<b>96.66</b>	<b>0.91</b>
Cash dividends	7.50	7.50	<b>7.50</b>	<b>0.07</b>
Shareholders' equity	697.10	542.20	<b>658.97</b>	<b>6.23</b>

## Operating Results by Business

	Billions of Yen			Millions of U.S. dollars	Percent change (%)
	2002*	2003	2004	2004	2003/2004
<b>Industrial Automation and Control Business</b>					
Orders received	171.0	192.6	<b>210.3</b>	<b>1,990</b>	9.2
Sales	160.0	169.5	<b>196.6</b>	<b>1,860</b>	16.0
Operating income	5.0	6.5	<b>10.2</b>	<b>97</b>	56.9
<b>Test and Measurement Business</b>					
Orders received	77.1	84.4	<b>105.3</b>	<b>996</b>	24.8
Sales	85.7	76.1	<b>98.8</b>	<b>935</b>	29.8
Operating (loss) income	(9.8)	(5.8)	<b>9.8</b>	<b>93</b>	—
<b>Information Systems Business</b>					
Orders received	25.7	24.8	<b>20.9</b>	<b>198</b>	(15.7)
Sales	23.5	23.9	<b>20.5</b>	<b>194</b>	(14.2)
Operating loss	(1.5)	(0.5)	<b>(3.2)</b>	<b>(30)</b>	—
<b>Aviation and Industry Support Business</b>					
Orders received	67.9	59.0	<b>54.0</b>	<b>511</b>	(8.5)
Sales	69.5	59.3	<b>56.0</b>	<b>530</b>	(5.6)
Operating (loss) income	(1.6)	1.4	<b>1.5</b>	<b>14</b>	7.1

\* Results for the year ended March 31, 2002, include Ando Electric Co., Ltd., which has been a consolidated subsidiary since the year ended March 31, 2003.

Net Sales by Business Segment



## Cash Flows

On a consolidated basis, cash and cash equivalents at the end of the year totaled 34.4 billion yen (US\$326 million), a decrease of 13.4 billion yen (US\$127 million) compared with the end of the previous fiscal year. Free cash flow from operating and investment activities was an outflow of 1.9 billion yen (US\$18 million) compared with an outflow of 1.2 billion yen (US\$12 million) for the previous year.

### Cash flow from operating activities

Net cash flow from operating activities increased to 8.3 billion yen (US\$79 million) for the year under review compared with 1.8 billion yen (US\$17 million) for the previous year. This improvement was mainly attributable to a 9.5 billion yen (US\$90 million) increase in trade receivables and an 8.1 billion yen (US\$77 million) increase in inventories in line with the increase in net sales, and the great improvements in profits.

### Cash flow from investment activities

Net cash flow from investment activities totaled 10.2 billion yen (US\$96 million) compared with 3.1 billion yen (US\$29 million) for the previous year. Acquisition of property, plant and equipment during the year under review amounted to 19.2 billion yen (US\$182 million), which included an expenditure of 3.3 billion yen (US\$31 million) to strengthen the Kofu and Komine plants in line with the consolidation of production facilities, and an expenditure of 3 billion yen (US\$28 million) to strengthen the production facilities in China.

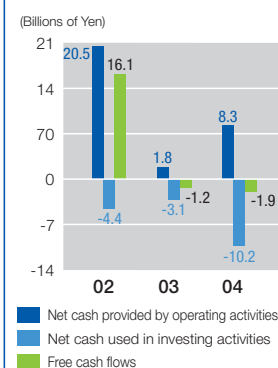
### Cash flow from financing activities

Net cash flow from financing activities amounted to 11.4 billion yen (US\$107 million) compared with 3.6 billion yen (US\$34 million) for the previous year. The Company's fourth and fifth issues of Japanese straight bonds, each for 10 billion yen (US\$95 million), reached maturity during the year under review. To raise funds for repayment of these straight bonds and for capital investment, Yokogawa issued 30 billion yen (US\$284 million) of euro-yen denominated convertible bonds with subscription rights in November 2003. To prepare for anticipated increases in the demand for operating capital and long-term capital demand, 10 billion yen (US\$95 million) in commercial paper was switched to long-term financing through syndicated loans in March 2004.

## Cash Flows

	Billions of Yen			Millions of U.S. dollars
	2002	2003	2004	2004
Net cash provided by operating activities	20.5	1.8	<b>8.3</b>	<b>79</b>
Net cash used in investing activities	(4.4)	(3.1)	<b>(10.2)</b>	<b>(96)</b>
Free cash flows	16.1	(1.2)	<b>(1.9)</b>	<b>(18)</b>
Net cash (used in) provided by financing activities	(22.9)	3.6	<b>(11.4)</b>	<b>(107)</b>
Effect of exchange rate changes on cash and cash equivalents	0	(0.4)	<b>(0.5)</b>	<b>(5)</b>
Net (decrease) increase in cash and cash equivalents	(6.8)	2.0	<b>(13.7)</b>	<b>(130)</b>
Cash and cash equivalents at beginning of year	50.8	44.0	<b>47.8</b>	<b>452</b>
Increase for change in scope of consolidated subsidiaries	—	1.8	<b>0.3</b>	<b>3</b>
Cash and cash equivalents at end of year	44.0	47.8	<b>34.4</b>	<b>326</b>

### Net Cash Provided by Operating Activities/ Net Cash Used in Investing Activities/ Free Cash Flows



## Financial Position

### Assets

Total assets at the end of the year under review totaled 397.4 billion yen (US\$3,760 million), having increased by 32.7 billion yen (US\$309 million) from the end of the previous year. Current assets were ¥226.6 billion yen (US\$2,144million), 13.9 billion yen (US\$132 million) higher than at the previous year-end. Property, plant and equipment increased by 3.2 billion yen (US\$31 million) from the previous year to 78 billion yen (US\$738 million), and intangible fixed assets increased by 1 billion yen (US\$9 million) to 13.7 billion yen (US\$129 million).

The main factors accounting for the increase in current assets were a 23 billion yen (US\$218 million) increase in inventories and in notes and accounts receivable due to increases in orders received and net sales as well as a 5.9

billion yen (US\$56 million) increase in current deferred tax assets. Cash and time deposits were 13.3 billion yen (US\$126 million) lower than at the previous year-end, mainly due to repayment of debts.

The increase in investments and advances was mainly attributable to a 7.8 billion yen (US\$74 million) increase in investments in securities resulting from an increase in the fair market value of listed securities held by the Company at year-end and an 11.6 billion yen (US\$109 million) increase in non-current deferred tax assets.

Increases in current and non-current deferred tax assets reflect the recording of deferred income taxes in view of the expected improvement in the Company's earnings.

### Liabilities

Current liabilities were 105 billion yen (US\$994 million), a decrease of 32.6 billion yen (US\$309 million) from the previous year-end. On the other hand, non-current liabilities were 35.8 billion yen (US\$339 million) higher at 128.2 billion yen (US\$121.3 million). The main reasons for these changes included the repayment of 35 billion yen (US\$331 million) in commercial paper which was on the balance sheet at the end of the previous year, switching to long-term debt, and issuance of euro-yen denominated convertible bonds with subscription rights of 30 billion yen (US\$284 million).

The Company switched its corporate pension plan from the previous defined benefit plan to a defined contribution plan on April 1, 2004. Due to this change, the reserve for retirement benefits was 24 billion yen (US\$227 million) lower than at the end of the previous year.

### Shareholders' Equity

Total shareholders' equity at the end of the year under review was 160.3 billion yen (US\$ 1,517 million), 28.6 billion yen (US\$270 million) higher than at the previous year-end. This increase was mainly attributable to a 22.4 billion yen (US\$21.1 million) increase in retained earnings thanks to the higher net income and a 6.3 billion yen (US\$60 million) increase in net unrealized gains on other securities, reflecting the rise in fair market value of listed securities owned by the Company at the end of the year under review.

As a result, the shareholders' equity ratio increased from 36.1% at the previous year-end to 40.3% and the debt equity ratio decreased from 82.5% to 62.1%.

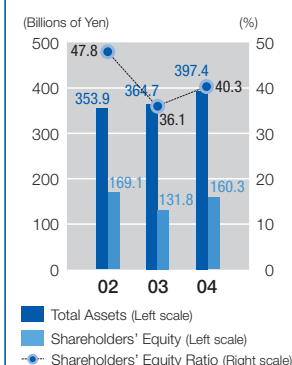
### Financial Position

	Billions of Yen			Millions of U.S. dollars
	2002	2003	2004	2004
Total assets	353.9	364.7	397.4	3,760
Working capital	92.6	75.0	121.5	1,150
Current ratio (%)	191.5	154.5	215.7	—
Interest-bearing debt	65.5	108.7	99.6	942
Shareholders' equity	169.1	131.8	160.3	1,517
Shareholders' equity ratio (%)	47.8	36.1	40.3	—
Debt to equity ratio (%)	38.7	82.5	62.1	—

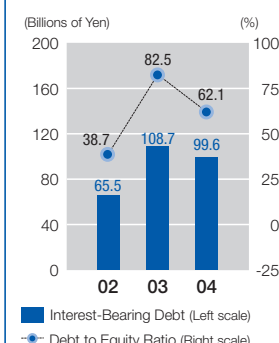
### Other Statistics

	2002	2003	2004
Research and development investment (billions of yen)	19.2	25.2	27.0
Depreciation and amortization (billions of yen)	14.0	14.3	13.5
Capital expenditures (billions of yen)	13.3	15.3	21.4
Number of shares issued (thousands)	243,041	253,968	253,968
Number of shares outstanding (thousands)	242,516	243,006	243,294
Number of employees	17,244	18,675	18,364
Return on assets (%)	(9.7)	(7.3)	6.4
Return on equity (%)	(21.7)	(17.4)	16.6
Inventory turnover (times)	5.84	5.06	4.64
Total assets turnover (times)	0.81	0.92	0.98

#### Total Assets / Shareholders' Equity



#### Interest-Bearing Debt



#### Return on Assets / Return on Equity



# Global Network



Yokogawa Europe B.V.



Yokogawa Electric China Co., Ltd.



Yokogawa Engineering Asia Pte. Ltd.



Yokogawa Electric Corporation

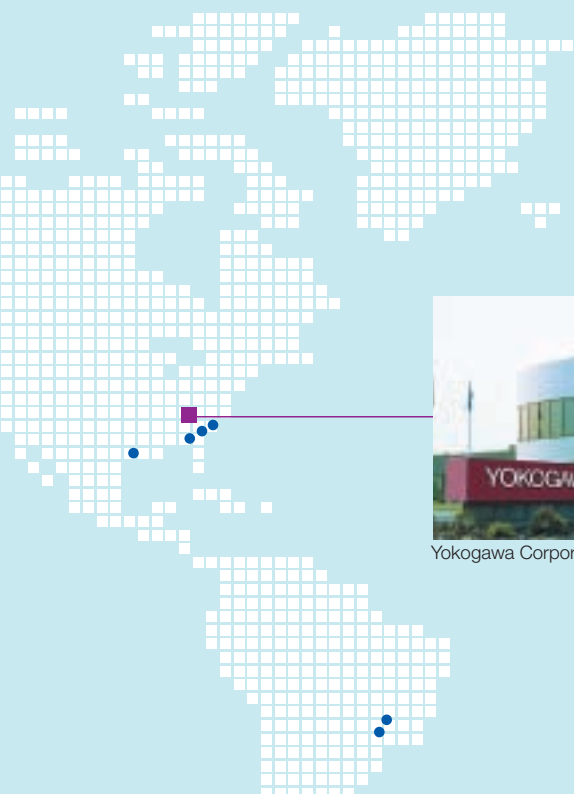
Area	Country	Company Name	Production	Sales	Engineering	Others
North America	United States	Yokogawa Corporation of America	★	★	★	
		SMAI Camera Technologies, Inc.				▲
		Yokogawa USA Inc.				▲
		Kokusai Chart Corporation of America		▲		
		Yokogawa TRADING USA Inc.				▲
South America	Brazil	Yokogawa America do Sul Ltda.	★	★		
		Yokogawa Service S.A.			★	
Europe	The Netherlands	Yokogawa Europe B.V.	●	★	●	
		Yokogawa Nederland B.V.		★		
		Yokogawa System Center Europe B.V.	●	●	●	
	Austria	Yokogawa GesmbH Central East Europe		●		
	Hungary	Yokogawa Hungaria Kft.		●		
	Belgium	Yokogawa Belgium N.V./S.A.		●		
	Italy	Yokogawa Italia S.R.L.		★		
	Spain	Yokogawa Iberia, S.A.		★		
	Germany	Yokogawa Deutschland GmbH		●		
		Yokogawa Measurement Technologies GmbH		◆		
		Rota Yokogawa GmbH & Co.KG	●	●		
	United Kingdom	Yokogawa United Kingdom Limited		●		
		Yokogawa Measurement Technologies Ltd.		◆		
		Yokogawa Marex Limited		●	●	
	Sweden	Yokogawa Measurement Technologies AB		◆		
	France	Yokogawa France S.A.S.		●	●	
		Rota Yokogawa France S.A.R.L.		●		
	Ireland	Yokogawa Reinsurance Ltd.				▲
	Russia	Ltd. Yokogawa Electric		★		
Africa	South Africa	Yokogawa South Africa (Pty) Ltd.		★	●	
Middle East	Bahrain	Yokogawa Middle East E.C.		★	●	

★ Industrial Automation and Control Business/ Test and Measurement Business

● Industrial Automation and Control Business

◆ Test and Measurement Business

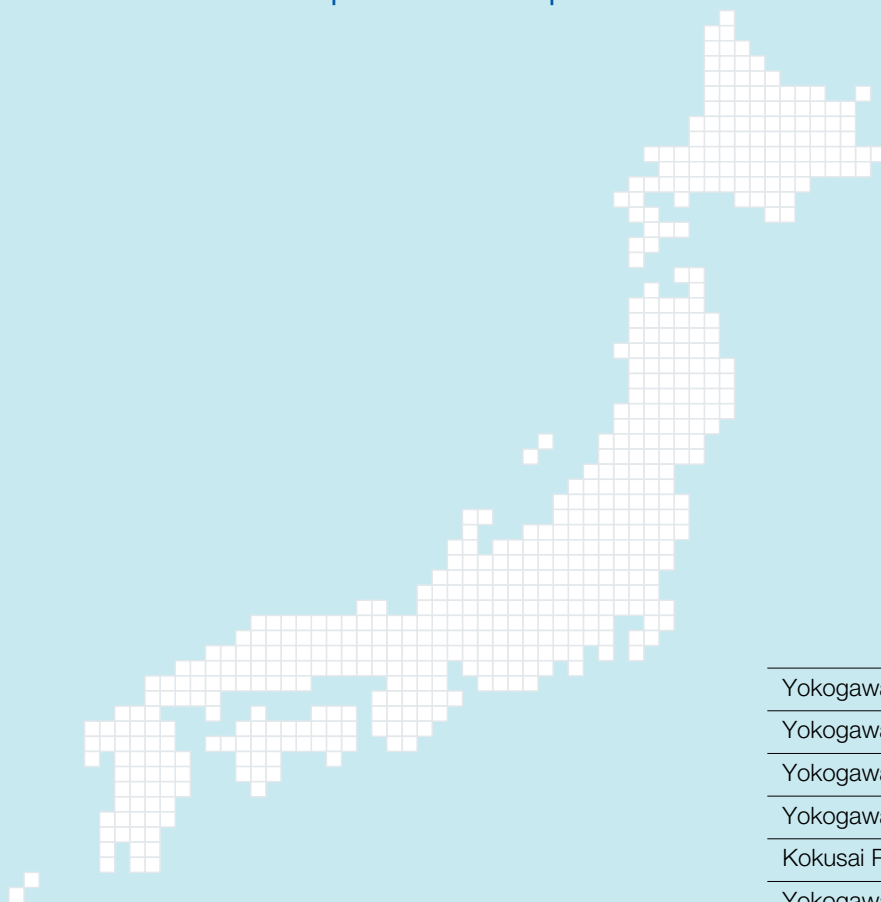
▲ Other Business



Yokogawa Corporation of America

Area	Country	Company Name	Production	Sales	Engineering	Others
Asia	Singapore	Yokogawa Engineering Asia Pte. Ltd.		★	●	
		Measurement Systems Pte. Ltd.		●		
		Plant Electrical Instrumentation Pte. Ltd.				▲
		Yokogawa Electric Asia Pte. Ltd.	★			▲
	Thailand	Yokogawa (Thailand), Ltd.		★	●	
		River Process Engineering Company Limited				▲
		E and I Solution Co., Ltd.				▲
	Indonesia	P.T. Yokogawa Indonesia		★	●	
		P.T. Yokogawa Manufacturing Batam	●			
	Philippines	Yokogawa Philippines Inc.		★	●	
	Malaysia	Yokogawa Electric (Malaysia) Sdn. Bhd.		★		
		MIE Industrial Sdn.Bhd.			●	
		Yokogawa Kontrol (Malaysia) Sdn. Bhd.		★		
		Yokogawa Industrial Safety Systems Sdn.Bhd.		●		
	Korea	Yokogawa Electric Korea Co., Ltd.		●	●	
		Yokogawa Measuring Instruments Korea Corp.		◆		
		Yokogawa Electronics Manufacturing Korea Co., Ltd.	●			
	Taiwan	Yokogawa Taiwan Corporation		●	●	
		Taiwan Yokogawa P&L Corporation				▲
	India	Yokogawa India Ltd.	●	★	●	
Oceania	Australia	TechComm Simulation Pty. Ltd.		●	●	
		Yokogawa Australia Pty. Ltd.		★	●	
	New Zealand	Yokogawa New Zealand Ltd.		★		
China	China	Yokogawa Electric China Co., Ltd.	●			
		Yokogawa Xiyi Co., Ltd.	●	★	●	
		Suzhou Yokogawa Meter Company	●	◆		
		Yokogawa (Shanghai) Instrumentation Co., Ltd.	●	●		
		Shanghai Yokogawa Petrochemical Instrumentation Co., Ltd.		●	●	
		Yokogawa Sichuan Instrument Co., Ltd.	●	●		
		Beijing Metallurgy Yokogawa Automation Engineering Co., Ltd.		●	●	
		Yokogawa Shanghai Trading Co., Ltd.		◆	◆	
		Yokogawa TRADING Hong Kong Ltd.				▲
		Yokoshin Software Engineering (WUXI) Co.,Ltd.			●	

## Affiliated Companies in Japan



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Yokogawa Electronics Manufacturing Corporation

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Yokogawa Denshikiki Co., Ltd.

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Yokogawa System Engineering Corporation

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Yokogawa M&C Corporation

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Kokusai Printing Ltd.

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Yokogawa AIM Corporation

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Omega Simulation Co., Ltd.

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Yokogawa Digital Computer Co., Ltd.

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Kokusai Chart Corporation

---

MoriokaTokki Co., LTD.

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Nihon System Corporation

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Yokogawa Sertec Co.,Ltd.

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Yokogawa Trading Corporation

---

Yokogawa Information Systems Corporation

---

YOKOGAWA & CO., LTD.

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Yokogawa Denyo Corporation

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Yokogawa Engineering Service Corporation\*

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Yokogawa Field Engineering Corporation\*

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Yokogawa Pionics Co., Ltd.

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Yokogawa Foundry Corporation

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Yokogawa Human Create Corporation

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YDC Corporation

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\*Yokogawa Engineering Service Corporation and Yokogawa YFE Corporation merge to form Yokogawa Field Engineering Corporation on October 1, 2004.



# Directors, Corporate Auditors, and Officers

## Board of Directors



**Isao Uchida**  
President and Chief Executive Officer



**Akira Nagashima**  
Director, Executive Vice President  
Corporate Research and  
Development Headquarters,  
President of Internet Node Inc.



**Yasuhiro Katsube**  
Director, Executive Vice President  
ATE Business Headquarters



**Kazunori Yagi**  
Director, Executive Vice President  
Corporate Marketing Headquarters



**Seiji Takahashi**  
Director, Executive Vice President  
Management Administration  
Headquarters



**Kazuhiko Kimura**  
Director, Executive Vice President  
Industrial Solutions Business  
Headquarters



**Teruyoshi Minaki**  
Director, Executive Vice President  
Industrial Automation Business  
Headquarters  
Chairman of Yokogawa  
Europe, Yokogawa India  
and Yokogawa Marex



**Masahisa Naito**  
Outside Director

## Corporate Auditors (\*Outside Corporate Auditors)

Fumio Mizoguchi

Taiki Utsumi

Takahide Sakurai\*

Toru Hashimoto\*

Shigeru Hikuma\*

## Officers

**Toshio Kimura**

Senior Vice President  
Communications and Measurement Business Headquarters

**Hidehiko Bando**

Senior Vice President  
Aerospace Products Business Headquarters

**Manabu Sasada**

Senior Vice President  
Sourcing and Manufacturing Business Headquarters, Chairman of Yokogawa  
Electronics Manufacturing Corporation

**Akihiko Anyouji**

Senior Vice President  
Human Technologies Business Division, ATE Business Headquarters

**Masahiro Otsuka**

Vice President  
Aerospace Products Business Division, Aerospace Products Business  
Headquarters

**Yuukou Toyonori**

Vice President  
Technology Strategy Department, Communications and Measurement Business  
Headquarters

**Toshiki Okuzumi**

Vice President  
Development Division I, Communications and Measurement Business  
Headquarters

**Kiyokazu Ishii**

Vice President  
Industrial Automation Systems Business Division, Industrial Automation Business  
Headquarters

**Toshiro Tomita**

Vice President  
Corporate Communication Division, Corporate Marketing Headquarters

**Kiyoaki Okino**

Vice President  
Audit and Compliance Headquarters

**Tadamitsu Yamagata**

Vice President  
ETS Development Division, Industrial Solutions Business Headquarters

**Seiichiro Kiyobe**

Vice President  
Environmental and Analytical Products Division, Industrial Automation Business  
Headquarters

**Takafumi Koyanagi**

Vice President  
Industrial Solutions Business Division II, Industrial Solutions Business  
Headquarters, Chairman of Yokogawa Taiwan Corp.

**Kimimasa Hiromi**

Vice President  
Field Instruments Business Division, Industrial Automation Business  
Headquarters

**Hiroyuki Tanaka**

Vice President  
Sourcing and Manufacturing Business Division, Sourcing and Manufacturing  
Business Headquarters

**Takashi Fujii**

Vice President  
Semiconductor Test Solutions Division, ATE Business Headquarters

**Hidetoshi Baba**

Vice President  
Industrial Automation Sales Business Division, Industrial Automation Business  
Headquarters

**Kazutomo Nishimura**

Vice President  
Industrial Solutions Business Division I, Industrial Solutions Business  
Headquarters

# Corporate Information (As of March 31, 2004)

Yokogawa Electric Corporation

## Headquarters

2-9-32 Nakacho, Musashino-shi, Tokyo 180-8750, Japan

Website: <http://www.yokogawa.com/>

## Founded

September 1, 1915

## Incorporated

December 1, 1920

## Paid-in Capital

¥32,306,071,542

## Number of Employees

4,332

## Consolidated Employees

18,364

## Number of Shares of Common Stock Issued

253,967,991

## Number of Shareholders

18,514

## Factories and Affiliates in Japan

4 factories, 40 Affiliates

## Factories and Affiliates outside Japan

14 factories in 9 countries and 63 affiliates in 27 countries

## Stock Exchange Listings

Tokyo

## Transfer Agent and Registrar

The Mizuho Trust Banking Co., Ltd.

1-2-1 Yaesu, Chuo-ku, Tokyo 103-8670, Japan

## Annual Meeting

The annual general meeting of shareholders of the Company is normally held in June each year in Tokyo, Japan. In addition, the Company may hold an extraordinary meeting of shareholders as necessary, giving at least two week's prior notice to shareholders.

## Auditors

ChuoAoyama Audit Corporation

## Major Shareholders

Shareholders	Number of shares held (shares)	Shareholding ratio (%)
Japan Trustee Service Bank, Ltd. (trust account)	29,711,000	11.7
The Master Trust Bank of Japan, Ltd. (trust account)	24,943,000	9.8
The Dai-ichi Mutual Life Insurance Company	20,197,000	8.0
Nippon Life Insurance Company	18,978,015	7.5
Yokogawa Electric Corporation	10,656,915	4.2
Mizuho Corporate Bank, Ltd. Pension Trust for Mizuho Corporate Bank, Ltd.	6,643,990	2.6
The Chase Manhattan Bank NA London	5,401,000	2.1
The Nichido Fire and Marine Insurance Co., Ltd.	4,694,936	1.8
Mizuho Corporate Bank, Ltd. Pension Trust for Mizuho Bank, Ltd.	4,617,010	1.8
The Bank of Tokyo-Mitsubishi, Ltd.	2,562,793	1.0

## Breakdown of Shareholding

	Number of shares held (shares)	Number of shareholders
Financial institution	149,531,798	146
Foreign investors	52,591,839	305
Individual investors	32,115,153	17,709
Treasury Stock	10,656,915	1
Others	9,072,286	353





**Yokogawa Electric Corporation**

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Public Relations & Investor Relations

<http://www.yokogawa.com/>



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