Yokogawa Electric Corporation

Our Groupwide Approach for Fiscal Year 2012

May 14, 2012

Shuzo Kaihori, President and Chief Executive Officer
## FY11 results

<table>
<thead>
<tr>
<th></th>
<th>FY10 results (A)</th>
<th>FY11 budget</th>
<th>FY11 results (B)</th>
<th>Difference (B-A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>334.1</td>
<td>356.0</td>
<td>344.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Sales</td>
<td>325.6</td>
<td>336.0</td>
<td>334.7</td>
<td>9.1</td>
</tr>
<tr>
<td>Operating income</td>
<td>11.1</td>
<td>15.0</td>
<td>16.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>8.6</td>
<td>12.0</td>
<td>14.0</td>
<td>5.4</td>
</tr>
<tr>
<td>Net income</td>
<td>(6.7)</td>
<td>6.0</td>
<td>6.0</td>
<td>12.7</td>
</tr>
</tbody>
</table>
Remaining items for structural reform

Positioning of FY09-10

A period of structural reform with an eye on the next growth phase

- Action plan for reduction of fixed costs
- Action plan for review of business portfolio

Remaining items for structural reform

- Complete discontinuance of the photonics business and decide on a course of action that will make the most effective use of the Sagamihara Office.
- Enter into semiconductor tester related alliances.

A concentrated effort was made to achieve both items in FY11
Lease agreement for Sagamihara Office

Conclusion of 20-year period leasing agreement
April 2013 to March 2033

Yokogawa
Opnext Japan, Inc.

In FY12, the leasing preparation period, Yokogawa will incur some costs; but these will be recouped by the leasing fee starting in FY13.

As the withdrawal from the photonics business has already been decided, from FY13 onward there is no risk of this business recording major losses.

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2012/5/14
Discontinuation of semiconductor tester business

Yokogawa employees who are engaged in the semiconductor tester business (excluding those who will be seconded) will transfer to other Yokogawa segments/functions such as control, manufacturing engineering, and R&D.

Although a loss will be recorded in FY12 for the discontinuation of the semiconductor tester business, no risk exists going forward that this business will record a large loss.
Decision on remaining items for structural reform

Completion of 3-year period structural reform

Long-term vision

Becoming the global No. 1 company in the IA and control business
  Capture the top share in the market
  • Pursuit of growth strategies and completion of structural reforms centering on IA and control business
  • Putting the company in a strong financial position

Basic approach

Positioning ourselves for the complete implementation of these growth strategies
Business environment

Sustained growth expected in the mid- to long-term mainly due to steadily rising demand for energy in emerging countries

- **Power-related investment** will be 1.4 times larger in 2015.
  - **Natural gas**: In comparison to 2008, demand will be 1.6 times larger in 2035.
  - **Oil**: Steady growth in demand is expected.
  - **Renewable energy**: Biomass is already well established and has good growth potential.

- **As for industries other than energy**, the demand for chemical products, particularly specialty chemicals, is expected to outpace GDP growth.

For these expanding control markets,

Yokogawa will implement a growth strategy that centers on the business of providing customer-focused solutions.
Many inquiries received

Europe, Russia, Central Asia
- Natural gas

Middle East, Africa
- Petrochemicals

China, Australia, South East Asia
- Petrochemicals
- Natural gas

North America
- Shale gas
- Oil sands
Implement the following three strategies:
Industry strategy

◆ Downstream (oil refining, petrochemicals)
  National oil companies
  Petrobras, Petronas, etc.
  Strengthen solution capability

◆ Upstream (oil and gas development)
  A major investment focus for the oil majors
  Exxon, Shell, Chevron, BP, etc.
  Win upstream projects based on our strong record with their downstream projects

◆ Power
  Expand business all over the world based on our strong record in Asia and Oceania

◆ Chemical
  Win major European chemical company projects to expand market share outside Japan

◆ Renewable energy
  Biomass
  Similar to petrochemical control, where Yokogawa has a large share of market
  Strong record in Brazil and Singapore:
  Bioethylene plants/biomass coal co-combustion power plants
  Utilize these advantages to expand market share
Regional strategy

- Expand global sales channel centering on resource-rich and emerging countries with high growth potential

Consider opening or expanding facilities as the business grows
Product strategy

- Expand product lineup to increase sensor market share

Major product releases in FY11

- DTSX200 distributed temperature sensor
- Wireless field instruments: EJX, YTA510, etc.
- DPharp EJA series differential pressure/pressure transmitter

To gain market share, continue to enhance sensor lineup by developing new products and improving performance/functions of existing products
<table>
<thead>
<tr>
<th>Evolution 2015 targets</th>
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<tbody>
<tr>
<td>Sales</td>
<td>¥400 billion</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥40 billion</td>
</tr>
<tr>
<td>Operating income-to-sales ratio</td>
<td>10%</td>
</tr>
<tr>
<td>EPS</td>
<td>¥100 or more</td>
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</table>

※Exchange rate: $1=¥80, €1=¥110
The information pertaining to our business plans and forecasts that has been provided in this presentation and at analyst meetings contains forward-looking statements that are based on our management’s current knowledge and require the making of assumptions about future events. As such, it cannot be guaranteed that these statements will not differ materially from actual results.