

The following is an English translation prepared for the convenience of shareholders and investors. The official text in the Japanese version of this notice has been prepared in accordance with statutory provisions and mailed to the respective shareholders separately. Should there be any inconsistency in the contents of the translation and the official version, the latter shall prevail. The Company accepts no liability for any misunderstanding caused by the translation.

To All Shareholders:

Securities code: 6841

June 3, 2019

Yokogawa Electric Corporation
2-9-32 Nakacho, Musashino-shi, Tokyo

Notice of 2019 Annual General Meeting of Shareholders

Dear Shareholder:

You are cordially invited to attend the 2019 Annual General Meeting of Shareholders of Yokogawa Electric Corporation (hereinafter the Company), which will be held as per the schedule below.

In the event that you are unable to attend the meeting in person, please review the attached Reference Materials for General Meeting of Shareholders concerning the exercise of your shareholder voting rights and submit your vote using one of the methods outlined below.

Sincerely,

Hitoshi Nara
President and CEO

1. Time & Date: 10:00 a.m. (Japan time), Tuesday, June 25, 2019

2. Place: Conference Hall, Yokogawa Head Office, 2-9-32 Nakacho, Musashino-shi, Tokyo

3. Meeting Agenda:

Items to be reported

- 1: Business report, consolidated financial statements, and a report on the audit of the consolidated accounts by the accounting auditors and the Audit & Supervisory Board for fiscal year 2018 (April 1, 2018 to March 31, 2019)
- 2: Non-consolidated financial statements for fiscal year 2018 (April 1, 2018 to March 31, 2019)

Items to be resolved

Item 1: Disposition of Surplus

Item 2: Election of Eight (8) Directors

[Vote by mail]

Indicate “for” or “against” for each agenda item shown on the enclosed voting form and return it promptly to ensure its arrival **no later than 5:00 p.m. on Monday, June 24, 2019, Japan time.**

[Vote via the Internet]

Access the shareholder voting site (<https://soukai.mizuho-tb.co.jp/>) designated by the Company and enter the voting code and password found on the enclosed voting form.

By following the prompts on the screen, indicate “for” or “against” for each agenda item and submit this form **no later than 5:00 p.m. on Monday, June 24, 2019, Japan time.**

For more details, please refer to the Instructions for Internet Voting on page 42.

[Handling of multiple voting]

If you exercise your voting right both by mail and via the Internet, the voting via the Internet shall prevail regardless of the arrival date of the mailed vote. In the case of multiple voting via the Internet, the last voting shall prevail.

Notes:

1. If attending the meeting in person, please present the enclosed voting form to the reception desk upon arrival. If you intend to exercise your voting rights by proxy, you must appoint as your proxy another shareholder who is entitled to exercise voting rights and will attend the General Meeting of Shareholders, pursuant to Article 19 of the Articles of Incorporation of the Company. However, a written document certifying the proxy’s authority must be submitted to the Company.
2. Revisions to or amendments, if necessary, of the Reference Materials for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company website (<https://www.yokogawa.com/>).

Reference Materials for General Meeting of Shareholders

Item 1: Disposition of Surplus

The distribution of earnings to shareholders is a top management priority for the Company. By achieving growth in earnings, the Company aims to steadily and continuously increase our dividend payments. Specifically, the Company strives to ensure a consolidated dividend payout ratio of more than 30% while giving overall consideration to ensuring investment capital for maximizing business results and mid- to long-term shareholder value and maintaining financial footing for supporting investment for growth.

The Company also aims to maintain a stable dividend based on a DOE (dividend on equity) ratio, even when business results deteriorate due to temporary factors.

Based on the above policy, the Company proposes to pay the year-end dividend of 17 yen per share as follows, taking into account strong business results for the fiscal year under review as well as the future business plan, financial conditions and other factors. With this, the annual dividend per share for the year, including the interim dividend of 15 yen, will be 32 yen, an increase in the annual dividend by two yen per share compared with the previous fiscal year.

Matters related to year-end dividends

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets and total amount of allocation

17 yen per common share of the Company

Total amount of payout is 4,537,901,137 yen.

(3) Effective date of dividend payout


June 26, 2019


Item 2: Election of Eight (8) Directors


At the conclusion of this General Meeting of Shareholders, the terms of office for nine (9) Directors will expire. The Company proposes to elect a total of eight (8) Directors, including four (4) Outside Directors, thereby lowering the number of Directors by one (1).


The Director candidates have been nominated upon referencing a report of the Company's Nomination Advisory Committee, over half of whose members are Outside Directors, and based on "The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers," stipulated by the Company.


Information on the eight (8) Director candidates is provided below.


Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
1	<div></div> <div>Takashi Nishijima (Aug. 12, 1957)</div> <div>Reelection Candidate</div>	<div>Apr. 1981 Joined Hokushin Electric Works Ltd. (the present Yokogawa Electric Corporation)</div> <div>Oct. 2008 Vice President, Head of Control Products Business Center, IA Business Headquarters</div> <div>Apr. 2010 President of Yokogawa Meters & Instruments Corporation (the present Yokogawa Test & Measurement Corporation)</div> <div>Jun. 2011 Director of the Company, President of Yokogawa Meters & Instruments Corporation (the present Yokogawa Test & Measurement Corporation)</div> <div>Apr. 2012 Director and Senior Vice President, Head of IA Platform Business Headquarters</div> <div>Apr. 2013 President and Chief Operating Officer</div> <div>Apr. 2015 President and Chief Executive Officer</div> <div>Apr. 2019 Chairman (present)</div>	64,262 shares
	<div>Number of years since appointment as a Director 8years (at the conclusion of this AGM)</div> <div>Attendance of Board of Directors Meetings Present at 15 of the 15 meetings (FY2018) (100%)</div> <div>The reason for election as a Director candidate</div> <div>Mr. Takashi Nishijima properly supervises management as a Director. He has been responsible for the management of the Company as President and Chief Operating Officer since 2013 and as Chairman since April 2019 after being engaged in product planning and development in the Company’s industrial automation and control business and department management and serving as President of a subsidiary in the test and measurement business, and has abundant experience and track records as a corporate manager. Because he is expected to continuously contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing his experience in management and track records, his election as a Director is being requested.</div> <div>In addition, please refer to page 12 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</div>		
Note: There is no special interest between the Mr. Takashi Nishijima and the Company.			


Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
2	<div><p>Hitoshi Nara (Jan. 23, 1963)</p><div>Reelection Candidate</div></div>	<div><div>Apr. 1985</div>Joined the Company</div> <div><div>Oct. 2001</div>Deputy Managing Director of Yokogawa Engineering Asia Pte. Ltd.</div> <div><div>Oct. 2003</div>Managing Director of Yokogawa (Thailand) Ltd.</div> <div><div>Jan. 2007</div>Head of Sales Div. I, Industrial Solutions Business Headquarters</div> <div><div>Apr. 2010</div>Senior Vice President, Head of Industrial Solutions Business Headquarters</div> <div><div>Jun. 2011</div>Director and Senior Vice President, Head of Industrial Solutions Business Headquarters</div> <div><div>Apr. 2012</div>Director and Senior Vice President, Head of Industrial Solutions Service Business Headquarters</div> <div><div>Apr. 2013</div>Director of the Company, President of Yokogawa Solution Service Corporation</div> <div><div>Apr. 2017</div>Director and Executive Vice President of the company, Chief Executive for Japan and Korea, and President of Yokogawa Solution Service Corporation</div> <div><div>Apr. 2018</div>Director and Executive Vice President of the company, Head of Life Innovation Business Headquarters</div> <div><div>Apr. 2019</div>President and Chief Executive Officer (present)</div> <div>21,667 shares</div>	
	<div>Number of years since appointment as a Director 8years (at the conclusion of this AGM)</div> <div>Attendance of Board of Directors Meetings Present at 15 of the 15 meetings (FY2018) (100%)</div> <div>The reason for election as a Director candidate</div> <div>Mr. Hitoshi Nara properly supervises management as a Director. He has spearheaded the execution of business as President and Chief Executive Officer since April 2019 after being engaged in operations for the sales department of the Company’s industrial automation and control business, serving as President of domestic and overseas subsidiaries and working on the launch of new business, and has abundant experience and track records as a corporate manager. Because he is expected to continuously contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing his experience in management and track records, his election as a Director is being requested.</div> <div>In addition, please refer to page 12 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</div>		
Note: There is no special interest between the Mr. Hitoshi Nara and the Company.			


Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
3	<div><p>Junichi Anabuki (Mar. 18, 1963)</p><div>Reelection Candidate</div></div>	<div><div>Apr. 1986</div><div>Joined Fukutoku Sogo Bank, Ltd.</div><div>Mar. 1992</div><div>Joined the Company</div><div>Jan. 2005</div><div>General Manager, Treasury Department</div><div>Apr. 2011</div><div>Vice President, Head of Accounting & Treasury Headquarters</div><div>Jun. 2014</div><div>Director and Vice President of the Company, Head of Accounting & Treasury Headquarters</div><div>Apr. 2016</div><div>Director and Senior Vice President of the Company, Head of Accounting & Treasury Headquarters</div><div>Apr. 2018</div><div>Director and Senior Vice President of the Company, Head of Corporate Administration Headquarters</div><div>Apr. 2019</div><div>Director and Executive Vice President of the Company, Head of Corporate Administration Headquarters (present)</div></div>	19,820 shares
	<div><div>Number of years since appointment as a Director</div><div>5years</div><div>(at the conclusion of this AGM)</div></div> <div><div>Attendance of Board of Directors Meetings</div><div>Present at 15 of the 15 meetings</div><div>(FY2018)</div><div>(100%)</div></div> <div><div>The reason for election as a Director candidate</div><div>Mr. Junichi Anabuki properly supervises management as a Director. He possesses many years of operational experience in the Company's accounting and treasury department, currently demonstrates his high ability and expertise in accounting & finance and corporate Administration as Head of Corporate Administration Headquarters, and has abundant experience and track records. Because he is expected to continuously contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing his experience and wide knowledge, his election as a Director is being requested.</div><div>In addition, please refer to page 12 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</div></div>		
Note: There is no special interest between the Mr. Junichi Anabuki and the Company.			

Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
4	<div></div> <div>Dai Yu (Feb. 25, 1963)</div> <div>New Candidate</div>	<div><div>Aug. 1990</div><div>Joined SINOPEC Yangzi Petrochemical Corporation</div></div> <div><div>Jan. 1994</div><div>Deputy Project Director at Yangzi-BASF Styrenics Company Ltd.</div></div> <div><div>Jun. 1998</div><div>Project Director of BASF/SINOPEC JV Integrated Petrochemical Site (IPS) Project at SINOPEC</div></div> <div><div>Apr. 2001</div><div>GM of Base Chemicals Division at BASF-YPC Company Ltd.</div></div> <div><div>Jan. 2003</div><div>Low Olefins Plant Manager at CNOOC and Shell Petrochemical Company Ltd.</div></div> <div><div>Nov. 2006</div><div>GM of Base Chemicals for Asia Pacific / Middle East at Shell Chemicals</div></div> <div><div>Jan. 2009</div><div>Project GM at Shell China</div></div> <div><div>Nov. 2012</div><div>CEO of Jurong Aromatics Corporation Pte. Ltd.</div></div> <div><div>Oct. 2015</div><div>Joined Yokogawa Electric International Pte. Ltd. GM of China Sales Strategy Center</div></div> <div><div>Apr. 2016</div><div>President of Yokogawa China Investment Co., Ltd. President of Yokogawa China Co., Ltd.</div></div> <div><div>Apr. 2017</div><div>Vice President of the Company, Chief Executive for ASEAN and Pacific, and President of Yokogawa China Investment Co., Ltd.</div></div> <div><div>Apr. 2019</div><div>Senior Vice President of the Company, Head of Digital Enterprise Business Headquarters (present)</div></div>	0 shares
	<div>The reason for election as a Director candidate</div> <div>Mr. Dai Yu joined a subsidiary of the Company in 2015 after being engaged in administrative operations for plant construction projects and corporate management at several global companies in petroleum and chemical industries, then became the general manager of subsidiary in the ASEAN and Pacific region, currently leads the solution business, one of core businesses in the industrial automation and control business, and has abundant experience and track records. Because he is expected to contribute to improvement of corporate value and strengthening of the decision-making function and the management supervision function of the Board of Directors by utilizing his wide experience and knowledge, his election as a Director is being requested.</div> <div>In addition, please refer to page 12 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</div>		
Note: There is no special interest between the Mr. Dai Yu and the Company.			

Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
5	<div><p>Noritaka Uji (Mar. 27, 1949)</p><div>Reelection Candidate</div><div>Candidate of Outside Director</div><div>Candidate of Independent Officer</div></div>	<div><div>Apr. 1973</div><div>Joined Nippon Telegraph and Telephone Public Corporation (the present Nippon Telegraph and Telephone Corporation)</div><div>Jun. 1999</div><div>Director of NTT DATA Corporation Head of New Generation Information Services Sector</div><div>Sep. 2000</div><div>Director of NTT DATA Corporation Head of Corporate Strategy Planning Department</div><div>Jun. 2003</div><div>Executive Vice President of NTT DATA Corporation Head of Enterprise Systems Sector and Head of Enterprise Business Sector</div><div>Jun. 2005</div><div>Representative Director and Executive Vice President of NTT DATA Corporation</div><div>Jun. 2007</div><div>Senior Executive Vice President of Nippon Telegraph and Telephone Corporation</div><div>Jun. 2012</div><div>Advisor of Nippon Telegraph and Telephone Corporation (retired in June 2017)</div><div>Jun. 2014</div><div>Director of the Company (present)</div></div>	0 shares
	<div>Significant concurrent positions</div> <div>Outside Director of DAIICHI SANKYO COMPANY, LIMITED</div> <div>Outside Director of Gallery Abarth Inc.</div> <div>Honorary chairman of Japan Institute of Information Technology</div> <div>Honorary chairman of Japan Telework Association</div> <div>Number of years since appointment as an Outside Director 5years (at the conclusion of this AGM)</div> <div>Attendance of Board of Directors Meetings Present at 15 of the 15 meetings (FY2018) (100%)</div> <div>The reason for election as a Director candidate</div> <div>Mr. Noritaka Uji properly supervises management acting as an Outside Director. His election as an Outside Director is being requested so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on his wide knowledge as a corporate manager, as well as his abundant experience and extensive expertise in technology development and IT/ICT fields.</div> <div>In addition, please refer to page 12 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</div> <div>About the independent officers</div> <div>Mr. Noritaka Uji meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. The Company nominated him as independent officers, and he is registered as such at the said exchange. Provided he is re-elected as proposed, he will continue his service for the Company as an independent officer.</div> <div>In addition, please refer to page 13 for “The Company’s Independence Standards.”</div>		
<div>Notes:</div> <div>1. There is no special interest between the Mr. Noritaka Uji and the Company.</div> <div>2. Mr. Noritaka Uji is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.</div> <div>3. Liability limitation agreement with Outside Directors</div> <div>The Company has entered into liability limitation agreements with Mr. Noritaka Uji, upon approval of his reelection, the Company will continue the agreement with him.</div> <div>The overview of the agreement is as follows:</div> <div>Under Articles of incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act.</div>			

Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
	<div></div> <div>Nobuo Seki (Sep. 21, 1944)</div> <div>Reelection Candidate</div> <div>Candidate of Outside Director</div> <div>Candidate of Independent Officer</div>	<div>Apr. 1970 Joined Chiyoda Chemical Engineering Company (the present Chiyoda Corporation)</div> <div>Apr. 1992 Vice President & Project General Manager of Chiyoda International Corporation in USA</div> <div>Jun. 1997 Director of Chiyoda Corporation</div> <div>Jun. 1998 Managing Director of Chiyoda Corporation</div> <div>Aug. 2000 Senior Managing Director of Chiyoda Corporation</div> <div>Apr. 2001 President and CEO of Chiyoda Corporation</div> <div>Apr. 2007 Chairman of Chiyoda Corporation</div> <div>Apr. 2009 General Corporate Advisor of Chiyoda Corporation</div> <div>Jul. 2012 Advisor of Chiyoda Corporation (retired in June 2013)</div> <div>Jun. 2015 Director of the Company (present)</div>	1,000 shares
6	<div>Significant concurrent positions</div> <div>Outside Director of KAMEDA SEIKA CO., LTD. Chairman of Project Management Association of Japan</div> <div>Number of years since appointment as an Outside Director 4years (at the conclusion of this AGM)</div> <div>Attendance of Board of Directors Meetings Present at 15 of the 15 meetings (FY2018) (100%)</div> <div>The reason for election as a Director candidate</div> <div>Mr. Nobuo Seki properly supervises management as an outside Director. His election as an Outside Director is being requested so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervising management of the Company based on his wide knowledge as a corporate manager, his abundant experience in the engineering business centered on the energy industry, and his extensive expertise in global business.</div> <div>In addition, please refer to page 12 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</div> <div>About the independent officers</div> <div>Mr. Nobuo Seki meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. The Company nominated him as independent officers, and he is registered as such at the said exchange. Provided he is re-elected as proposed, he will continue his service for the Company as an independent officer.</div> <div>In addition, please refer to page 13 for “The Company’s Independence Standards.”</div>		
<div>Notes:</div> <div>1. There is no special interest between the Mr. Nobuo Seki and the Company.</div> <div>2. Mr. Nobuo Seki is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.</div> <div>3. Liability limitation agreement with Outside Directors</div> <div>The Company has entered into liability limitation agreements with Mr. Nobuo Seki, upon approval of his reelection, the Company will continue the agreement with him.</div> <div>The overview of the agreement is as follows:</div> <div>Under Articles of incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act.</div>			

Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
7	<div><p>Shiro Sugata (Nov. 17, 1949)</p><div>Reelection Candidate</div><div>Candidate of Outside Director</div><div>Candidate of Independent Officer</div></div>	<div><div>Apr. 1972</div><div>Joined USHIO INC.</div><div>Jan. 1993</div><div>President of BLV Licht- und Vakuumtechnik GmbH</div><div>Jun. 2000</div><div>Director and Corporate Senior Vice President of USHIO INC.</div><div>Apr. 2001</div><div>Director and General Manager of Lamp Division II of USHIO INC.</div><div>Apr. 2003</div><div>Director and Lamp Company President, COO of USHIO INC.</div><div>Apr. 2004</div><div>Director and Corporate Executive Vice President of USHIO INC.</div><div>Jun. 2004</div><div>Representative Director and Corporate Executive Vice President of USHIO INC.</div><div>Mar. 2005</div><div>President and CEO of USHIO INC.</div><div>Oct. 2014</div><div>Director and Corporate Advisor of USHIO INC.</div><div>Jun. 2016</div><div>Corporate Advisor of USHIO INC.</div><div>Director of the Company (present)</div><div>Jul. 2017</div><div>Special Corporate Advisor of USHIO INC. (present)</div></div>	0 shares
	<div>Significant concurrent positions</div> <div>Special Corporate Advisor, USHIO INC.</div> <div>Outside Director of JSR Corporation</div> <div>Number of years since appointment as an Outside Director 3years (at the conclusion of this AGM)</div> <div>Attendance of Board of Directors Meetings Present at 15 of the 15 meetings (FY2018) (100%)</div> <div>The reason for election as a Director candidate</div> <div>Mr. Shiro Sugata properly supervises management as an Outside Director. His election as an Outside Director is being requested so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervising the management of the Company based on his wide knowledge as a corporate manager, his abundant experience in the development and marketing of industrial instruments, and his extensive expertise in global business.</div> <div>In addition, please refer to page 12 for “The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers.”</div> <div>About the independent officers</div> <div>Mr. Shiro Sugata meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. The Company nominated him as independent officers, and he is registered as such at the said exchange. Provided he is re-elected as proposed, he will continue his service for the Company as an independent officer.</div> <div>In addition, please refer to page 13 for “The Company’s Independence Standards.”</div>		
<div>Notes:</div> <div>1. There is no special interest between the Mr. Shiro Sugata and the Company.</div> <div>2. Mr. Shiro Sugata is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.</div> <div>3. Liability limitation agreement with Outside Directors</div> <div>The Company has entered into liability limitation agreements with Mr. Shiro Sugata, upon approval of his reelection, the Company will continue the agreement with him.</div> <div>The overview of the agreement is as follows:</div> <div>Under Articles of incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act.</div>			

Candidate number	Name Date of birth	Brief history, position and area of responsibility, and significant concurrent positions	Number of Company shares owned by the candidate
8	<div></div> <div>Akira Uchida (Oct. 4, 1950)</div> <div>New Candidate</div> <div>Candidate of Outside Director</div> <div>Candidate of Independent Officer</div>	<div>Apr. 1975 Joined Toray Industries, Inc.</div> <div>Jun. 1996 Executive Vice President of Toray Industries (America), Inc.</div> <div>Jun. 2000 Senior Manager of Corporate Planning 1st Department and Corporate Communications Department, Toray Industries, Inc.</div> <div>Jun. 2004 Associate Director of Corporate Planning Department and Investor Relations Department, Toray Industries, Inc.</div> <div>Jun. 2005 Vice President (Member of the Board), General Manager of Finance & Controller's Division, Toray Industries, Inc.</div> <div>Jun. 2009 President of Toray Holding (U.S.A.), Inc. Senior Vice President (Member of the Board), General Manager of Finance & Controller's Division, Toray Industries, Inc.</div> <div>Jun. 2012 President of Toray Holding (U.S.A.), Inc. Senior Vice President (Member of the Board), Chief Investor Relations Officer, Chief Social Responsibility Officer, General Supervisor for General Administration & Legal Division, Corporate Communications Department, Advertising Department, General Manager of Tokyo Head Office, Toray Industries, Inc.</div> <div>Jun. 2016 Counselor, Toray Industries, Inc. (retired in March 2019)</div>	0 shares
	<div>Significant concurrent positions</div> <div>Outside Director, J. FRONT RETAILING Co., Ltd.</div> <div>Auditor, Suga Weathering Technology Foundation</div> <div>The reason for election as a Director candidate</div> <div>Mr. Akira Uchida has abundant experience as a corporate manager in a global company in the material field. His election as an Outside Director is being newly requested so that he can contribute to greater operational fairness, objectivity, and transparency with respect to supervision of management of the Company based on his wide knowledge as a corporate manager and wide experience in the corporate administration field centered on the Finance and Controller's Division.</div> <div>In addition, please refer to page 12 for "The policy and procedure for the appointment and dismissal of Directors, Audit & Supervisory Board Members and officers."</div> <div>About the independent officers</div> <div>Mr. Akira Uchida meets the requirements of an independent officer pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and the standards of independence in the Company. Provided he is elected as proposed, the Company plans to report him as an independent officer to the said exchange.</div> <div>In addition, please refer to page 13 for "The Company's Independence Standards."</div>		
<div>Notes:</div> <div>1. There is no special interest between the Mr. Akira Uchida and the Company.</div> <div>2. Mr. Akira Uchida is a candidate to fill the Outside Director positions provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.</div> <div>3. Liability limitation agreement with Outside Directors</div> <div>Upon election of Mr. Akira Uchida as proposed, the Company will enter into the liability limitation agreement with him.</div> <div>The overview of the agreement is as follows:</div> <div>Under Articles of incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company shall enter into an agreement with its Outside Directors, which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated in the Act.</div>			

Reference

The policy and procedure for the appointment and dismissal of Directors,
Audit & Supervisory Board Members and officers

Policy for nomination of Director and Audit & Supervisory Board Member candidates, and appointment of officers

The Board of Directors shall be composed so as to be well balanced in knowledge, experience, and capabilities to effectively fulfill its roles and responsibilities, and it shall be constituted in such a manner as to achieve both diversity and appropriate size.

Under this premise, human resources that contribute to improvement of corporate governance are nominated as Director and Audit & Supervisory Board Member candidates. Furthermore, human resources that are familiar with the Group's business and contribute to the appropriate execution of business and supervision of highly effective management and that have experience and knowledge required for formulation of management strategies aiming at an increase in the Company's corporate value over the medium to long term and contribute to right management decisions and supervision of highly effective management are nominated as Director candidates, while human resources that are familiar with the Group's business and contribute to appropriate auditing of management of the Company and Group companies and that have knowledge on accounting, finance, legal affairs and corporate management and contribute to appropriate auditing of management are nominated as Audit & Supervisory Board Member candidates. Officers are appointed after confirmations of whether the candidate has sufficient experience, knowledge, etc. and whether he or she has an intention and attitude suitable for the management are made.

Procedure for nomination of Director and Audit & Supervisory Board Member candidates, and appointment of officers

With respect to nomination of Director candidates and Audit & Supervisory Board Member candidates as well as appointment of officers, the Company has established the Nomination Advisory Committee, which is a voluntary advisory body comprised of at least three (3) Directors, of whom a majority are independent Outside Directors based on the resolution of the Board of Directors, in order to enhance the objectivity and transparency of the nomination and appointment.

Matters with respect to nomination of Director candidates and appointment of officers are resolved by the Board of Directors on the basis of recommendation from the Nomination Advisory Committee prepared through deliberations made in accordance with the prescribed standard and procedure for new appointment or reappointment. Matters with respect to nomination of Audit & Supervisory Board Member candidates are resolved by the Board of Directors on the basis of recommendation from the Nomination Advisory Committee prepared through deliberations made in accordance with the prescribed standard and procedure for new appointment and reappointment, upon having gained consent of the Audit & Supervisory Board.

Policy and procedure for dismissal of Directors and Audit & Supervisory Board Members

The Nomination Advisory Committee has prescribed the standard and procedure for dismissal of Directors and Audit & Supervisory Board Members. In reference to the deliberation and recommendation from the Nomination Advisory Committee based on the dismissal standard and procedure, the Board of Directors deliberates proposals of dismissal of the Directors and Audit & Supervisory Board Members.

Policies and procedures for evaluation, new appointment, reappointment, and dismissal of President and Chief Executive Officer

The Nomination Advisory Committee has also prescribed the standard and procedure for new appointment, reappointment, and dismissal of President and Chief Executive Officer. The evaluation of President and Chief Executive Officer is conducted every year and takes into account basic evaluation criteria that have a quantitative aspect including business performance. The Nomination Advisory Committee ensures objectivity, timeliness, and transparency of processes by recommendations on new appointment, reappointment and dismissal presented to the Board of Directors following deliberation based on the prescribed standard and procedure for new appointment, reappointment, and dismissal in reference to evaluation results and succession plan.

Policy and procedure for dismissal of officers

Dismissal of officers is also resolved by the Board of Directors based on the Nomination Advisory Committee's recommendation and in reference to the prescribed standard and procedure.

Reference

The Company's Independence Standards

As a company with an Audit & Supervisory Board, the Company has invited Outside Directors and Outside Audit & Supervisory Board Members who are independent of the current management to enhance the Board of Directors and the Audit & Supervisory Board. In order to increase the transparency of appointments of Outside Directors and Outside Audit & Supervisory Board Members, the independence standards for Outside Directors and Outside Audit & Supervisory Board Members were established as follows at the Board of Directors' meeting held on March 24, 2015.

Any of the following will disqualify an individual from serving as an independent officer of the Company:

- (1) Is an executive of the Company or its consolidated subsidiaries (hereinafter referred to as "the Group") or has served as such within the last 10 years (Note 1)
- (2) Is a current major shareholder of the Company (ratio of voting rights: 10% or higher) or has been such a shareholder within the last five years (Note 2)
- (3) Is an executive of a corporation in which the Company is currently a major shareholder
- (4) Is an executive of a major business partner of the Group, which may be defined as any company that has made or received payments exceeding 2% of the consolidated total sales in the most recent fiscal year or in any of the preceding three fiscal years
- (5) Is an executive of a public interest incorporated foundation, public interest incorporated association, non-profit corporation or other body that has received an annual average of 10 million yen or more in donations or subsidies from the Group during the previous three years, or donations or subsidies that have covered more than 30% of the organization's operating costs during that period, whichever amount is higher
- (6) Is an executive of a corporation that has appointed a Director from the Group
- (7) Is an executive of a major lender for the Group or has served in such a role during the preceding three years (Note 3)
- (8) Is the Group's accounting auditor or is involved in the Group's auditing firm, etc., or has served in such a capacity during the preceding three years (Note 4)
- (9) Is a lawyer, certified accountant, certified tax accountant, or other consultant who does not fall under (8) above and has received an annual average of 10 million yen or more in compensation (other than that for duties as an officer) during the preceding three years
- (10) Is with a law firm, auditing firm, tax accounting firm, or consulting firm that does not fall under (8) above and for which the Group is a major business partner (billings to the Group account for over 2% of average annual revenues over the past three fiscal years) (Note 5)
- (11) Is a relative of a person who falls under any of (1) to (10) above [except (5)] (spouse, relative within the second degree of kinship, or family member who is living in the same household with the person)
- (12) Has served for over eight years as an independent officer

Note 1: An executive Director, officer or some other person who serves in an executive capacity (hereinafter referred to as "Executives" in these standards).

Note 2: The Company's major shareholder at present or in the last five years. In cases where the major shareholder is a corporation, an executive of that major shareholder or its parent company or principal subsidiary.

Note 3: A provider of loans whose total outstanding amount exceeds 2% of the Company's consolidated total assets. Applies to Executives of the lending institution and all fellow institutions in a consolidated financial group.

Note 4: The Group's accounting auditor or an employee or partner of the Group's auditing firm, or a person who was served in such a capacity within the past three years (including those who have already retired).

Note 5: A partner, associate, or employee of that firm.

Business Report

(From April 1, 2018 to March 31, 2019)

1. Status of the Yokogawa Group

(1) Business Results

a. Analysis of Business Results

The Yokogawa Group's (hereinafter referred to as "the "Group") understanding regarding the conditions in its specific markets for the fiscal year under review (April 1, 2017 to March 31, 2018) is as follows.

While weakness was seen in some part of the global economy, the business environment remained uncertain as shown in trade issues, and exchange rate developments mainly in emerging countries. Furthermore, in energy and material-related industries, the Group's main markets, the movement of investment related to resources development was being seen against the backdrop of changes in crude oil prices and the balance of the supply and demand.

Amid these circumstances, based on the mid-term business plan Transformation 2020, which commenced in FY2018 (the fiscal year under review) and covers the three years through FY2020, the Group worked toward the three reforms of "transformation of existing businesses," "creation of new businesses and transformation of the company's business model," and "improvement of productivity through Group-wide optimization," aiming to establish businesses to realize a sustainable society. Furthermore, as the foundation for all these reform initiatives, the Group worked toward "creating opportunity for growth" and "establishing a foundation for growth" using "digital transformation," which makes full use of digital technology, as the driving force of value creation.

The Group's net sales decreased by 2.878 billion yen due to yen appreciation centered on emerging country currencies and the transfer of shares of domestic subsidiaries in the aviation and other businesses segment. However, operating income was up 1.889 billion yen due to reductions in selling, general and administrative expenses. Profit attributable to owners of parent increased by 6.964 billion yen due to the recording of impairment loss including goodwill, etc. in the previous fiscal year.

<Consolidated financial results (year-on-year)>

Net sales	¥403.711 billion	(-0.7%, down	¥2.878 billion)
Operating income	¥34.594 billion	(5.8%, up	¥1.889 billion)
Ordinary income	¥36.770 billion	(10.3%, up	¥3.428 billion)
Profit Attributable to Owners of Parent	¥28.446 billion	(32.4%, up	¥6.964 billion)

Results by individual segment are outlined below.

Industrial Automation and Control Business

Net sales for the industrial automation and control business segment increased by 1.484 billion yen year on year to 364.774 billion yen despite the effects of yen appreciation centered on emerging country currencies, as business centered on solutions and operation/maintenance targeting increased productivity at existing facilities was strong. Furthermore, regarding operating income, while net sales were about level year on year, a decrease in allowance for doubtful accounts and other factors led to a 3.573 billion yen increase year on year to 33.970 billion yen.

Test and Measurement Business

In the test and measurement business segment, while net sales remained strong, at 22.870 billion yen, a 0.610 billion yen increase year on year, the effects of upfront investments to establish a bio-related business led operating income to decrease by 0.593 billion yen year on year to 1.939 billion yen.

Aviation and Other Businesses

In the aviation and other businesses segment, in addition to decreased revenue from the transfer of shares in domestic subsidiaries, a deterioration in the gross profit margin led both net sales and operating income to fall year on year. Net sales decreased by 4.973 billion yen year on year to 16.066 billion yen, and operating loss increased by 1.089 billion yen year on year to 1.315 billion yen.

b. Capital Investment

Total capital investment during the fiscal year under review stood at 14.959 billion yen, up 1.728 billion yen from the previous fiscal year.

c. Fundraising

Equipment funds and working capital during the fiscal year under review were self-financed or were allocated from loans taken out from financial institutions.

(2) Challenges for the Company

Solid Execution of the Mid-term Business Plan Transformation 2020

The Group is promoting a mid-term business plan Transformation 2020 (“TF2020”) covering the three years through FY2020. Under a basic policy that emphasizes the maximization of corporate and shareholder value over the mid- to long-term, we will use earnings per share (EPS) growth, organic free cash flow generation and improvement of return on equity (ROE) as target indexes under TF2020.

The Group regards these changes in the business environment as opportunities for new transformation and growth that will enable it to realize continuous increases in profitability. To realize these opportunities, we consider it important to leverage the strong and diverse customer base and problem-solving capabilities that we have built up to create growth opportunities and establish a growth foundation centered mainly in Asia, including Japan, where we have a large number of systems installed. We have begun the challenge of moving on to the next transformation under the TF2020 mid-term business plan.

Target Management Indicators under TF2020

Under TF2020, we will target EPS growth of 7 to 9% per year, the generation of 85 billion yen or more of organic free cash flow (cumulative over the three-year period of the plan), and ROE of 10% or higher by fiscal year 2020. Each surpasses the market expectations for profit growth, cash flow creation, and capital efficiency. (This will be real growth, excluding specialty items such as the fiscal year 2017 impairment of goodwill, the recording of allowance for doubtful accounts, and the sale of assets.)

Index	Target value
Growth in orders received / net sales	3-5% /year
Growth in earnings per share (EPS)	7-9%/year
Return on sales (ROS)	10% or more (fiscal year 2020)
Return on equity (ROE)	10% or more (fiscal year 2020)
Organic free cash flow*	85 billion yen or more (cumulative over three years)

Note: Organic free cash flow = free cash flow + strategic investment (70 billion yen over the three-year period)

—Reference—

Overview of the Basic Management Policy and Mid- to Long-term Management Strategy

Overview of basic management policy of the Group and the mid- to long-term management strategy are as follows:

a. Basic Management Policy

Corporate Philosophy

As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate – we take this as our corporate philosophy and make every effort to realize it.

The Group has established a corporate philosophy and Standards of Business Conduct for the Yokogawa Group (hereinafter referred to as the “Standards of Business Conduct”) that apply to the entire Group, and based on these principles strives to have appropriate relationships with all stakeholders, aims for sustainable corporate growth, and seeks to increase its corporate value over the medium to long term. In addition, based on the philosophy that “a company is a public entity of society,” the Group positions answering the trust of all stakeholders, including shareholders, customers, business partners, society, and employees, via sound and sustainable growth, as the basic mission of its corporate management.

In order to maximize its corporate value, the Group places a high priority on its efforts to achieve thorough compliance, manage risks, and disclose information that will ensure a constructive dialogue with shareholders and all other stakeholders.

In accordance with the above aims, the Group established the Yokogawa Corporate Governance Guidelines, as a basic policy that will serve to institutionalize the Group's corporate governance efforts and lead to the continual enhancement of the Group's corporate governance.

For more information about the corporate governance of the Group,
please refer to our web site <https://www.yokogawa.com/pr/ir/governance/index.htm>

b. Mid-to Long-term Management Strategy

In 2015, the Group established a long-term business framework that defines its goals for the next 10 years and describes what will be needed to accomplish them. The framework includes a vision statement on the direction that Yokogawa will take, defines Yokogawa's core competencies for achieving that vision, and specifies target businesses.

In August 2017, we have established sustainability goals (Three goals) and indicated the direction that it will take to achieve these goals. Moreover, in reviewing the direction it will take under the long-term business framework, we have clarified the ideals that it will strive for in the next 10 years and beyond from 2017.

[Sustainability goals: Three goals]

To make the world a better place for future generations by 2050, we will (i) achieve net-zero emissions, (ii) transition to a circular economy, and (iii) ensure the well-being of all.

For more information about the Group's sustainability initiatives,
please refer to our web site <https://www.yokogawa.com/about/sustainability/>

[Long-term business framework]

<Vision statement>

“Through “Process Co-Innovation,” we create new value with our clients for a brighter future.”

Under this vision, we aim to both maximize customers' economic value and solve social problems, while creating social and environmental value through our customers' businesses.

<Core competencies>

Three core competencies need to be strengthened, including the capability to co-create value by uncovering and resolving clients' potential issues.

There are three core fundamental competencies, including the capability to create extremely reliable products and solutions to support industries and society.

<Businesses focus areas>

We continue to focus on the industries related to resources, energy, and materials. Also, under TF 2020, we will seek to focus on new businesses in the pharmaceutical and food industries that support people's health and enrich lives. As one long-term initiative, the company will focus on the bioeconomy field.

[Mid-term business plan]

Based on the sustainability goals and long-term business framework, the Group formulated Transformation 2020 (“TF2020”), a new mid-term business plan for initiatives that will improve profitability and take the company's transformation to a new level. Implementation of the plan will commence in fiscal year 2018.

(1) Key strategies of TF2020

< Key strategies >

We will realize the following three transformations:

Transformation of existing businesses

Develop even closer relationships with customers so that we can work together to achieve major advances in productivity.

- Expand the OPEX (Operating Expenditure) business
- Further strengthen focus industries

Creation of new businesses and transformation of the company's business model

Create sustainable value through innovation.

- Establish new businesses for the pharmaceutical and food industries
- Establish recurring business

Improvement of productivity through Group-wide optimization

Rapidly improve efficiency throughout the Group

- Strengthen cost competitiveness
- Optimize the Group structure
- Strengthen human resources

< Digital transformation >

As a basis for the three transformations, the Group will create new opportunities for growth and establish a foundation for growth, with full use of digital technology.

- Creating digital businesses

- Transforming business processes
- Strengthening our IT infrastructure

(2) TF2020 capital policies and financial strategies

Under TF2020, on the premise of sustainably maintaining an optimal capital structure (*), we will prioritize the allocation of the cash that it generates through the three key transformations to investments that maximize its corporate value over the mid- to long-term. We will also actively seek to improve its payment of dividends.

Through its business strategies, capital investments for growth, and improvement of dividend payments set out in TF 2020, we will aim to maximize shareholder value by ensuring that total shareholder return (TSR) always exceeds shareholders' cost of equity.

(*) With an optimal capital structure, shareholder capital is at the level needed to maintain an A rating and there is adequate capacity for undertaking the investments needed to achieve growth.

(a) Capital investments for growth (strategic investments)

Assuming that it maintains an optimal capital structure, we will set aside 70 billion yen for capital investments over the three-year period of the TF2020 plan.

(b) Dividend policy (basic policy on allocation of profits)

We will also actively improve dividend payments based on the following dividend policy:

The distribution of earnings to shareholders is a top management priority for the Company. By achieving growth in earnings, the Company aims to steadily and continuously increase our dividend payments. Specifically, the Company strives to ensure a consolidated dividend payout ratio of more than 30% while giving overall consideration to ensuring investment capital for maximizing business results and mid- to long-term shareholder value and maintaining financial footing for supporting investment for growth. The Company also aims to maintain a stable dividend based on a DOE (dividend on equity) ratio, even when business results deteriorate due to temporary factors.

For more information about its Transformation 2020 mid-term business plan ("TF2020"),
Please refer to our web site <https://www.yokogawa.com/pr/corporate/pr-corp-mtbp-en.htm>.

(3) Financial Assets and Profits/Losses

a. The Group's Financial Assets and Profits/Losses

(Millions of yen)

Category	FY2015	FY2016	FY2017*	FY2018
Orders	421,103	390,660	400,317	431,972
Net sales	413,732	391,433	406,590	403,711
Operating income	39,639	31,582	32,705	34,594
Ordinary income	40,714	32,988	33,341	36,770
Profit Attributable to Owners of Parent	30,164	25,748	21,481	28,446
Basic Earnings per Share	¥114.03	¥96.40	¥80.39	¥106.54
Total assets	413,061	440,695	444,617	470,114
Net assets	246,895	262,503	278,704	296,150

Note 1: In FY2018, the Company has finalized tentative accounting treatment for business combinations, which has accordingly been applied to figures related to FY2017.

Note 2: The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year under review (FY2018). The amount presented for total assets for FY2017 reflects the amount after performing retroactive application of the said accounting standard.

b. The Company's Financial Assets and Profits/Losses

(Millions of yen)

Category	FY2015	FY2016	FY2017	FY2018
Orders	109,625	96,672	100,671	115,534
Net sales	106,341	97,683	104,385	111,756
Operating income	(2,228)	(5,916)	(1,986)	(209)
Ordinary income	25,016	14,459	18,521	25,537
Profit (loss)	26,531	16,202	8,696	31,820
Basic Earnings per Share	¥100.29	¥60.66	¥32.54	¥119.17
Total assets	224,886	249,793	244,634	270,917
Net assets	162,666	173,353	176,205	197,607

Note: The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year under review (FY2018). The amount presented for total assets for FY2017 reflects the amount after performing retroactive application of the said accounting standard.

(4) Status of Parent Company and Principal Subsidiaries

a. Parent Company

No applicable matter

b. Principal Subsidiaries

Name	Capital	Percentage owned by the Company	Principal businesses
Yokogawa Manufacturing Corporation	JPY5,010 million	100.0%	Manufacturing of control and measuring equipment
Yokogawa Electric Asia Pte. Ltd.	SGD31,020,000	100.0%	Manufacturing of control and marine and aerospace electronics equipment
Yokogawa Electric China Co., Ltd.	JPY4,000 million	100.0%	Manufacturing of control equipment
Yokogawa Electronics Manufacturing Korea Co., Ltd.	WON1,744 million	100.0%	Manufacturing of control equipment
Yokogawa Solution Service Corporation	JPY3,000 million	100.0%	Sales, engineering and maintenance services of control equipment
Yokogawa Europe B.V.	EUR17,725,000	100.0%	Sales, engineering, and maintenance services of control and measuring equipment
KBC Advanced Technologies Limited	GBP2,145,000	100.0%	Software sales and consulting services
Yokogawa Middle East & Africa B.S.C. (c)	BHD2,481,000	100.0%	Sales, engineering and maintenance services of control equipment
Yokogawa Engineering Asia Pte. Ltd.	SGD29,000,000	100.0%	Sales, engineering and maintenance services of control equipment
Yokogawa Corporation of America (Note 1)	USD1,000	100.0%	Sales, engineering, and maintenance services of control and measuring equipment
Yokogawa China Co., Ltd.	RMB119 million	100.0%	Sales, engineering and maintenance services of control equipment
Yokogawa Test & Measurement Corporation	JPY90 million	100.0%	Sales and maintenance services of measuring equipment
Yokogawa Denshikiki Co., Ltd (Note 2)	JPY300 million	100.0%	Manufacturing and sales of marine and aerospace electronics equipment

Notes 1: In addition to capital of 1,000 U.S. dollars, the Company has invested 124,327,000 U.S. dollars in the legal capital surplus of Yokogawa Corporation of America.

2: Yokogawa Denshikiki Co., Ltd. was excluded from principal subsidiaries, since the Company transferred all the shares of this company as of December 21, 2018.

3: There is no specified wholly owned subsidiary at the end of the fiscal year under review.

(5) Principal Businesses (as of March 31, 2019)

Business segment	Main Solutions and products
Industrial automation and control business	Solutions for every phase of the plant lifecycle, maximizing value for our customers by linking plant operations and corporate management, Software packages that enhance productivity, Production control systems, flowmeters, differential pressure/pressure transmitters, process analyzers, programmable controllers, industrial recorders
Test and measurement business	Waveform measuring instruments, optical communication devices, waveform generators, power/temperature/pressure measurement devices, confocal scanners
Aviation and other businesses	Aircraft navigation-related devices

Notes Since the Company transferred all the shares of Yokogawa Denshikiki Co., Ltd. as of December 21, 2018, the Company excluded this company from its consolidated subsidiaries. In line with this, the said company's main business "aviation and other businesses: marine equipment, meteorological/hydrological measurement devices, and others" was excluded from the Group's principal businesses from the fourth quarter of the fiscal year under review.

(6) Main Offices and Factories (as of March 31, 2019)

a. The Company

Head office: Musashino-shi, Tokyo
Office: Komine Office (Akiruno-shi, Tokyo)
Kofu office (Kofu-shi, Yamanashi)
Kanazawa Office (Kanazawa-shi, Ishikawa)

b. Subsidiaries

Factories: Yokogawa Manufacturing Corporation
Kofu Factory (Kofu-shi, Yamanashi)
Komine Factory (Akiruno-shi, Tokyo)
Yokogawa Electric Asia Pte. Ltd. (Singapore)
Yokogawa Electric China Co., Ltd. (China)
Yokogawa Electronics Manufacturing Korea Co., Ltd. (Korea)

Sales companies: Yokogawa Solution Service Corporation
Sales Division at head office (Musashino-shi, Tokyo)
Kansai Branch (Osaka-shi, Osaka)
Chubu Branch (Nagoya-shi, Aichi)
Yokogawa Test & Measurement Corporation (Musashino-shi, Tokyo)
Yokogawa Europe B.V. (Netherlands)
KBC Advanced Technologies Limited (United Kingdom)
Yokogawa Middle East & Africa B.S.C. (c) (Bahrain)
Yokogawa Engineering Asia Pte. Ltd. (Singapore)
Yokogawa Corporation of America (United States)
Yokogawa China Co., Ltd. (China)

(7) Employees (as of March 31, 2019)

Business segment	Number of employees	Change from the previous year
Industrial automation and control business	16,633	(138)
Test and measurement business	945	175
Aviation and other businesses	270	(479)
Total	17,848	(442)

Note: Only regular employees are included, i.e. contract, dispatch, and other temporary personnel are excluded.

(8) Principal Lenders (as of March 31, 2019)

Lenders	Loan amount
Syndicated loan	¥24.4 billion

Notes: 1. Mizuho Bank, Ltd. and MUFG Bank, Ltd. are lead manager for the syndicated loan.
2. The Company has a 45.0 billion yen commitment line contract. The loan balance is zero as of the end of the fiscal year under review.

(9) Other Important Matters Related to the Group

With regard to Yokogawa Denshikiki Co., Ltd., a consolidated subsidiary of the Company, the Company transferred all the shares of this company held by the Company to Higaki Sangyo Kaisha, Ltd on December 21, 2018.

2. Overview of the Company

(1) Shares (as of March 31, 2019)

a. Number of Authorized Shares: 600,000 thousand

b. Number of Issued Shares: 268,624 thousand

c. Number of Shareholders: 14,829

d. Major Shareholders (Top 10):

Name of shareholder	Number of shares (thousand shares)	Shareholding ratio (%)
Master Trust Bank of Japan Limited (trust account)	40,888	15.3
Japan Trustee Services Bank, Limited (trust account)	17,583	6.6
The Dai-ichi Life Insurance Company, Limited	15,697	5.9
Nippon Life Insurance Company	13,484	5.1
Retirement Benefit Trust in Mizuho Trust & Banking Co., Ltd. (Mizuho Bank, Ltd. account); Trust & Custody Services Bank, Ltd. as a Trustee of Retrust	11,261	4.2
Japan Trustee Services Bank, Limited (trust account9)	10,237	3.8
State Street Bank and Trust Company 505223	6,990	2.6
Yokogawa Electric Employee Shareholding Program	5,698	2.1
The Bank of New York Mellon (International) Limited 131800	3,958	1.5
Japan Trustee Services Bank, Limited (trust account5)	3,926	1.5

Notes: 1. The Company holds 1,689 thousand shares of treasury stock.
2. The shareholding ratio is calculated after deducting treasury stock.

(2) Company Executives

a. Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Position	Name	Area of responsibility and significant concurrent positions
President and Chief Executive Officer	Takashi Nishijima	
Director	Satoru Kurosu	Executive Vice President, Head of Premium Solutions & Service Business Headquarters
Director	Hitoshi Nara	Executive Vice President, Head of Life Innovation Business Headquarters
Director	Masatoshi Nakahara	Executive Vice President, Head of IA Systems and Service Business Headquarters
Director	Junichi Anabuki	Senior Vice President, Head of Corporate Administration Headquarters
Director	Mitsudo Urano	Chairman of the Board of Directors Outside Director of Resona Holdings, Inc. Outside Director of HOYA CORPORATION Outside Director of Hitachi Transport System, Ltd. Chairman of Nippon Omni-Management Association Chairman of Central Society for Promoting the Industrial Education
Director	Noritaka Uji	Outside Director of DAIICHI SANKYO COMPANY, LIMITED Outside Director of Gallery Abarth Inc. Honorary chairman of Japan Institute of Information Technology Honorary chairman of Japan Telework Association
Director	Nobuo Seki	Independent Outside Director of TEIJIN LIMITED Outside Director of KAMEDA SEIKA CO., LTD. Chairman of Project Management Association of Japan
Director	Shiro Sugata	Special Advisor of USHIO INC. Outside Director of JSR Corporation
Audit & Supervisory Board, Standing Member	Koichi Chujo	
Audit & Supervisory Board, Standing Member	Kouji Maemura	
Audit & Supervisory Board Member	Zenichi Shishido	Professor in Graduate School of Law, Hitotsubashi University Lawyer at Zenichi Shishido Law Firm
Audit & Supervisory Board Member	Yasuko Takayama	Outside Director, The Chiba Bank, Ltd. Outside Director, Nippon Soda Co., Ltd. Outside Audit & Supervisory Board Member, Mitsubishi Corporation
Audit & Supervisory Board Member	Makoto Ohsawa	Chief Executive Officer, FEMO Co., Ltd. Outside Director, ZENHOREN CO., LTD. Outside Director, Kimitsu-Jyutaku Co., Ltd. Outside Director, Bank of Toyama Outside Audit & Supervisory Board Member, Agri Solor Co., Ltd. Director, Mega Solor Association

- Notes: 1. Mitsudo Urano, Noritaka Uji, Nobuo Seki and Shiro Sugata are Outside Directors.
2. Zenichi Shishido, Yasuko Takayama and Makoto Ohsawa are outside members of the Audit & Supervisory Board.
3. Audit & Supervisory Board Member Makoto Ohsawa has a track record of making reviews of financial instruments and providing guidance on revival and management improvement of

operating companies and for succeeding managers for many years at the Bank of Japan, PwC and FEMO Co., Ltd. as well as considerable expertise regarding finance and accounting.

4. Directors Mitsudo Urano, Noritaka Uji, Nobuo Seki and Shiro Sugata, and Audit & Supervisory Board Members Zenichi Shishido, Yasuko Takayama and Makoto Ohsawa are highly independent. Because there is no risk of a conflict of interest between them and general shareholders, the Company appointed them as independent officers pursuant to Article 436, Paragraph 2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and they are registered as such at the said Exchange.
5. There are no special relationships between the Company and the companies or organizations at which the Outside Directors and outside Audit & Supervisory Board Members have significant concurrent positions.
6. The positions, areas of responsibility and significant concurrent positions of the following Directors and Audit & Supervisory Board Members have changed after the closing of fiscal year 2017.

Position	Name	Area of responsibility and significant concurrent positions	Date of change
Chairman	Takashi Nishijima		April 1, 2019
President and Chief Executive Officer	Hitoshi Nara		April 1, 2019
Director	Junichi Anabuki	Executive Vice President, Head of Corporate Administration Headquarters	April 1, 2019
Director	Satoru Kurosu		April 1, 2019
Director	Masatoshi Nakahara		April 1, 2019

7. Director Nobuo Seki retired from Outside Director of Weathernews Inc. on August 11, 2018.

b. Directors and Audit & Supervisory Board Members Who Retired during the Fiscal Year under Review

Name	Retirement date	Reason for retirement	Position and area of responsibility / significant concurrent positions at time of retirement
Shuzo Kaihori	June 26, 2018	Expiration of term of office	Director, Chairman of the Board of Directors Outside Director of HOYA CORPORATION Outside Director of Eisai Co., Ltd.
Izumi Yamashita	June 26, 2018	Expiration of term of office	Outside member of Audit & Supervisory Board Outside Director of AEON Bank, Ltd. Outside Director of Sumitomo Forestry Co., Ltd. Chairman of Data driven Regional Education Association for Marketing

c. Summary of limited liability contract

Based on the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company enters into an agreement with Directors Mitsudo Urano, Noritaka Uji, Nobuo Seki and Shiro Sugata, and Audit & Supervisory Board Members Zenichi Shishido, Yasuko Takayama and Makoto Ohsawa which limits their liability provided for in Article 423, Paragraph 1 to the higher of either 15 million yen or the amount stipulated by the Act.

d. Compensation to Directors and Audit & Supervisory Board Members

- i. Items regarding decisions on the amount of compensation, etc. or calculation methods thereof for each company's executives

The Company positions its executive compensation plan as an important item in corporate governance, and to increase the objectivity and transparency of Director compensation within the limit approved by the General Meeting of Shareholders ^{(*)1}, has formed a "Compensation Advisory Committee," a voluntary advisory body which comprises three or more Directors, based on the resolution of the Board of Directors, with the majority being Outside Directors, and the decision on Director compensation is made based on the content of the Committee's report produced through its deliberation. Audit & Supervisory Board Member compensation is made by discussions among Audit & Supervisory Board Members within the limit approved by the General Meeting of Shareholders ^{(*)2}.

*1 The annual limit for Director compensation was set at 1,600 million yen by resolution of the 2018 Annual General Meeting of Shareholders convened on June 26, 2018. This does not include employee salaries.

*2 The annual compensation limit for Audit & Supervisory Board Members was set at 150 million yen by resolution of the 2004 Annual General Meeting of Shareholders convened on June 25, 2004.

[Basic Approach to the Executive Compensation Plan]

- (a) Plan that promotes sustainable, medium- to long-term improvement in corporate value
- (b) Plan that reflects the medium- to long-term management strategy and strongly motivates the achievement of medium- to long-term management objectives
- (c) Plan that prevents bias toward short-term thinking
- (d) Plan and monetary amounts that secure and maintain excellent human resources
- (e) Plan that includes transparency, fairness, and rationality for stakeholders, decided through an appropriate process to ensure these factors

The Company's executive compensation is composed of fixed and performance-linked components (annual incentives and medium- to long-term incentives), and levels of compensation are set through a comparison with companies from the same industry and of the same scale both in Japan and overseas, as well as in consideration of the Company's financial conditions. Part of the performance-linked compensation, the annual incentive, is calculated and paid based on an evaluation of the entire company's results and the individual's results for the individual year. Furthermore, as a medium- to long-term incentive, the Company has introduced the performance share unit plan (the "PSU Plan"), a performance-linked stock compensation plan, under which lump-sum payment of the Company's shares and cash is made in accordance with the extent to which consolidated return on equity (consolidated ROE) targets have been achieved, and the Company pays compensation related to the PSU Plan. The PSU Plan links incentives with the Company's mid-term business plans through performance-linked stock compensation utilizing the Company's common shares (the "Company Shares"), and the Company Shares and cash are paid corresponding to the performance evaluation period (in principle, three years) in accordance with the extent to which performance targets have been achieved in the final fiscal year of the plan.

Furthermore, the performance-linked compensation including PSU Plan covers Directors and officers and excludes Outside Directors. This is because performance-linked compensation is not appropriate for Outside Directors and Audit & Supervisory Board Members, who maintain a position independent from the performance of duties, and as such only fixed compensation is paid, identically for non-executive Directors. Additionally, the retirement bonuses for Directors were eliminated on the day of the 2004 Annual General Meeting of Shareholders held on June 25, 2004.

ii. Total Compensation Paid to Directors and Audit & Supervisory Board Members

Classification	Number of persons paid	Amount paid
Directors (Outside Directors)	10 (4)	¥194 million (¥52 million)
Audit & Supervisory Board Members (Outside Members)	6 (4)	¥86 million (¥34 million)
Total (Outside Directors and Outside Members of Audit & Supervisory Board)	16 (8)	¥281 million (¥86 million)

- Notes:
1. The above numbers include one Director and one Audit & Supervisory Board Member who retired during the fiscal year under review.
 2. The total paid to Directors does not include employee salaries for Directors who are concurrently employees.
 3. The annual limit for Director compensation was set at 1,600 million yen by resolution of the 2018 Annual General Meeting of Shareholders convened on June 26, 2018. This does not include employee salaries.
 4. The annual compensation limit for Audit & Supervisory Board Members was set at 150 million yen by resolution of the 2004 Annual General Meeting of Shareholders convened on June 25, 2004.

e. Matters regarding Outside Directors and Outside Members of Audit & Supervisory Board

i. Significant concurrent positions of other organizations and the Company's relation thereto

As described in “(2) Company Executives, a. Directors and Audit & Supervisory Board Members (as of March 31, 2019).”

ii. Major activities in the business year under review

Name / Position	Attendance	Principal activities
Mitsudo Urano Outside Director	Board of Directors meetings Present at 15 of the 15 meetings	As necessary, provided advice primarily based on his wide knowledge and abundant experience as a corporate manager, and through his expertise in corporate governance.
Noritaka Uji Outside Director	Board of Directors meetings Present at 15 of the 15 meetings	As necessary, provided advice with high insight based on his wide knowledge as a corporate manager and thorough expertise in technology development and IT/ICT fields.
Nobuo Seki Outside Director	Board of Directors meetings Present at 15 of the 15 meetings	As necessary, provided advice primarily based on his wide knowledge as a corporate manager, his abundant experience in the engineering business centered on the energy industry, and his extensive expertise in global business.
Shiro Sugata Outside Director	Board of Directors meetings Present at 15 of the 15 meetings	As necessary, provided advice primarily based on his wide knowledge as a corporate manager, his abundant experience in the development and marketing of industrial instruments, and his extensive expertise in global business.
Zenichi Shishido Outside member, Audit & Supervisory Board	Board of Directors meetings Present at 15 of the 15 meetings Audit & Supervisory Board meetings Present at 18 of the 18 meetings	As necessary, provided advice based on experience in a wide range of research activities as an expert in business law and corporate governance.
Izumi Yamashita *1 Outside member, Audit & Supervisory Board	Board of Directors meetings Present at 4 of the 4 meetings Audit & Supervisory Board meetings Present at 6 of the 6 meetings	As necessary, provided advice with high insight based on abundant managerial experience in a wide range of business activities.
Yasuko Takayama Outside member, Audit & Supervisory Board	Board of Directors meetings Present at 14 of the 15 meetings Audit & Supervisory Board meetings Present at 17 of the 18 meetings	As necessary, provided advice primarily based on her extensive practical experience, including corporate social responsibility, gained when working for a major company in the consumer market, as well as a wealth of experience as a full-time Audit & Supervisory Board Member and as an outside executive at various companies.
Makoto Ohsawa *2 Outside member, Audit & Supervisory Board	Board of Directors meetings Present at 11 of the 11 meetings Audit & Supervisory Board meetings Present at 12 of the 12 meetings	As necessary, provided advice with high insight based on abundant managerial experience in a wide range of business activities.

*1 For outside member of Audit & Supervisory Board Izumi Yamashita, we have described his attendance of the Board of Directors meetings and Audit & Supervisory Board meetings convened before he retired the position on June 26, 2018.

*2 For outside member of Audit & Supervisory Board Makoto Ohsawa, we have described his attendance of the Board of Directors meetings and Audit & Supervisory Board meetings convened since he assumed the position on June 26, 2018.

(3) Accounting Auditor

a. Designation: Deloitte Touche Tohmatsu LLC

b. Compensation Paid to Accounting Auditor

	Payment amounts
Compensation to the accounting auditor for the year under review	¥100 million
Total amount paid in cash and other financial asset profits to the accounting auditor by the Company and subsidiaries	¥150 million

Notes: 1. In the audit contracts between the Company and its accounting auditor, the fees for audits conducted under the Companies Act and under the Financial Instruments and Exchange Law are not clearly differentiated. As they cannot be effectively separated, the amounts of compensation paid to the accounting auditor for the year under review show the total amounts.

2. Pursuant to Article 399, Paragraphs 1 and 2 of the Companies Act, the Audit & Supervisory Board has provided its consent regarding compensation paid to the accounting auditor upon having performed verification necessary with respect to determining appropriateness regarding matters such as content of the accounting auditor's audit plan, its performance of accounting audit duties, and the basis for estimating compensation paid for the audit.

3. All companies outside Japan that are principal subsidiaries of the Company are audited by accounting auditors other than the Company's accounting auditor.

c. Policy on Decision to Dismiss or Not Reappoint Accounting Auditor

In the event that any of the items set forth in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, pursuant to the provisions of Article 340, Paragraph 2 of the Companies Act, the Company's Audit & Supervisory Board shall dismiss the accounting auditor upon gaining unanimous consent of all Audit & Supervisory Board Members.

Moreover, in the event that it has been deemed difficult for the accounting auditor to perform duties appropriately, pursuant to the provisions of Article 344 of the Companies Act, the Company's Audit & Supervisory Board shall determine the content of a proposal for the dismissal or non-reappointment of the accounting auditor, and then the Company's Board of Directors shall accordingly submit such proposal to the General Meeting of Shareholders on the basis of the Audit & Supervisory Board's decision.

3. System for Assuring the Appropriateness of Company Operations, and Operational Status of the System

(1) System for Assuring the Appropriateness of Company Operations

The Yokogawa Group Internal Control System acts as a system for ensuring that Directors comply with laws, ordinances, and the Articles of Incorporation of the Company. It also acts as a stipulated system required for ensuring the appropriateness of operations of other corporations as well as the operations of the corporate group comprising the Company and its subsidiaries. Accordingly, the Company has established the Yokogawa Group Internal Control System pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, as follows.

a. System for Assuring Compliance of Directors of the Company and its Subsidiaries with Laws, Ordinances, and the Company's Articles of Incorporation

- Compliance principles have been set forth in the Standards of Business Conduct for the Yokogawa Group, and Directors of the Company, and Directors of all Group companies and equivalent bodies (hereinafter referred to as the "Directors and Others"), take the lead in ensuring that business ethics are upheld and embraced throughout the Group.
- A department has been established that is in charge of matters pertaining to business ethics. This includes the identification and resolution of problems with the Groupwide compliance system.
- The Board of Directors is to base its decisions on the Rules Governing the Board of Directors and on the Decision Making Code. The Board, which includes both inside and Outside Directors, bears supervisory responsibility for business operations. All members of the Audit & Supervisory Board, including its outside members, audit the actions of the Directors based on the Auditing Standards for Audit & Supervisory Board Members and the Rules Governing the Audit & Supervisory Board.
- Decision making at the Boards of Directors of all Group companies and equivalent decision-making bodies is carried out based on rules formulated at all Group companies in accordance with the Company's rules. All Group companies are subject to auditing by the Company's Audit & Supervisory Board, and they are also visited for periodic auditing activities.

b. System for Storing and Controlling Information concerning Execution of Duties by the Company's Directors

- Rules and control systems concerning meeting minutes and other information that should be preserved have been established in accordance with the Rules Governing the Board of Directors, the Rules on the Control of Communications and Documentation, and the Rules on the Control of Documentation.
- Rules and control systems concerning information confidentiality categories have been established in accordance with the Confidentiality Code and the Regulations Concerning the Prevention of Insider Trading. In addition, people performing work for the Group are requested to sign confidentiality agreements.

c. Rules and Other Systems for Crisis Management of the Company and its Subsidiaries

- Risk Management Policy has been set forth for the purpose of establishing fundamental matters relating to the Group's risk management and promoting efficient and effective performance of such activities. Based on this policy, the Risk Management Committee shall decide the specific significant risks which shall be managed preferentially as the Group and decide the monitoring method for its risks and report them to the Board of Directors. The President shall be responsible for supervising all matters in relation to risk management as the Chairperson of Risk Management Committee.
- Respective organizational units of the Group shall perform the identification and assessment of risks followed by the preparation and implementation of the countermeasures against

risks. The department in charge of internal audit evaluates the effectiveness of the Group risk management process and reports important findings to the Board of Directors and the Audit & Supervisory Board Members.

- Crisis situations are to be responded to as set forth in the Group Policy for Crisis Management. As the head of the Crisis Management Office, the President controls the communication of information and issuance of instructions during times of crisis at all Group companies, and works to ensure safety and minimize economic losses.

d. System for Assuring Efficient Execution of Duties of Directors of the Company and its Subsidiaries

- The Rules Governing the Board of Directors and the Decision Making Code provide the basis for ensuring that the Board of Directors thoroughly deliberates matters and delegates authority to the Management Board and other decision-making bodies.
- Companywide management objectives have been established, and the measures taken to achieve those objectives are reviewed. To ensure that the annual management objectives are achieved, they are reviewed by each organization on a quarterly basis. The Board of Directors receives reports on the attainment of these objectives and determines what activities are to be eliminated, decides how efficiency can be improved by overcoming obstacles, and deploys mechanisms that make it possible for the Company as a whole to pursue efficiency and achieve its goals. This system aims to achieve the Company's objectives by enhancing efficiency throughout the organization. A management information system is maintained for the purpose of identifying, reporting, and acting on information regarding the achievement of management objectives, in real time.
- A Board of Directors Office has been established to provide support for enhancing effectiveness of the Board of Directors, and assistants including those who will work there on a full time basis are to be assigned to that office.

e. System for Assuring Compliance of Employees of the Company and its Subsidiaries with Laws, Ordinances, and the Company's Articles of Incorporation

- Employees of the Group are to conduct themselves as set forth in the Yokogawa Group Compliance Guidelines. These guidelines require upstanding behavior and complete obedience of the rules of society.
- The President continuously reminds all employees of the importance of legal compliance, and the department in charge of business ethics takes the lead in providing compliance education.
- The Rules on Internal Reporting and Consultation require employees to internally report any suspicions of compliance violations by people performing work for the Group. A system for receiving such internal reports has been established.
- The department in charge of business ethics monitors the status of compliance efforts and reports important findings to the Board of Directors and the Audit & Supervisory Board Members.

f. System for Ensuring Appropriateness of Business Activities Carried out by the Group (the Company and Its Subsidiaries)

- The Company, based on the rules on management of affiliates, provides guidance and management to all Group companies in accordance with the basic policy of the internal control system resolved at the Company's Board of Directors, regarding such matters as the maintenance of an optimal internal control system to match the respective functions and systems of all Group companies. All Group companies, based on the rules on management of affiliates, carry out timely and appropriate reporting to the Company regarding matters relating to the execution of duties by the their respective Directors and Others.
- Groupwide rules have been established and responsible units have been designated for each of the following systems: business ethics, decision making, operations management, crisis

management, and corporate auditing infrastructure. The persons responsible for each of the systems have system auditing functions, and work to ensure the effectiveness and efficiency of the systems of all Group companies (maintenance improvement). Important matters are reported to the Board of Directors and the Audit & Supervisory Board Members.

- To ensure the reliability of financial reports, an Accounting and Finance Policy has been formulated that establishes controls for the correct performance of accounting work by each Group company. In addition, a system for evaluating these financial reporting controls and disclosing the evaluation results has been established in accordance with the internal control reporting system requirements of the Financial Instruments and Exchange Act.
 - In accordance with the Group Internal Audit Code, the department that is in charge of internal audits shall audit the effectiveness of the Yokogawa Group's internal control systems and report on important matters to the Board of Directors and the Audit & Supervisory Board Members.
 - Audit & Supervisory Board Members are allowed to obtain information directly or by contacting Group company auditors for the purpose of verifying decisions on important Group company matters.
- g. Matters concerning Requests by Audit & Supervisory Board Members of the Company to Assign Assistants to Support Roles**
- An Audit & Supervisory Board Member Office has been set up, and assistants, including those who will work there on a full time basis, are to be assigned.
- h. Matters concerning Independence of Assistants from Directors of the Company and Ensuring the Effectiveness of Instructions from Audit & Supervisory Board Members of the Company to Assistants**
- Personnel transfers related to the Audit & Supervisory Board Member Office require prior approval from the Audit & Supervisory Board Members.
 - Assessment of the assistants working in the Audit & Supervisory Board Member Office is conducted by Audit & Supervisory Board Members who have been designated by the Audit & Supervisory Board.
- i. System for Directors and Employees to Report to Audit & Supervisory Board Members of the Company, and System for Ensuring Reporting Persons Are Not Treated Disadvantageously for Making Reports**
- Directors and employees of the Company, as well as Directors, etc., Audit & Supervisory Board Members and employees, etc., of all Group companies, shall report the following matters to the Audit & Supervisory Board Members:
 - (a) Violations of laws, ordinances, and the Articles of Incorporation
 - (b) Important matters concerning the internal audit situation and risk management
 - (c) Matters that could cause significant losses to the Company
 - (d) Important matters concerning decision making
 - (e) Important matters concerning the management situation
 - (f) Matters concerning information reported via the internal reporting system
 - (g) Other important matters related to compliance
 - The Company and Group companies shall not treat reporting persons disadvantageously for making reports.
- j. Matters concerning Procedures for Advance Payment or Redemption of Expenses Occurring from Execution of Duties by Audit & Supervisory Board Members of the Company, and Policies Relating to Handling of Other Expenses or Obligations Occurring from said Execution of Duties**
- For audit expenses and other expenses occurring from the execution of duties by Audit & Supervisory Board Members of the Company, appropriate amounts are budgeted to ensure the effectiveness of auditing.

k. Other Systems for Ensuring Effective Auditing by Audit & Supervisory Board Members of the Company

- Views are periodically exchanged among Chairman of the Board of Directors, the President, the department in charge of internal audits, the department in charge of business ethics, the department in charge of legal affairs, and the accounting auditor. Opportunities are provided for interviews with Directors and important employees.
- As necessary, outside specialists can be appointed. At present, the Audit & Supervisory Board has contracts in place with lawyers and advisers.

(2) Operational Status of the System for Assuring the Appropriateness of Company Operations

In fiscal year 2018, based on the Yokogawa Corporate Governance Guidelines, an Outside Director served as Chairman of the Board of Directors with the aim of enhancing the function of the Board of Directors. Also, the Nomination Advisory Committee performed an evaluation of the President in accordance with the Basic Evaluation Criteria and Procedure for Reelection of the President and the Chairman and CEO of the Company, and subsequently, based on the President Succession Plan, the Committee submitted a proposal for the election of a new President to the Board of Directors, and a resolution was passed by the Board of Directors.

Along with the above, an overview is provided as follows on the operation status of the Yokogawa Group Internal Control System for the fiscal year under review (143rd term), which was implemented based on the Basic Policy on the Yokogawa Group Internal Control System resolved at the Board of Directors Meeting held on April 10, 2018.

a. System for Assuring Compliance with Laws, Ordinances, and the Company's Articles of Incorporation

- In addition to ensuring compliance with laws, ordinances, and the Company's Articles of Incorporation, the Company has been developing workplace-based systems for promoting compliance worldwide with the aims of creating a corporate culture where misconduct does not occur and systems that prevent unethical conduct. Campaigns geared to instilling awareness of compliance and causing such awareness to take hold have been carried out in Japan by compliance facilitators who also act as workplace advisors, and overseas by compliance managers. Moreover, the Company has been facilitating information sharing and also overseeing progress made with respect to compliance activities by having organizational units members for compliance, compliance facilitators and representatives of compliance managers take part in Compliance Committee meetings held periodically.
- The Global Compliance Awareness Survey is administered on a yearly basis so that the Company can gain an understanding of circumstances surrounding efforts to instill awareness of compliance issues, and also to facilitate efforts to promote such initiatives. Results of the survey are made available and shared within the Group, and are also analyzed on the basis of individual workplaces and employment positions, and then put to use in formulating compliance measures in the subsequent fiscal year.
- The Company has been taking steps to bring about more extensive awareness and elevated consciousness of compliance issues, by implementing annual compliance training, e-learning support and other such initiatives directed at all Company employees as part of its awareness-building program.
- The Company has established points of contact for internal reporting and consultation and has also established points of contact for external reporting and consultation both in Japan and overseas. These points of contact enable the Company to take swift action with respect to discovering compliance-related problems in the early stages, and preventing misconduct before it occurs.

b. Rules on risk management of loss and other system

- The Company promotes risk management initiatives that function smoothly and effectively, and has accordingly established Rules on Risk Management stipulating basic matters regarding management of risks facing the Yokogawa Group, such as basic policy and systems involving risk management.
- The risk management initiatives undertaken autonomously by respective organizational units of the Yokogawa Group in part involve pinpointing risks, evaluating the severity of such risks with respect to the extent of their potential adverse impact along with the likelihood of any such risk materializing, and then drawing up and implementing measures to address such risks.
- Respective organizational units of the Yokogawa Group compiled information on risks deemed significant, grouped such risks from a perspective encompassing categories such as business opportunities and compliance and crisis situations. Moreover, the Risk Management Committee identified high-priority risks, determined methods for monitoring such risks, and reported such matters to the Board of Directors.
- In fiscal year 2018, high-priority risks were identified from the perspective of their degree of severity, encompassing categories such as business risk, information security risk, and crisis management risk. Progress made with respect to initiatives taken was also confirmed in accordance with respective risk monitoring methods, and such details were reported to the Board of Directors and others.

c. System for Assuring Appropriate Operations in the Corporate Group

- The Company is enhancing the Global Management Standard for the Yokogawa Group, which is the top set of rules for the Yokohama Group, and is working to clarify roles and responsibilities in each operational process and further improve the internal control system based on autonomous control activities and appropriate risk management.
- In the course of performing quarterly audits, the department in charge of internal audits verifies that respective responsible sections of internal control systems clarify individual priority benchmarks, and then that stages of the plan-do-check-act (PDCA) cycle are being performed in step with circumstances prevailing with respect to achieving those benchmarks.

d. System for Assuring Effective Auditing by Audit & Supervisory Board Members

- The Audit & Supervisory Board has been performing Audit & Supervisory Board Member audits on the basis of year-long activities involving the priority audit items for the period under review. These priority items are the Status of Initiatives on the mid-term business plan (TF2020), the Status of Subsidiary Management under the System using Regional Representation, and the Status of Enhancement and Operation of Internal Control System as Part of Corporate Group Governance.
- The Audit & Supervisory Board Members exchange opinions regularly and as necessary with the Chairman of the Board of Directors, the President, and also with the department in charge of internal audits, the department in charge of business ethics, the department in charge of legal affairs, and the accounting auditor. They also conduct interviews of Directors and important employees, as necessary.
- The Audit & Supervisory Board has extended contracts entered into with lawyers and advisers.

4. Basic Policy regarding Control over the Company

(1) The Company's Approach to Improving Corporate Value

The Company believes that parties making decisions regarding its financial and business policies above all else must be capable of protecting and enhancing the corporate value of the Company and the common interests of the shareholders.

The Yokogawa Group sets forth the following corporate philosophy: "As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate." Accordingly, we believe that acting on the basis of this philosophy, and thereby helping to protect the environment and achieve a sustainable society, will protect and enhance the corporate value of the Company and the common interests of its shareholders, by engaging in sound and profitable management practices that allow us to steadfastly pursue our business activities and maximize corporate value, while taking the customer perspective in providing solutions and services that add value.

(2) Initiatives for Large-scale Acquisition of the Company's Shares

While acknowledging the fact that we are a public company whose shares are freely traded, the Company believes that a decision on whether to allow a party to carry out a large-scale acquisition of its shares should ultimately be left to its shareholders. As such, in the event of a large-scale acquisition of the Company's shares, we will not categorically rule out the acquisition if it improves the corporate value of the Company or if it is in the common interests of the shareholders.

However, there are a number of situations when a large-scale takeover attempt would contribute to neither the corporate value of the Company nor the common interests of the shareholders, such as when: (i) sufficient time and information have not been provided for the Company or its shareholders to consider the proposal or an alternative proposal regarding the acquisition, (ii) the purpose of the share acquisition and the administrative policy to be followed after the acquisition are likely to harm the corporate value and the common interests of the Company's shareholders, (iii) shareholders are effectively forced to sell their shares, and (iv) the acquisition terms are considered insufficient or inappropriate in light of the corporate value of the Company and the common interests of the Company's shareholders.

The Company believes that any party attempting a large-scale acquisition in the above manner would be unsuitable with respect to making decisions on the Company's financial and business policies. The Company remains committed to taking appropriate measures in accordance with relevant laws and regulations, such that include requiring any party proposing a large-scale acquisition of the Company's shares to disclose sufficient information necessary for enabling shareholders to make an informed judgment on the advantages and disadvantages of the prospective acquisition, while also disclosing the Board of Directors' views on any such proposal taking steps to ensure that shareholders are afforded sufficient time to consider the acquisition.

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

As of March 31, 2019

	Millions of yen
ASSETS	
Current assets	
Cash and deposits	86,515
Notes and accounts receivable-trade	171,084
Merchandise and finished goods	13,092
Work in process	9,126
Raw materials and supplies	14,622
Other	16,250
Allowance for doubtful accounts	(4,130)
Total current assets	306,560
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	45,721
Machinery, equipment and vehicles, net	6,492
Tools, furniture and fixtures, net	5,875
Land	15,750
Leased assets, net	198
Construction in progress	1,102
Total property, plant and equipment	75,141
Intangible assets	
Software	15,798
Goodwill	6,608
Other	11,650
Total Intangible assets	34,057
Investments and other assets	
Investment securities	42,550
Deferred tax assets	6,606
Other	7,214
Allowance for doubtful accounts	(2,016)
Total investments and other assets	54,354
Total non-current assets	163,553
Total assets	470,114

CONSOLIDATED BALANCE SHEETS

(continued)

	Millions of yen
LIABILITIES	
Current liabilities	
Notes and accounts payable-trade	25,130
Electronically recorded obligations	9,966
Short-term loans payable	13,832
Accounts payable-other	13,530
Income taxes payable	4,332
Advances received	36,891
Provision for bonuses	15,538
Provision for loss on construction contracts	7,806
Other	20,639
Total current liabilities	147,669
Non-current liabilities	
Long-term loans payable	18,670
Deferred tax liabilities	1,914
Net defined benefit liability	4,050
Other	1,658
Total non-current liabilities	26,293
Total liabilities	173,963
NET ASSETS	
Shareholders' equity	
Capital stock	43,401
Capital surplus	54,602
Retained earnings	193,468
Treasury shares	(1,397)
Total shareholders' equity	290,074
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	9,431
Deferred gains or losses on hedges	20
Foreign currency translation adjustment	(8,314)
Remeasurements of defined benefit plans	(1,351)
Total accumulated other comprehensive income	(214)
Non-controlling interests	6,290
Total net assets	296,150
Total liabilities and net assets	470,114

CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2019

Millions of yen		
Net sales		403,711
Cost of sales		230,641
Gross profit		173,070
Selling, general and administrative expenses		138,475
Operating income		34,594
Non-operating income		
Interest income	672	
Dividend income	1,650	
Share of profit of entities accounted for using equity method	1,086	
Miscellaneous income	1,138	4,549
Non-operating expenses		
Interest expenses	330	
Commission fee	149	
Foreign exchange losses	545	
Miscellaneous loss	1,347	2,373
Ordinary income		36,770
Extraordinary income		
Gain on sale of non-current assets	33	
Gain on sale of investment securities	718	
Gain on sales of shares of subsidiaries and associates	1,804	2,557
Extraordinary losses		
Loss on sale of non-current assets	14	
Loss on retirement of non-current assets	365	
Impairment loss	113	
Loss on sales of investment securities	2	
Loss on valuation of investment securities	176	
Loss on sales of shares of subsidiaries and associates	227	899
Profit before income taxes		38,428
Income taxes-current	10,784	
Income taxes-deferred	(2,530)	8,253
Profit		30,174
Profit attributable to non-controlling interests		1,727
Profit attributable to owners of parent		28,446

NON-CONSOLIDATED FINANCIAL STATEMENTS
NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2019

	Millions of yen
ASSETS	
Current assets	
Cash and deposits	27,813
Notes receivable-trade	1,215
Accounts receivable-trade	36,247
Merchandise and finished goods	1,261
Work in process	2,568
Raw materials and supplies	1,608
Prepaid expenses	<u>1,208</u>
Short-term loans receivable	35,993
Accounts receivable-other	9,501
Other	605
Allowance for doubtful accounts	(0)
Total current assets	<u>118,023</u>
Noncurrent assets	
Property, plant and equipment	
Buildings, net	28,284
Structures, net	986
Machinery and equipment, net	453
Tools, furniture and fixtures, net	2,396
Land	11,330
Construction in progress	505
Other	<u>149</u>
Total property, plant and equipment	<u>44,106</u>
Intangible assets	
Software	13,346
Software in progress	2,642
Leasehold right	794
Other	<u>473</u>
Total intangible assets	<u>17,257</u>
Investments and other assets	
Investment securities	33,146
Stocks of subsidiaries and affiliates	41,331
Investment in capital of subsidiaries and affiliates	14,207
Long-term loans receivable from subsidiaries and affiliates	2,192
Lease and guarantee deposits	209
Long-term financial assets	2,098
Other	624
Allowance for doubtful accounts	(2,282)
Total investments and other assets	<u>91,529</u>
Total noncurrent assets	<u>152,894</u>
Total assets	<u>270,917</u>

NON-CONSOLIDATED BALANCE SHEETS

(continued)

	Millions of yen
LIABILITIES	
Current liabilities	
Electronically recorded obligations	2,608
Accounts payable-trade	7,195
Short-term loans payable	14,263
Current portion of long-term loans payable	10,264
Accounts payable-other	9,530
Accrued expenses	1,444
Income taxes payable	733
Deposit received	229
Provision for bonuses	4,048
Other	3,700
Total current liabilities	54,019
Noncurrent liabilities	
Long-term loans payable	18,672
Long-term deferred tax liabilities	115
Other	502
Total noncurrent liabilities	19,290
Total liabilities	73,310
NET ASSETS	
Shareholders' equity	
Capital stock	43,401
Capital surplus	54,514
Legal capital surplus	36,350
Other capital surplus	18,164
Retained earnings	91,675
Other retained earnings	91,675
Reserve for advanced depreciation of noncurrent assets	1,139
Retained earnings brought forward	90,536
Treasury stock	1,397
Total shareholders' equity	188,193
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	9,413
Total valuation and translation adjustments	9,413
Total net assets	197,607
Total liabilities, net assets	270,917

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2019

Millions of yen		
Net sales		111,756
Cost of sales		59,368
Gross profit		52,388
Selling, general and administrative expenses		52,598
Operating loss		(209)
Non-operating income		
Dividend income	26,276	
Rent receivable	2,162	
Miscellaneous income	539	28,978
Non-operating expenses		
Interest expenses	405	
Rent payable	2,252	
Foreign exchange losses	138	
Commission fee	111	
Miscellaneous loss	323	3,231
Ordinary income		25,537
Extraordinary income		
Gain on sale of noncurrent assets	2	
Gain on sale of investment securities	718	
Gain on sale of subsidiaries' stock	5,229	5,951
Extraordinary losses		
Loss on retirement of noncurrent assets	270	
Impairment loss	113	
Loss on valuation of investment securities	176	
Loss on sale of investments in capital of subsidiaries and associates	125	685
Profit before income taxes		30,803
Income taxes-current	143	
Income taxes-deferred	(1,160)	(1,016)
Profit		31,820

Instructions for Internet Voting

I. Conditions regarding Internet Voting

1. Conditions regarding Internet Voting

- (1) You may vote via the Internet through the shareholder voting site (see the URL below) designated by the Company instead of voting by mail. If you choose to vote via the Internet, login with the voting code and the password shown on the right side of the enclosed voting form, and cast your vote by following the prompts on the screen. Please note that you need to change the password the first time you login to ensure security.

<https://soukai.mizuho-tb.co.jp/>

- (2) The deadline for voting is 5:00 p.m. on Monday, June 24, 2019, Japan time. You need to complete your vote by that time. Please vote ahead of time.
- (3) If you vote both by mail and via the Internet, the vote via the Internet shall prevail. In the case of multiple voting via the Internet, the last one shall prevail.
- (4) Your password (including the one you changed) will be valid for this General Meeting only. A new password will be issued for the next General Meeting.
- (5) The Company is not responsible for any expenses related to Shareholders' Internet access.

(Notes)

- The password is a means of authenticating the identity of a voter as a shareholder. You will never receive a call from the Company inquiring about your password.
- The password will be locked and suspended if you enter the wrong password a certain number of times. If it becomes locked, please follow the prompts on the screen.
- We conducted an operation check of the shareholder voting site with general Internet access devices, but the site may not be usable on some devices.

2. Inquiries

If you have any concerns about Internet voting, please contact the Stock Transfer Agency Dept., Mizuho Trust & Banking Co., Ltd., our shareholder register manager (see below).

- (1) All inquiries regarding how to vote via the shareholder voting site may be addressed to the following:
Toll free (calls from within Japan) 0120-768-524
(Between 9:00 a.m. and 9:00 p.m., Japan time, on weekdays)
- (2) Other inquiries regarding stock-related administrative work may be addressed to the following:
Toll free (calls from within Japan) 0120-288-324
(Between 9:00 a.m. and 5:00 p.m., Japan time, on weekdays)

II. Electronic Voting Platform

Regarding the exercise of voting rights at the Company's General Meeting of Shareholders, nominee shareholders such as trust and custody banks (including standing proxies) may, as an alternative to the Internet voting described above, use the electronic voting rights execution platform established by the Tokyo Stock Exchange and organized by the Investor Communications Japan (ICJ) Inc., provided that application for the use of this electronic voting platform is made in advance.