

Name of Listed Company: Yokogawa Electric Corporation

(URL: <http://www.yokogawa.com>) (Stock code: 6841, listed on TSE 1st section)

Name and Position of the Representative:

Shuzo Kaihori, President and Chief Executive Officer

Name and Position of the Person in Charge:

Sadamu Kawanaka, General Manager of Corporate Communication Dept.

Telephone: 81-422-52-5530

May 11, 2012

Discontinuation of Semiconductor Tester Business

Yokogawa Electric Corporation (“the Company”) announces that it has decided to transfer the memory tester business to DHK Solution Corporation (hereinafter also referred to as DHK) and to withdraw from the non-memory tester business. The decision was ratified in today’s meeting of the Board of Directors.

The Company will strive to minimize the impact of this decision on its customers.

1. Background

In fiscal year 2009, the Company began an extensive restructuring of its businesses that included a review of the semiconductor tester business. On April 1, 2011, the Company spun out the semiconductor tester business to Yokogawa Test Solutions Corporation with the aim of eliminating losses. The intention was to place this business on a solid foundation by optimizing the scale of its business operations and reducing fixed costs. Yokogawa Test Solutions Corporation would focus on the sale of existing memory tester and non-memory tester products, including FPD driver testers, and provide solutions for the installed base. However, it eventually became apparent that it would be difficult for this business to succeed on its own, and the Company began looking into alliances with other companies.

While the Company has concluded an agreement to transfer the memory tester business to DHK Solution Corporation of South Korea, it has not been able to find an appropriate alliance partner for the non-memory tester business, including FPD driver testers. It has therefore been concluded that it would be difficult to continue the non-memory tester business and the decision has been made to withdraw from this area.

After completing this three-year process of restructuring its businesses, which has included this decision to

discontinue the semiconductor tester business, the Company is prepared to pursue a strategy of growth centering on the high potential industrial automation and control business.

2. Transfer of the memory tester business

(1) Business operations to be transferred

Within the semiconductor tester businesses, operations related to the development, design, manufacture, sales, and servicing of memory testers

(2) Transferee

DHK Solution Corporation

DHK Solution Corporation is a South Korean trading company specializing in semiconductor manufacturing facilities, and its largest shareholder is Choi Myung-Bae. In addition to DHK, Mr. Choi owns and manages Exicon Co., Ltd., a South Korean firm that develops and manufactures semiconductor testers and provides semiconductor testing services. For many years, Mr. Choi has worked together with the Company's memory tester business.

(3) Business transfer sequence

1. The Company will transfer to Yokogawa Electric Korea Co., Ltd., a wholly owned subsidiary, all businesses other than memory testers currently conducted by Yokogawa Measuring Instruments Korea Corporation, another wholly owned subsidiary that is engaged in the electronic measuring instrument and semiconductor tester businesses.
2. Yokogawa Measuring Instruments Korea, which will handle only the memory tester business, will issue new shares for DHK. As a result DHK will hold 90% of the Yokogawa Measuring Instruments Korea shares and the Company 10%.
3. After the allocation of shares, Yokogawa Measuring Instruments Korea will change its name to YIK and acquire the memory tester-related businesses from the companies of the Yokogawa Group, including Yokogawa Test Solutions Corporation.
4. YIK will retain the employees who have been engaged in the memory tester business at Yokogawa Measuring Instruments Korea. YIK will also set up a development center in Japan to carry out design and development work, and this will be staffed by approximately 50 personnel who will be seconded mainly from Yokogawa Test Solutions Corporation.

(4) Time of transfer

The transfer is scheduled to take place in August 2012.

Other specific conditions will not be published as agreed by both parties.

3. Withdrawal from the non-memory tester business

(1) Schedule

The Company will carry out the procedures required to complete the termination of this business by the end of fiscal year 2012.

(2) Maintenance services

The Yokogawa Group will be responsible for the provision of maintenance services for the installed base.

4. Employment

Yokogawa Measuring Instruments Korea Corporation employees who are engaged in the memory tester business will be transferred to YIK. Of the 180 Yokogawa Test Solutions Corporation employees, 130 will be relocated to other Yokogawa Group companies, and the approximately 50 remaining people will be seconded to the YIK development center.

5. Expected impact of the discontinuation of the semiconductor tester business on the Company's business results

As a result of the termination of the semiconductor tester business, the Company has posted a loss of approximately 2.5 billion yen (a 1.2 billion yen operating loss and a 1.3 billion yen extraordinary loss) to its consolidated business results for the fiscal year ending March 31, 2012.