



2000

YASKAWA ELECTRIC CORPORATION
Annual Report 2000
Year Ended March 20, 2000

Established in 1915, Yaskawa Electric Corporation has grown to become one of the world's leading manufacturers of a diverse lineup of mechatronics products, including MOTOMAN industrial robots, inverters, servos, and programmable and motion controllers for use in all types of highly advanced machinery. Yaskawa also manufactures and markets an array of systems products, including products for integrated manufacturing systems for factory automation. In addition, the Company offers various heavy electrical products, including induction motors, generators, switches, and breakers. In recent years, the Company has steadily expanded the scope of its overseas activities, which it carries out through an international network of offices, subsidiaries, and affiliates as well as in collaboration with local communities.

Consolidated Financial Highlights

YASKAWA Electric Corporation and Consolidated Subsidiaries Years ended March 20

	Millions of Yen (except per share amounts)			Thousands of U.S. Dollars (except per share amounts)
	2000	1999	1998	2000
Net sales	¥229,844	¥227,457	¥268,642	\$2,166,298
Ordinary income	3,364	155	11,415	31,707
Net income (loss) after taxes and minority interest	(1,712)	(3,880)	5,365	(16,140)
Total assets	240,932	227,335	252,355	2,270,802
Net income (loss) per 100 shares of common stock (Yen and U.S. Dollars)	¥(738)	¥(1,672)	¥2,312	\$(6.95)

Note: ¥106.10=US\$1 (As of March 20, 2000)

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Industrial Electrical Control Systems

¥29.6 billion (12.9%)

- Electrical systems products for industrial plants
- Electrical systems products for utilities:
Water-purification plants
Sewage-treatment plants



Inverters controlling papermaking machines



Central monitoring system for incinerating plant



Mechatronics Components

¥108.4 billion (47.2%)

- Inverters
- AC/DC servomotors
- Servo controllers
- Motion controllers
- Programmable controllers
- Numerical controls
- Motors for machine tools



AC Servo Σ-II Series



Inverters

Others

¥18.0 billion (7.8%)

Net Sales
¥229.8 billion

Industrial Electric Components

¥28.9 billion (12.6%)

- Induction motors
- Synchronous machines
- Generators
- DC machines
- VS motors
- Industrial drive systems
- LT switches and controls
- HT breakers and contactors
- Switchgear and control panels
- Pole-mounted SF₆ gas load breakers



Large inverter motor



Energy-saving VS-686SS5

Mechatronics Systems

¥44.7 billion (19.5%)

- Industrial robots
- Super-Mechatronics products



New-type transfer equipment for superclean rooms



Industrial robots: MOTOMAN



Hiroshi Nagatsugi
Chairman of the Board

During fiscal 2000, ended March 20, 2000, consolidated net sales by Yaskawa Electric Corporation increased 1.0%, to ¥229.8 billion. Ordinary income surged 2,058.9%, to ¥3.3 billion, thanks to growth in sales in highly profitable mechatronics fields. However, the Company recorded a net loss after taxes and minority interest of ¥1.7 billion due to costs related to reforms of its business structure accompanying the reorganization of the Yaskawa Group.

By sector, sales in Mechatronics Components increased 9.1%, to ¥108.4 billion, buoyed by favorable sales of AC servos and inverters. Also supporting this rise was firm growth in sales of floppy disk drives by an affiliated subsidiary.

Sales in Mechatronics Systems increased 10.4%, to ¥44.7 billion, thanks to brisk sales of industrial robots as well as a sharp jump in sales of such super-mechatronics products as transfer systems for use in superclean and vacuum environments.

Sales in Industrial Electric Components declined 18.9%, to ¥28.9 billion. This decrease is attributable to the transfer of a portion of this division's business to a joint venture with Siemens AG.

Sales in Industrial Electrical Control Systems were down 16.6%, to ¥29.6 billion, reflecting the effects of sluggishness in capital investment, curtailments in private-sector capital expenditure, and the transfer of a portion of this division's business to the joint venture with Siemens.

Sales in Others advanced 11.0%, to ¥18.0 billion. This gain reflected robust performances by information-related subsidiaries.

During fiscal 2000, export sales amounted to ¥72.1 billion, or 31% of consolidated net sales.

Because of the conditions in the business environment, the Company has decided to forgo the payment of dividends this year.

To respond quickly to such rapid changes in the business environment as intensifying competition and emphasis on consolidated operations, Yaskawa formulated its "Win 21" medium-term management plan that will guide the Group's operations through fiscal 2003. Under this management plan, Yaskawa will implement four structural reforms aimed at transforming itself into a company with a high-profit structure.

During the fiscal year under review, Yaskawa placed particular emphasis on reforming the structure of its Industrial Electrical Control Systems Division as well as on forming strategic alliances. Also, to strengthen its robot business, Yaskawa acquired the painting robot business of a leading painting robot manufacturer. At the same time, we reorganized our affiliated subsidiaries engaged in the robot business as we worked to strengthen the operations of the entire Group. In the future as well, Yaskawa will continue to focus on accelerating the speedy implementation of the four reforms outlined as follows.

Reform our business structure

Yaskawa will concentrate its investments on product development in such mechatronics fields as AC servos—a core business—and will provide solutions based on customers' requirements as it strives to expand its customer base in mechatronics. In addition, the Company will make efforts to increase its market share by building an optimal global production structure as well as introducing new products, progressing with tie-ups, and focusing on new markets.

Reform our corporate structure

To strengthen its consolidated operations, Yaskawa will continue to reorganize and integrate Group companies.

Reform our management structure

Yaskawa will introduce an employee performance evaluation system in each of its principal businesses and shift to a results-based employee pay system. By taking such steps, Yaskawa aims to foster a spirit of challenge among its employees.

Reform our financial structure

Yaskawa will make further extensive efforts to raise quality and cost awareness and progress with comprehensive measures to reduce unit costs, enhance operational efficiency to minimize rises in costs accompanying growth in sales, and streamline assets, including inventories.

June 2000



Shin Nakayama
President and Chief Executive Officer

A handwritten signature in black ink that reads "H. Nagatsugi". The signature is written in a cursive, flowing style.

Hiroshi Nagatsugi
Chairman of the Board

A handwritten signature in black ink that reads "Shin Nakayama". The signature is written in a cursive, flowing style.

Shin Nakayama
President and Chief Executive Officer



Joint venture agreement with Siemens AG

Strengthening and expanding our business

As part of the reforms of our business structure being carried out under the "Win 21" medium-term management plan to raise competitiveness in Industrial Electrical Control Systems, Yaskawa signed a joint venture agreement with Siemens AG of Germany, to establish Yaskawa Siemens Automation & Drives Corp. The new joint venture commenced operations on October 1, 1999. Also, on September 30, 1999, Yaskawa strengthened its robot business—one of the Company's core

businesses—by acquiring the painting robot operations of Tokico Ltd., which has secured the top share of the domestic market for painting robots. The forming of such strategic alliances highlights Yaskawa's determination to strengthen and expand its business in terms of technology and services.

Yaskawa establishes CS Series of clean robots for transporting LCD glass circuit boards

The trend toward large-scale LCD panels has been accompanied by growing demand for larger glass boards used in the manufacturing process for LCD panels. Yaskawa's MOTOMAN-CSL 10 robot has a handling capacity of up to 10kg and is capable of high-speed, wide-ranging movements. This robot's compact four-axis horizontal multijoint structure enables a flexible response to large-scale glass boards and cassettes.

The double-arm-type MOTOMAN-CSL15D allows the high-speed replacement of large-scale glass boards between glass cassettes and equipment with the lowest turning radius in its class. Along with the MOTOMAN-CS8 for transporting hard disks and wafers, Yaskawa plans to steadily introduce new types of robots with a diverse range of applications, as it establishes its MOTOMAN-CS robots as a series.



MOTOMAN-CSL10

MOTOMAN-CSL15D

Yaskawa surpasses two million units in cumulative production of AC servos and introduces New Σ -II PLUS Series

In April 1999, Yaskawa's cumulative production of AC servos surpassed the two-million-unit level, following the introduction of the Company's first AC servo in August 1984. On October 1, 1999, Yaskawa commenced sales of the Σ -II PLUS Series servos, its newest Σ -Series of highly acclaimed, high-performance, compact servos. The new Σ -II PLUS Series servos pursue the limits in high speed, achieving a

significant reduction in decision time for placements and high-precision operations, with a differential approaching zero, as it strives to maximize the basic functions of servos.

In markets where there is a rapid shift toward high-speed and high-performance machinery, Yaskawa's AC servos will provide even greater support for achieving high productivity in customers' machinery.

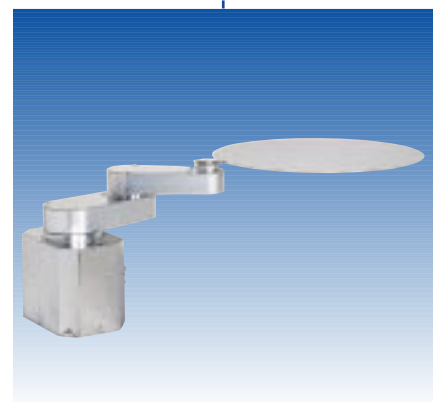


Σ -II PLUS

Developing a compact, clean robot for transferring 300mm wafers

Manufacturing equipment using 300mm wafers has been introduced in response to growing demand for both higher levels of integration in semiconductors and increased productivity. At the same time, there has been a corresponding need for efficient transportation of large wafers within limited spaces. Yaskawa responded to this need by developing the RCM5010 ultracompact, clean robot for transporting 300mm wafers. The RCM5010

offers flexibility and reliability and has applications with various types of machines. There are high expectations that this robot will find widespread applications in the semiconductor manufacturing industry, where the most-advanced technologies are essential.



RCM5010

Financial Review

Business Results

In the fiscal year ended March 20, 2000, Yaskawa recorded an increase of 1.0% in consolidated net sales, to ¥229.8 billion. By product group, sales in Mechatronics Components increased 9.1%, to ¥108.4 billion, accounting for 47.2% of net sales. Sales in Mechatronics Systems increased 10.4%, to ¥44.7 billion, making up 19.5% of the Group's net sales. Sales in Industrial Electric Components decreased 18.9%, to ¥28.9 billion, which accounted for 12.6% of net sales. In Industrial Electrical Control Systems, sales fell 16.6%, to ¥29.6 billion, or 12.9% of net sales. This decrease was the result of slumping capital investment in domestic manufacturing industries. Sales in Others increased 11.0%, amounting to ¥18.0 billion, making up 7.8% of net sales.

Cost of sales amounted to ¥169.0 billion and the cost of sales ratio was 73.5%, 0.5 percentage point higher than in the previous fiscal year. Selling, general & administrative (SG&A) expenses amounted to ¥56.8 billion. SG&A expenses as a percentage of net sales decreased to 24.7%, from 26.7% in the previous fiscal year. Net operating income surged 573.6%, to ¥4.0 billion. Ordinary income jumped 2,058.9%, to ¥3.3 billion. Net loss after taxes and minority interest was ¥1.7 billion, compared with net loss after taxes and minority interest of ¥3.8 billion in the previous fiscal year.

On a non-consolidated basis, Yaskawa recorded net sales of ¥135.6 billion, a 0.4% increase from the previous fiscal year. Cost of sales fell 0.4%, to ¥106.2 billion, and SG&A expenses were down 8.4%, to ¥30.2 billion. The cost of sales ratio decreased 0.6 percentage point, to 78.3%. Net operating loss was ¥0.8 billion, compared with ¥4.5 billion in the previous fiscal year, and ordinary income was ¥1.0 billion, compared with ordinary loss of ¥1.7 billion in the previous fiscal year. Net loss after taxes was ¥1.8 billion, compared with ¥2.9 billion in the previous fiscal year.

Financial Position

At fiscal year-end, consolidated total assets amounted to ¥240.9 billion, 6.0% higher than at the previous fiscal year-end. Working capital decreased to ¥32.8 billion, from ¥37.4 billion, at the previous fiscal year-end primarily reflecting the redemption of debentures due within one year in current liabilities. Fixed liabilities fell to ¥53.3 billion, from ¥59.0 billion at the previous fiscal year-end. The current ratio was 1.2, down from 1.3 at the end of the previous fiscal year. Total shareholders' equity amounted to ¥43.4 billion, up ¥4.9 billion from the previous fiscal year-end.

On a non-consolidated basis, total assets at fiscal year-end increased 10.0% from the previous fiscal year-end, to ¥163.8 billion. Total shareholders' equity amounted to ¥38.5 billion, 6.2% higher than at the previous fiscal year-end.

Non-Consolidated Five-Year Summary

YASKAWA Electric Corporation Years ended March 20

	Millions of Yen (except per share amounts)					Thousands of U.S. Dollars (except per share amounts)
	2000	1999	1998	1997	1996	2000
Net sales	¥135,671	¥135,165	¥155,492	¥151,548	¥139,673	\$1,278,716
Cost of sales	106,227	106,625	115,702	113,215	103,670	1,001,199
Selling, general & administrative expenses	30,284	33,069	35,316	34,346	33,172	285,436
Net operating income (loss)	(840)	(4,529)	4,473	3,985	2,830	(7,920)
Ordinary income (loss)	1,027	(1,700)	4,420	4,181	2,127	9,681
Provision for taxes	—	156	1,837	2,235	1,278	—
Corporate, inhabitants and enterprise taxes	91	—	—	—	—	862
Corporate tax adjustment	1,365	—	—	—	—	12,871
Net income (loss) after taxes	(1,878)	(2,964)	1,590	1,283	358	(17,710)
Total assets	¥163,889	¥149,026	¥168,567	¥160,086	¥155,053	\$1,544,668
Total shareholders' equity	38,594	36,348	40,523	39,896	38,613	363,753
Net income (loss) per 100 shares of common stock (Yen and U.S. Dollars)	¥(810)	¥(1,277)	¥685	¥553	¥156	\$(7.63)
Cash dividends per 100 shares of common stock (Yen and U.S. Dollars)	—	—	500	400	—	—

Note: ¥106.10=US\$1 (As of March 20, 2000)

Major Consolidated Subsidiaries

(As of March 21, 2000)

Corporate Name	Head Office	Founded	Capital— Millions of Yen (Thousands of U.S. Dollars)	Number of Employees	President	Main Products & Businesses
Y-E Data Inc.	Tokyo, Japan	1973	5,008 (47,204)	184	Kensuke Tarumi	Floppy disk drives, printers, personal computers
YASKAWA Controls Co., Ltd.	Yukuhashi, Japan	1967	200 (1,885)	330	Masaki Komiya	Switches, controls
YASKAWA Electric Engineering Corporation	Kitakyushu, Japan	1971	210 (1,979)	542	Katsutoshi Kolde	Testing, service, and maintenance of electrical equipment
YASKAWA Plant Engineering Co., Ltd.	Tokyo, Japan	1969	130 (1,225)	348	Hirosuke Ohho	Plant engineering and construction
YASKAWA Information Systems Co., Ltd.	Kitakyushu, Japan	1978	200 (1,885)	576	Takashi Takahashi	Systems development, including application software and data processing
YASKAWA Logistec Corporation	Kitakyushu, Japan	1976	90 (848)	182	Hiroshi Tamura	Packing, materials handling, transportation, and sale of physical distribution products
YASKAWA Electric America, Inc.	Chicago, U.S.A.	1967	1,553 (14,641)	432	Norie Matsuno	Sale of electrical equipment
YASKAWA Electric Europe GmbH	Schwalbach, Germany	1980	271 (2,561)	98	Hiromitsu Terao	Sale of electrical equipment
YASKAWA Electric UK Ltd.	Scotland, U.K.	1991	526 (4,962)	115	Shuichi Mine	Inverters
MOTOMAN Inc.	Ohio, U.S.A.	1989	530 (5,000)	502	Craig Jennings	Industrial robots
MOTOMAN Robotics Europe AB	Torsas, Sweden	1984	358 (3,376)	246	Berndt Sigfridsson	Industrial robots

Note: ¥106.10=US\$1 (As of March 20, 2000)

Consolidated Five-Year Summary

YASKAWA Electric Corporation and Consolidated Subsidiaries Years ended March 20

	Millions of Yen (except per share amounts)					Thousands of U.S. Dollars (except per share amounts)
	2000	1999	1998	1997	1996	2000
Net sales	¥229,844	¥227,457	¥268,642	¥247,511	¥222,398	\$2,166,298
Cost of sales	169,016	166,044	192,412	180,455	162,472	1,592,991
Selling, general & administrative expenses	56,812	60,817	62,868	58,434	55,740	535,462
Net operating income	4,015	596	13,361	8,620	4,185	37,844
Ordinary income	3,364	155	11,415	6,213	1,729	31,707
Provision for taxes	—	2,259	4,460	4,069	2,632	—
Corporate, inhabitants and enterprise taxes	2,364	—	—	—	—	22,286
Corporate tax adjustment	1,456	—	—	—	—	13,729
Net income (loss) after taxes and minority interest	(1,712)	(3,880)	5,365	1,210	(2,245)	(16,140)
Total assets	¥240,932	¥227,335	¥252,355	¥238,717	¥230,579	\$2,270,802
Total shareholders' equity	43,458	38,468	43,641	39,310	38,071	409,597
Net income (loss) per 100 shares of common stock (Yen and U.S. Dollars)	¥(738)	¥(1,672)	¥2,312	¥522	¥(968)	\$(6.95)

Note: ¥106.10=US\$1 (As of March 20, 2000)

Consolidated Balance Sheets

YASKAWA Electric Corporation and Consolidated Subsidiaries March 20, 2000 and 1999

Assets	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current assets	¥174,718	¥165,691	\$1,646,736
Cash & deposits	17,909	16,599	168,796
Trade receivables	77,745	74,735	732,758
Inventories	51,136	52,622	481,966
Other current assets	27,927	21,735	263,215
Fixed assets	65,045	61,055	613,056
Tangible fixed assets	40,832	42,878	384,848
Intangible fixed assets	1,007	654	9,494
Investments & others	23,205	17,522	218,713
Consolidated adjustment account	—	96	—
Foreign currency translation adjustments	1,168	490	11,010
Total assets	¥240,932	¥227,335	\$2,270,802

Liabilities and Shareholders' Equity	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current liabilities	¥141,840	¥128,249	\$1,336,859
Trade payables	53,103	39,146	500,502
Short-term loans payable	57,362	58,256	540,644
Other current liabilities	31,375	30,847	295,712
Fixed liabilities	53,336	59,096	502,697
Debentures	10,000	10,000	94,251
Other fixed liabilities	43,336	49,096	408,446
Minority shareholders' equity in consolidated subsidiaries	—	1,520	—
Total liabilities	195,176	188,867	1,839,555
Minority shareholders' equity in consolidated subsidiaries	2,296	—	21,649
Capital stock	15,540	15,540	146,474
Capital in excess of par value	14,749	14,749	139,019
Consolidated retained earnings	13,187	—	124,289
Legal reserve	—	2,603	—
Retained earnings	—	5,574	—
Less: Treasury stock	(19)	(0)	(184)
Total shareholders' equity	43,458	38,468	409,597
Total liabilities and shareholders' equity	¥240,932	¥227,335	\$2,270,802

Note: ¥106.10=US\$1 (As of March 20, 2000)

Consolidated Statements of Operations

YASKAWA Electric Corporation and Consolidated Subsidiaries Years ended March 20, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Net sales	¥229,844	¥227,457	\$2,166,298
Cost of sales	169,016	166,044	1,592,991
Selling, general & administrative expenses	56,812	60,817	535,462
Net operating income	4,015	596	37,844
Non-operating income & expenses			
Non-operating income	3,334	3,275	31,429
Non-operating expenses	3,985	3,716	37,567
Ordinary income	3,364	155	31,707
Extraordinary gains & losses			
Extraordinary gains	4,039	90	38,068
Extraordinary losses	8,108	1,623	76,420
Net loss before taxes and minority interest	(705)	(1,377)	(6,645)
Provision for taxes	—	2,259	—
Corporate, inhabitants and enterprise taxes	2,364	—	22,286
Corporate tax adjustment	1,456	—	13,729
Minority gains	99	354	938
Equity in earnings of unconsolidated subsidiaries and affiliates	—	191	—
Adjustment to consolidated account for depreciation	—	80	—
Net loss after taxes and minority interest	¥ (1,712)	¥ (3,880)	\$ (16,140)

Note: ¥106.10=US\$1 (As of March 20, 2000)

Consolidated Statements of Retained Earnings

YASKAWA Electric Corporation and Consolidated Subsidiaries Years ended March 20, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Balance at beginning of period	¥14,336	¥ —	\$135,124
Appropriations of other retained earnings	5,574	10,870	52,535
Reserves for income, beginning balance	2,603	—	24,533
Adjustment effect of previous years' taxes	6,158	—	5,852
Increase of retained earnings of consolidated subsidiaries	620	—	5,844
Decrease of retained earnings of consolidated subsidiaries	67	—	634
Decrease of other retained earnings	—	1,404	—
Net loss after taxes and minority interest	(1,712)	(3,880)	(16,140)
Foreign currency translation adjustments	9	(11)	87
Balance at end of period	13,187	—	124,288
Other retained earnings, beginning balance	¥ —	¥ 5,574	\$ —

Note: ¥106.10=US\$1 (As of March 20, 2000)

YASKAWA ELECTRIC CORPORATION

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